Loose Change®
A PENNY SAVED IS A PENNY EARNED
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Review and Reset

As life changes, your goals may often change, too. The New Year is a good time to revisit, review and adjust your investing goals to account for changes in your life.

Review Changing Goals

Change is constant. What we knew we wanted yesterday is often relegated to the back burner when new, more immediate goals appear. This can happen to anyone.

Just married? *Your* goals just became *our* goals. That money you thought you were saving for a summer-long cross-country car trip just became part of the eventual down payment for your first house.

Becoming a proud parent for the first (or fifth!) time? New goals will arrive with your precious bundle, as you consider how much college will cost in 18 years. That college savings fund you were casually talking about starting? Putting money away now so it can potentially grow over the years takes on greater importance.

Review and Reset

As 20-somethings and 30-somethings grow older and near middle age, new realities come into sharper focus. Remember when retirement seemed so far away? Not so far away now, is it? Saving for retirement moves to the front burner.

Determine which goals are most important to you, and review your time horizon and risk tolerance. Once you adjust these areas, review your investments to make sure your asset allocation* is appropriate. Then reset as necessary, because these are the times of your life.

**Asset allocation won't guarantee a profit or ensure against a loss, but may help reduce volatility in your portfolio.*

Dividend Investing

When you invest in publicly traded stocks that pay dividends, you invest in companies that can potentially pay you now and later.

Typically, financially healthy dividend-paying companies pay quarterly or semiannual dividends from cash flow. Some also pay a special, one-time distribution that could come from extraordinary profits.

Where do you find dividend-paying stocks? The utilities sector includes companies with long histories of paying regular dividends, but companies in other sectors also pay dividends. Mutual funds* also own them, and must pass dividends from stocks they hold to the funds' shareholders at least annually.

**You should consider the fund's investment objectives, charges, expenses and risks carefully before you invest. The fund's prospectus, which can be obtained from your financial representative, contains this and other information about the fund. Read the prospectus carefully before you invest or send money. Shares, when redeemed, may be worth more or less than their original cost. Past performance is no guarantee of future results.*

When You Need Growth Potential

The answer to the question, “What are growth stocks?” may seem obvious, but there’s more to them than their name implies. The obvious: growth stocks are securities with better-than-average growth potential. The less obvious: they can include brand-name companies as well as new firms.

Growth Potential

What companies have growth stocks? Young companies with outstanding potential and more mature companies with potential breakthrough products do. A new technology company might exhibit enormous potential because of a new product. A more mature pharmaceutical firm regularly introducing breakthrough drugs may also be a growth company.

Because growing companies often put earnings back into research and other business activities to keep growing, they don’t usually offer dividends. Growth stocks are also more susceptible to wider price swings than other types of securities, so potential growth includes greater risk.

Growth stocks aren’t for everyone, but they may make sense as part of an overall investing strategy.

Past performance is no guarantee of future results.

Diversification: So Many Choices

When most people think of diversifying*, they think of stocks, bonds and cash investments. Diversifying your investments is important because you want the right proportions of different investments to match your risk profile and goals. But did you know you can diversify in multiple ways within asset classes?

Geography

You may also diversify by geography.[1] Stocks traded on U.S. stock exchanges are widely considered safer than stocks traded in developing markets overseas. Stocks traded in a mature market like western Europe are typically safer than those in developing nations.

Capitalization

Size can also affect the risk and growth potential of securities in some asset classes. Large-cap stocks like those listed in the S&P 500, an index of the largest stocks by capitalization in the U.S., are typically the most stable. Small-cap stocks, represented in the Russell 2000, generally have more growth potential and greater risk. The profile of mid-cap stocks fits between these two extremes.

And there’s more!

You can also diversify in bonds by corporate, government, risk and geography or choose stocks by sector, industry and even country of origin. Work with a financial professional to choose your most appropriate investments.

**Diversification cannot eliminate the risk of investment losses. Past performance won’t guarantee future results. An investment in stocks or mutual funds can result in a loss of principal.*

[1]The risks of investing internationally include changes in currency rates, foreign taxation, differences in auditing and financial standards, and other risks.

