

FINANCIALink

Your Money Management Newsletter

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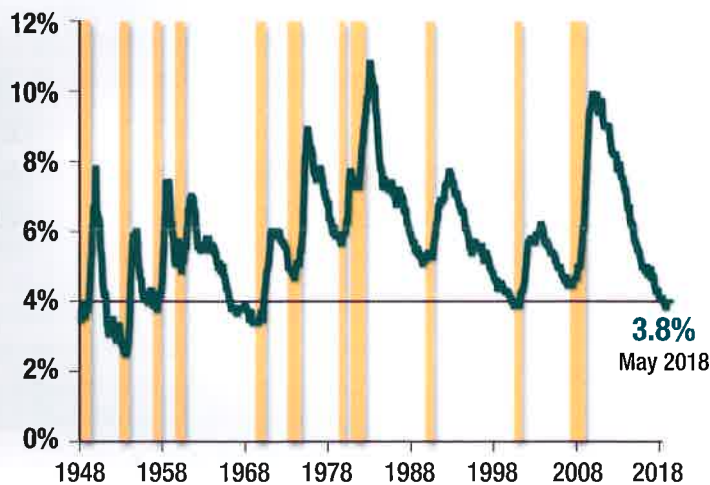
Gregory Taranto, CPA

Unemployment Rate Ties 48-Year Low

In May 2018, the unemployment rate dropped to 3.8%, matching April 2000 — the height of the dot.com boom — for the lowest rate since December 1969. The rate edged up to 4.0% in June as more people began actively looking for work. Year-over-year hourly wages grew by 2.7% in both May and June, continuing an upward trend, but slower than in 2000, the last time unemployment was under 4%.



Monthly unemployment rate
(recessions indicated by shaded areas)



Sources: U.S. Bureau of Labor Statistics, 2018; National Bureau of Economic Research, 2018

\$2.8 million

Estimated value of a bachelor's degree over a lifetime.

Source: *Journal of Financial Planning*, February 2018



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Practical insights for your **FINANCIAL GOALS**

Seven Classic Investing Quotes

Investing can be daunting, whether you are experienced or a beginner. Even if you feel confident about your investing strategy, it can be easy to lose focus or make decisions based on emotion. Here are seven quotes from successful investors, economists, and other insightful thinkers that may help provide perspective and focus for your own investing strategy.

“**The individual investor should act consistently as an investor and not as a speculator.**”¹

— Benjamin Graham, investor, author, and teacher known as the “father of value investing.” A *speculator* takes large risks in the hopes of making large quick gains. An *investor* focuses on risk-appropriate strategies to pursue long-term goals.

“**Don't try to buy at the bottom and sell at the top. It can't be done except by liars.**”²

— Bernard Baruch, investor and presidential adviser. Trying to time the market may be tempting, but it rarely works, because no one really knows when the market has reached its top or bottom.

“**If you aren't thinking about owning a stock for 10 years, don't even think about owning it for 10 minutes.**”³

— Warren Buffett, investor, businessman, and philanthropist. Buffett, a former student of Benjamin Graham, is perhaps the most famous proponent of patient “buy and hold” investing.

“**Stay the course.... Changing your strategy at the wrong time can be the single most devastating mistake you can make as an investor.**”⁴

— John Bogle, investor and mutual fund industry pioneer. A sound investment strategy should be designed to carry you through market ups and downs.

“**Know what you own, and know why you own it.**”⁵

— Peter Lynch, investment manager, author, and philanthropist. Your portfolio should be assembled with an eye toward meeting your long-term financial goals, not by rushing to own the “flavor of the month.”

“**Investing should be more like watching paint dry or watching grass grow. If you want excitement, take \$800 and go to Las Vegas.**”⁶

— Paul Samuelson, 1970 Nobel laureate in economic sciences. Investors often make poor decisions when they are driven by adrenalin; patience is more likely to produce positive results in the long run.

“**Compound interest is the eighth wonder of the world. He who understands it, earns it ... he who doesn't ... pays it.**”⁷

— Albert Einstein, 1921 Nobel laureate in physics. Even though this and similar quotes are often attributed to Einstein, it's uncertain whether he ever said them. Either way, it's true that one of the most powerful tools for investors is reinvesting interest, dividends, and capital gains.

There is no guarantee that any investing strategy will be successful. All investments are subject to market fluctuation, risk, and loss of principal. When sold, they may be worth more or less than their original cost. Investments seeking to achieve higher returns also involve a higher degree of risk.



1) Thinkexist.com, 2016

2, 6) BrainyQuote, 2018

3, 5, 7) Goodreads, 2018

4) CNBC, June 1, 2017

Social Security 101

Social Security is complex, and the details are often misunderstood even by those who are already receiving benefits. If you're looking forward to Social Security, whether in one year or 30 years, it's important to understand some of the basic rules and options and how they might affect your financial future.