What’s in a Sector?

Researching stocks is anything but boring. Within stocks, you can choose among 10 sectors, and each sector has multiple industries, so there is plenty of opportunity to invest in different types of stocks. Let’s look at each sector and a partial list of the industries in each.

Consumer Discretionary— Includes big-ticket items like automobiles, appliances and leisure activities. Consumers buy from these companies when feeling financially confident.

Consumer Staples—These industries include companies that manufacture and sell food and beverages. These are items we need to buy in good financial times and bad.

Energy—Retailers, transporters and refiners of oil, gas and other energy products. Also includes makers of equipment needed by these companies.

Financials—Banks, insurance companies and real estate.

Healthcare—Providers, medical equipment, biotechnology and pharmaceuticals.

Industrials—Everything from railroads and marine equipment to airlines and aerospace.

Technology—Also known as information technology, this sector includes software, hardware and equipment manufacturers.

Materials—Paper and lumber, chemicals and mining.

Telecommunications—Includes the old-guard telephone industry and today’s wireless companies.

Utilities—Electric, gas and water providers.

Resolution Reset — Learning to Take Small Bites

It's February 1. Do you know where your New Year's resolutions went? If your 2018 resolutions are ancient history, don't worry—you're not alone. Many people don't follow through on their resolutions because they try to achieve lofty goals all at once.

Wanting to shoot for the stars is natural, but why not take smaller, more manageable resolution bites instead? A series of small steps when approaching everything from fitness to finance can help you eventually achieve your goals. Let's look at some common goals and how a small-bites approach might help you.

Pay Down your Mortgage

Anyone who owns a home knows that making one extra mortgage payment per year can reduce the number of years it takes to pay it off. Yet, finding the money to make that extra payment each year is burdensome for many people, so they give up. There's a better way.

Here's how: Pay down extra principal each month instead of in one big annual payment. Let's say your mortgage payment is $1,200 per month. Seems like a lot if you want to make an extra payment per year, right? Not if you pay a small bite out of your mortgage every month.

Consider putting an extra $100 per month toward your principal. After one year, you'll have made an extra $1,200 in mortgage payments. And, if you break it down further, the extra payments cost you a little more than $3 per day.

Put More into your 401(k)

Taking a short-term approach to a long-term goal can also help you contribute more to a 401(k) plan. Let's say you earn $52,000 annually and you want to put away an extra 1%. That 1% would add an extra $520 to your plan each year. If you have a dollar-for-dollar employer match up to a certain amount and you haven't reached that limit yet, then your extra $520 grows to $1,040 annually.

If this sounds like too much, consider your extra contribution would only come to $10 per week. That's barely more than the price of a designer cup of coffee. Or you can save this amount by brown-bagging your lunch once a week instead of going out.

And if you really can't find an extra 1% to save for retirement, try starting with half of 1%.

Pay Off Your Credit Cards

Small bites can also help you pay down credit card debt. There are two ways to do this. The first is to pick the card with the highest interest rate and the second is to choose the one with the lowest balance. If the card with the highest interest is also your lowest balance, you're credit card-smart. But if your high interest card also has a high balance—say $5,000—the amount may scare you away.

Break it down. Make a goal of adding $100 per month to your minimum payment. This comes out to a little over $3 per day, but adds up to $1,200 over the year. Continue this without adding further debt and you'll take years off the time it takes to pay the debt off.

The Value of a Dollar

Every day, business news anchors compare the value of the U.S. dollar to the world's major currencies. What does this mean to you?

Cost of Goods

When the U.S. is perceived to have a strong economy compared to Europe, the dollar's value may rise versus the euro. That's the exchange rate. A stronger dollar buys more European goods and services, including vacations. The downside? Fewer Europeans may travel here because of a weaker euro and American companies selling goods in Europe may see sales slump because their products cost more.

Effect on Stocks

When the dollar declines against other currencies, imported goods cost more and Americans may buy less because of it. As a result, foreign and even American multinational companies can see sales decline overseas and profits fall. Firms whose stock is publicly traded may also see stock prices fall.