Full retirement age (FRA). Once you reach full retirement age, you can claim your full Social Security retirement benefit, also called your primary insurance amount or PIA. FRA ranges from 66 to 67, depending on your birth year (see chart).

Claiming early. The earliest you can claim your Social Security worker benefit is 62. However, your benefit will be permanently reduced if claimed before your FRA. At age 62, the reduction would be 25% to 30%, depending on your birth year. Your benefit may be further reduced temporarily if you work while receiving benefits before FRA and your income exceeds certain levels. (When you reach FRA, an adjustment is made and you will regain any benefits lost due to excess earnings.)

Claiming later. If you do not claim your benefit at FRA, you will earn delayed retirement credits for each month you wait to claim, up to age 70. This will increase your benefit by two-thirds of 1% for each month, or 8% for each year you delay. There is no increase after age 70.

Spousal benefits. If you're married, you may be eligible to receive a spousal benefit based on your spouse's work record, whether you worked or not. The maximum spousal benefit, if claimed at your full retirement age, is 50% of

your spouse's PIA (regardless of whether he or she claimed early) and doesn't include any delayed retirement credits. If you claim a spousal benefit before reaching your FRA, it will be permanently reduced.

Dependent benefits. Your dependent child may be eligible for benefits after you begin receiving Social Security if he or she is unmarried and meets one of the following criteria: (a) under age 18, (b) age 18 to 19 and a full-time student in grade 12 or lower, (c) age 18 or older with a disability that started before age 22. The maximum family benefit is equal to about 150% to 180% of your PIA, depending on your situation.

Survivor benefits. If your spouse dies, you can claim a reduced survivor benefit as early as age 60 or a full survivor benefit — 100% of your deceased spouse's PIA and any delayed retirement credits — if you wait until your full retirement age. If you are eligible for a survivor benefit and one based on your own work record, you could claim a survivor benefit first and switch to a benefit based on your work record at your FRA or later, if it would be higher.

Divorced spouses. If you were married for at least 10 years and are unmarried, you can receive a spousal or survivor benefit based on your ex's work record. If your ex is eligible for but has not applied for Social Security benefits, you can still receive a spousal benefit if you have been divorced for at least two years.

These are just some of the fundamental facts to know about Social Security. For more information, including an estimate of your future benefits, see ssa.gov.

Claiming Early or Later

Year of birth	Full retirement age (100% of PIA)	Worker benefit at age 62: % of PIA	Worker benefit at age 70: % of PIA	Spousal benefit at age 62: % of spouse's PIA*
1943–54	66	75.00%	132.00%	35.00%
1955	66 and 2 months	74.17%	130.67%	34.59%
1956	66 and 4 months	73.33%	129.33%	34.17%
1957	66 and 6 months	72.50%	128.00%	33.75%
1958	66 and 8 months	71.67%	126.67%	33.34%
1959	66 and 10 months	70.83%	125.33%	32.92%
1960 & later	67	70.00%	124.00%	32.50%

*The spousal benefit is based on the primary worker's PIA; the maximum spousal benefit at FRA is 50%.



Choosing and Using a College Checking Account

Attending college requires learning about many aspects of life outside the classroom, and one of those is managing a checking account. Even if your student had an account in high school, college will require handling more money, more often, without your direct supervision. Whether your student is opening a new account or using an old one, here are some tips to keep in mind.

Avoid monthly fees. “Free” checking accounts often require a minimum balance, but some banks offer checking accounts with no monthly maintenance fees specifically for college students. Credit unions may offer free checking accounts. Having a linked savings account is a good idea and may also reduce fees.

Where are the ATMs? Research ATM availability at and around the college. Are there fees for using out-of-network ATMs? Are there limits on the number of ATM or debit card transactions per month? Which ATMs accept deposits? Many banks now allow deposits by submitting a photo of a check through a smartphone app. If your student has a job, set up direct deposit if possible.

Explain other fees. Checking accounts can have substantial fees for overdrafts and bounced checks.

Be sure your student understands all fees, and emphasize the importance of monitoring balances — online, in a checkbook, or through an app on a smartphone or computer.

Does your student need checks? Printed checks can be expensive, and most payments can be made with a debit card in person or online. Your student may be able to get by with a few free “counter checks” from the bank or credit union. It’s also helpful to have a paper check for account information.

Maintain your access. If you are named on the student’s account, you can access it online or in person to transfer funds and keep an eye on balances and expenditures. If the account is at the same financial institution as your personal account, you can typically link them online and have easy access to the student’s account while maintaining the privacy of your own account.

In addition to a checking account, you and your student may want to use other forms of payment such as a credit card, a school-specific deposit account to purchase books and other items on campus, and a smartphone app that allows direct transfers to friends and roommates. Be sure to discuss any account your student plans to use. Practical lessons in personal finance can be a valuable part of the college experience.



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Are you clear about your financial goals and committed to your investment strategy? Call us for an appointment today.

Working toward a better financial future,

A stylized, handwritten signature in black ink, consisting of several loops and a long horizontal stroke.