Global Consequences

As Americans living in the northern and southern border states can attest, this same phenomenon occurs with other currencies. When it comes to money, the world is interconnected.

The Race for Financial Aid

In the past, prospective college students and their parents waited for the starting bell on January 1 to begin the financial aid process with the FAFSA application. Now you can file the Free Application for Federal Student Aid on October 1, and you can use older tax information, too.

A Head Start

This means if you have an incoming freshman in September 2019, you can begin the federal application process October 1 and have more time to shop around for favorable aid packages. It's first-come, first-serve for most grants, so the earlier start is a big help to parents.

Fewer Tax Headaches

The change also means if your child will enter college in September, you can use information from your 2017 tax return, which should be readily available months after the tax filing date. Previously, taxpayers needed to hurry their prior-year tax preparation to get copies of their most current returns, which typically aren't due until April.

Deadlines May Have Changed

The earlier availability of the FAFSA doesn't change the deadline for filing the form. June 30 remains the FAFSA filing deadline. Some states, though, have earlier deadlines. Check with your state and prospective college to find your due dates, or go to *https://fafsa.ed.gov* to learn more.

FAFSA Matters

The FAFSA is important because it determines how much students and their families can pay for college and the amount of financial aid they are eligible to receive. The office of Federal Student Aid, a part of the U.S. Department of Education, is the largest provider of student financial aid in the country.

Curtain A or Curtain B?

Colleges and universities want your student, who has multiple acceptance letters. How do you help your student choose?

Aid is Big

Because the cost of higher education is steep, financial aid plays a part in the college decision. When faced with a choice, try to negotiate with the schools. Then compare packages.

What will you Pay Now?

Remember to include all costs: tuition, room, board, fees and other living expenses. Also know that a much more expensive school may cost less when financial aid is considered.

What will you Pay Later?

Financial aid includes grants, which are free, and loans, which require repayment. Consider the ability to repay later. A social worker, for example, may have less ability to repay loans than a physician.

Apples to Apples

When making any comparisons, compare apples to apples. One school may specialize in your student's field of study, while the other doesn't have the same major.

Still Time for Tax Deductions

If you didn't get to open a traditional IRA or Simplified Employee Pension (SEP) last year, you still have until the April 2018 tax filing deadline to open and contribute to one.

You Still Have Time

You may put up to $5,500 into an IRA for 2017 and another $1,000 if you're age 50 or older. You need to earn at least the amount you contribute. The limit is an aggregate one, including other IRAs, including a Roth. Individuals may contribute even if they have another retirement plan. However, tax-deductible contributions are phased out at lower income limits.

SEP Power

If you're a small business owner, self-employed or earned money from part-time gigs, you may qualify to establish a Simplified Employee Pension Plan (SEP) and open a SEP-IRA. Contribute up to $54,000 or 25% of compensation for 2017, whichever is less. A self-employed person must also figure net earnings from self-employment, less one-half of self-employment tax and contributions made to the SEP-IRA. Other rules apply.

Employees Qualify

Most employees with service to the company in three of the last five years are also eligible to participate in the plan. Employers must contribute the same percentage of income for all employees participating in the SEP.

Got a Side Hustle?

You can't pick up a newspaper or watch the business news without coming across the gig economy, powered by the side hustle. For some, the side hustle is a little extra money supplementing a fulltime job. For others, gigging is a living.

A Growing Trend

The Department of Labor calls side hustlers the contingent workforce and others call them freelancers. Whatever you call them, they're working in every aspect of society. From driving passengers to airports and renting out rooms to writing and programming for multiple employers, fulltime and parttime gig economy participants are rewriting the rules of work.

Tips for Gigging

◆ Interested in joining the growing crowd? Before you begin, think about hobbies or other talents that you can convert into cash.

◆ If this is a side hustle, don't hustle on the side at the expense of your main income.

◆ A side hustle is taxable income. Make sure to keep records.

◆ Carry the right insurance, including liability insurance when needed.

Cover Yourself

Freelancing fulltime has its pros and cons. The plus: you may get to deduct related expenses on your tax returns. The minus: you'll need to find insurance and a retirement plan on your own. You also won't have an employer to defray your costs, so plan accordingly.

Benefits Crucial

Fulltime participants in the gig economy work without a net—an employer-provided safety net, that is. For many, gigging is their only income. Owning disability income (DI) insurance may be a priority for them, since the ability to earn an income is often their greatest asset. Contributing to a retirement plan might be another goal.

Where to Find Them

If you have a skill like writing or programming, investigate joining a professional association. These organizations often offer the availability of group DI and life insurance at a discounted cost. Some may also direct you to retirement plan advisors. Talk to a financial professional to learn more.

Working into "Retirement"

You may want to work past normal retirement age to build up your retirement kitty or just because you love working. Either way, you should understand Social Security payments and Medicare.

Older Workforce

The Department of Labor's Bureau of Labor Statistics estimates the percentage of people age 65 and older in the workforce will continue to grow.* They must make important financial decisions around age 65.

Smaller Benefits

If you begin Social Security payments between age 62, when you're first eligible, and your full retirement age,** benefits are permanently reduced.

If you work while receiving Social Security and you're younger than full retirement age for the entire year, $1 is deducted from benefits for every $2 you earn above an annual income limit until you reach full retirement age. Find the 2018 earnings limit at *www.ssa.gov*.

Bigger Benefits

Wait until your full retirement age to draw Social Security and you'll receive full benefits. Delay longer and your check will grow. If you're working or you have other retirement assets to draw upon, talk to a financial professional to see if delaying Social Security until age 70 makes sense.

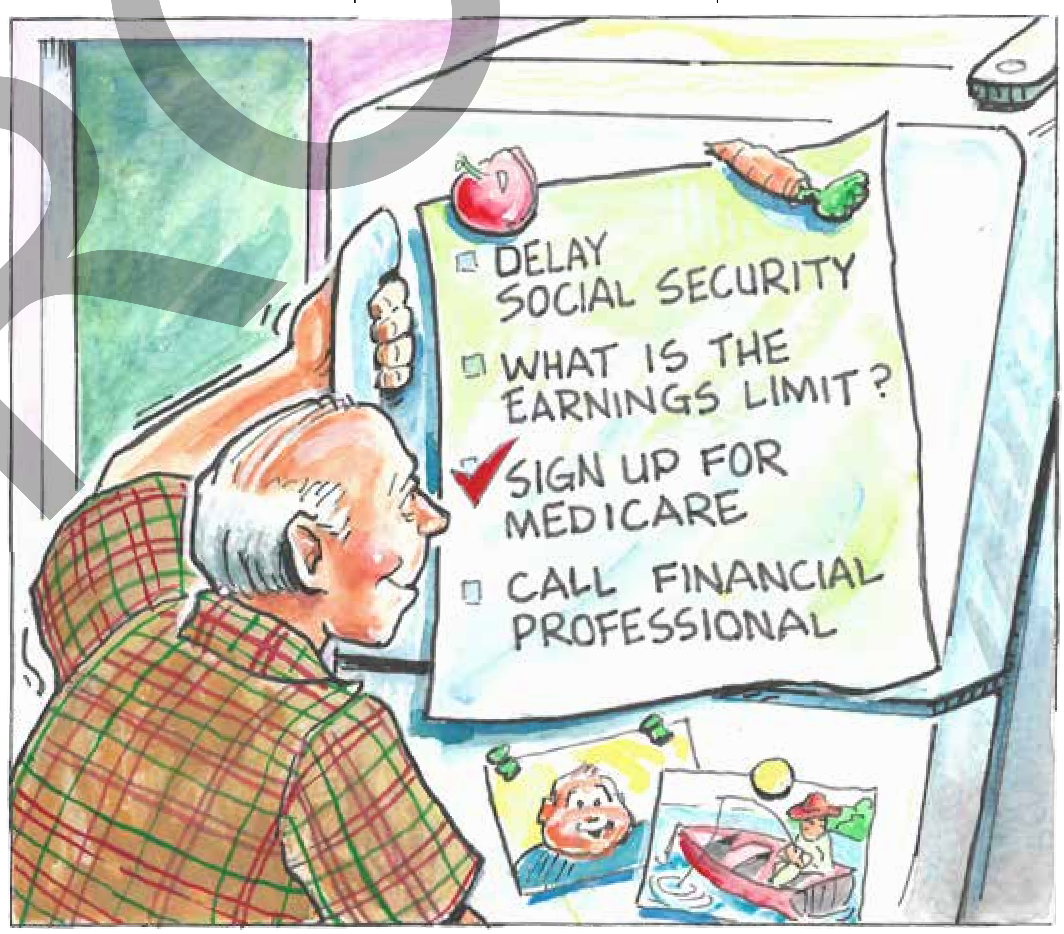
Health Insurance

Whether you continue working or not, sign up for Medicare Part A three months before to three months after the month when you turn age 65. Part A is hospital insurance. It's free for most people.

Americans with Part B, covering doctor's visits and other medical costs, pay a monthly premium, but can pay a lifetime penalty for enrolling late. The exception is if you have employer-provided health insurance through your own or your spouse's job. See *www.medicare.gov* for more info.

*Mitra Toossi, "Labor force projections to 2024: the labor force is growing, but slowly," Monthly Labor Review, U.S. Bureau of Labor Statistics, December 2015, https://doi.org/10.21916/mlr.2015.48.

** Social Security full retirement age is 66 for individuals born in 1943–1954. It's between 66 and 67 for those born in 1955–1959.



The One Rule You Need to Know at Age 70

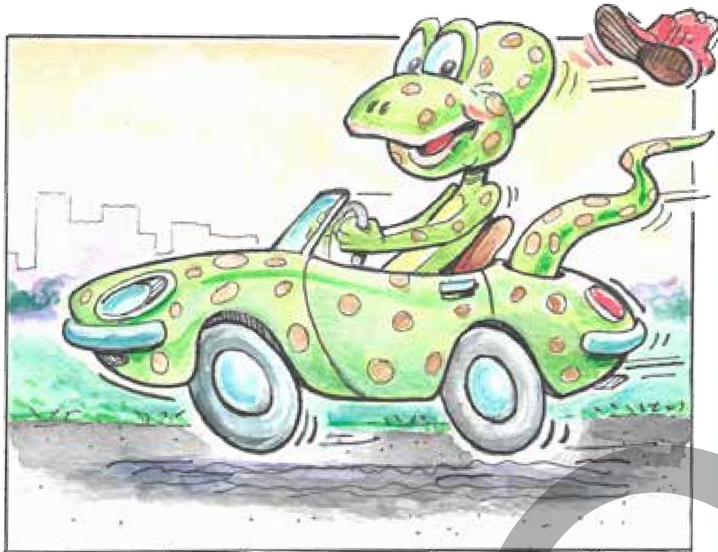
The main component of your financial life in retirement may be your retirement plan income. Most retirement plans feature required minimum distributions, or RMDs. They sound like WMDs — weapons of mass destruction — and they can have a negative impact on your retirement income if you don't know the rules.

With few exceptions, the IRS requires individuals to begin taking retirement plan distributions by April 1 of the year after reaching age 70½. These rules apply to 401(k) plans, traditional IRAs and Simplified Employee Pension (SEP) plans, but not to Roth IRAs.

The exception is if you participate in the retirement plan where you work and you don't own at least 5% of the company. Once you separate from this employer, you have until April 1 to begin RMDs. Talk to your tax professional to learn more.

What's a Convertible?

It's a stock. It's a bond. It's… it's a convertible!



Stock or Bond?

Convertibles are the chameleons of the investment world. They are debt instruments that eventually convert to stocks. And they are preferred stocks that convert into common stock. Let's look at the bond variety.

Convertible Bonds

Companies typically issue a convertible bond or shorter-term note to raise capital. They benefit because they retain equity and can deduct the debt's interest. Generally, investors benefit when they exercise their rights to convert the debt into stock shares as the underlying stock price rises. Or they may continue receiving interest on the debt if the stock performs poorly.

**Investing in convertibles may involve both the risk of investing in stocks and also of investing in bonds. Talk to a financial professional to learn more about this type of investment.*

Another Alternative

You might think alternative investments are only for hedge funds investors. Yet, they're making their way into popular mutual fund families. You might even have an "alt" investment or two.

What are they and should you invest in them? You might be surprised to learn you may already do.

A Fourth Asset Class

Generally speaking, alternative investments are those that don't fit into the three main asset classes: stocks, bonds and cash. They can include art, private equity and a wide variety of sophisticated investing strategies used by hedge funds and traditional investors.

You may not have those investments, but you could have these two alts through a mutual fund: real estate and commodities.

Real Estate

Not only do mutual fund providers manage widely circulated real estate funds, but Real Estate Investment Trusts (REITs) do, too.

Modeled after mutual funds, REITs can invest in industrial, commercial, retail and residential properties. Many are publicly traded. They typically pay all their taxable income as dividends to shareholders.

Commodities

Commodity mutual funds can include precious metals like gold and silver. They also may invest in energy products like oil and natural gas, pork bellies and more. These funds go by different names. A natural resources fund might include both energy and agriculture. A precious metals fund might include gold, silver and copper.

Why Invest?

Commodity funds may provide a hedge against inflation. REITs are typically viewed as income producers. However, both include varying degrees of risk. Talk with a financial professional to learn more.

You should consider the fund's investment objectives, charges, expenses, and risks carefully before you invest. The fund's prospectus, which can be obtained from your financial representative, contains this and other information about the fund. Read the prospectus carefully before you invest or send money. Shares, when redeemed, may be worth more or less than their original cost.

Three Reasons to Consider Life Insurance

There are many reasons to own life insurance. Let's consider just three.

You're Going to Live. It's human nature to turn a deaf ear when someone talks about mortality. Many people equate life insurance with death, since it's when this financial protection kicks in. Instead, why not think of life insurance as a gift of life, given during your life, for the future benefit of loved ones and their lives?

You're Young. Permanent life insurance, which includes a potential cash value component, is most affordable when you're young. If you pay premiums on time, they will never increase as you age and your policy can't be cancelled.

You're Older. You want to leave a financial legacy behind, protect your business or equalize your estate for loved ones. Life insurance fits the bill in all these instances.

Time is On Your Side

You're just beginning your career and retirement seems a million miles away. Yet, now is the absolute best time to get serious about retirement savings. Here's why.

Reeling in the Years

Time is on your side, so use it wisely. The longer you save for anything, the greater the effect time can have on your earning potential. The combination of time and compounding interest packs a powerful punch. Here's how much.

Input Your Numbers

Check out the Securities and Exchange Commission's retirement calculator at *www.investor.gov*. There, you can input how much you'll start with, how much you'll save monthly and for how long, a projected interest rate and how often the money compounds.

For this hypothetical example, you invest $200 per month in an IRA or 401(k) plan for 40 years. You start with $0 and contribute $2,400 annually, or $96,000 over the 40 years. It earns 6% annually, compounded monthly. After 40 years, your money has multiplied to about $398,298—a fourfold increase.

Double Down

Now, if you're like most people, you probably think you can wait. Maybe you plan to cut the term to 20 years, but save double: $400 monthly or $4,800 annually. Will the same total contribution result in the same end number?

Not a chance. After 20 years and the same total contributions, with everything else being the same, the second strategy accumulates to only $184,816.

Time Really Matters

What happened? Time happened.

It's hard to think about saving for a faraway goal, especially if you're paying off student loans and saving for more immediate goals like a house. But you can't make up for lost time. Use time to your advantage. Once you're retired, you'll thank yourself for it.

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REVIEW LETTER

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The material submitted appears consistent with applicable standards.

Reviewed by,

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NOTE: *This review is limited to the communication that was filed. We assume that the communication does not omit material facts, contain statements that are not factual, or offer opinions that do not have a reasonable basis. This communication may be described as*
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