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Take Time to Reassess

Periodically, you should reassess your portfolio, finding ways to increase your comfort level with your stock investments. Consider the following tips:

✔ **Develop a stock investment philosophy.** Approach investing with a formal plan so you can make informed decisions with confidence, knowing you have carefully considered your options before investing.

✔ **Remind yourself of why you are investing in stocks.** Write down your reasons for investing in each individual stock, indicating the long-term returns and short-term losses you expect. When market volatility makes you nervous, review your written reasons for investing as you did. That reminder should help keep you focused on the long term.

✔ **Monitor your stock investments so you understand the fundamentals of those stocks.** If you believe you have invested in a good company with good long-term prospects, you are more likely to hold the stock during volatile periods.

✔ **Review your current asset allocation.** Revisit your asset allocation strategy, comparing your current allocation to your desired allocation. Now may be a good time to rebalance your portfolio, reallocating some of those stock investments to other alternatives.

✔ **Determine how risky your stocks are compared to the overall market.** You can do this by reviewing betas for your individual stocks and calculating a beta for your entire stock portfolio. Beta, which can be found in a number of published services, is a statistical measure of how stock market

Continued on page 2

How Employer 401(k) Matching Works

Employers use many different formulas to determine matching contributions, but most match employee contributions up to a percentage of the employee's annual income. Let's assume your employer matches 50% of your contribution up to 6% of your salary. If your earnings are $60,000, 6% of your salary is $3,600; however, since your employer matches 50%, the total match is $1,800.

All contributions to your 401(k) plan, whether they come from you or your employer, must adhere to the IRS contribution limits. The total contribution limit is $18,500 in 2018 and $19,000 in 2019. If you are over 50, you may make additional catch-up contributions up to $6,000 in 2018 and 2019, if permitted by your 401(k) plan.

You should also familiarize yourself with your plan's vesting schedule. This schedule determines the percentage of ownership you have in your employer's contributions based on how many years you've been employed with the company. For example, if your employer requires five years to be fully vested, you may lose all or some of employer contributions if you leave or are terminated from the company before five years. Any contributions you make to the account will always be yours with no forfeiture if you leave the company. ❍❍❍

FR2018-0824-0069

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Continued from page 1

movements have historically impacted a stock's price. By comparing the movements of the Standard & Poor's 500 (S&P 500) to the movements of a particular stock, a pattern develops that gauges the stock's exposure to stock market risk. Calculating a beta for your entire portfolio will give you a rough idea of how your stocks are likely to perform in a market decline or rally. If your stock portfolio is riskier than you realized, take steps to reduce that risk by reallocating.

✔ **Keep in mind the tax aspects of selling.** While you may be tempted to lock in some of your gains, you may have to pay taxes on those gains if the stocks aren't held in tax-advantaged accounts. You'll have to pay at least 15% capital gains taxes (0% if you are in the 10% or 12% tax bracket) on any stocks held over one year. If your gains are substantial, it may take longer to overcome the tax bill than to overcome a downturn in the market.

✔ **Consider selling stocks for short-term cash needs.** If you are counting on your stock investments for short-term cash needs, such as to supplement your retirement income in the next couple of years or to pay for your child's college education, look for an appropriate time to sell some stock. With short-term needs, you may not have time to wait for your stocks to rebound from a market decline.

✔ **Don't time the market.** During periods of market volatility, investors can get nervous and consider timing the market, which typically translates into exiting the market in fear of losses. Remember that most people, including professionals, have difficulty timing the market with any degree of accuracy. Significant market gains can occur in a matter of days, making it risky to be out of the market for any length of time.

✔ **Remember you are investing for the long term.** Although short-term setbacks can give even the most experienced investors anxiety, remember that staying in the market for the long term through different market cycles can help manage the effects of market fluctuations.

Please call if you'd like help implementing strategies that may make you more comfortable with your stock holdings. ❍❍❍

Give Yourself a Money Makeover

You know what it's like: whether it's a result of a big life change or you just need to shake things up, it feels like it's time for a makeover. But instead of swapping long tresses for a pixie cut, this kind of makeover is one that will outlast changing trends and you'll always thank yourself for — a money makeover.

The first step is to figure out what isn't quite working for you. You also need to determine the flaws in your money strategy before you can change it. This means you will need to make an honest, objective assessment of your financial circumstances and list what you wish was different. For example, you may notice you routinely carry a balance on your credit cards and end up paying a lot in interest. You would rather have that money to save or invest, so your wish is that you would stop carrying balances on your credit cards. In this process, you will likely have to deal with some things that reflect parts of you that you do not like, but take care to be honest while not overly berating yourself about your shortcomings.

Step number two involves narrowing your wish list down to smaller, fixable bites. You can't just snap your fingers and change everything at once, so you will need to choose what to focus on first. Look over your list and highlight a few items that would make a big difference and are within your grasp, such as taking intentional steps to improve your credit score or committing to a strict monthly budget.

The next step is taking action. You will need to actually implement changes and stick to them. This is difficult, so it is helpful to make sure you have written down the measures you want to take and given yourself a timeline to follow. When a goal is fairly large, you may want to create milestone targets on the way to reaching it. This can help you keep better track of your progress and prevent the ultimate goal from seeming too overwhelming.

The final step can sometimes be the first step: get help. If you are in over your head (or have more complex goals, like retirement or estate or tax planning), then seeking professional advice should be your first step. But even if you have chosen to go it alone, having someone in the loop to keep you accountable can be the difference between success and failure.

It can be easy to focus on all of the bad choices you have made in the past, but it's important to remember to celebrate the progress you are making now. Every little step counts, whether it's automatic contributions to savings, clearing your consumer debt, or just following your budget — make sure you acknowledge the good things you are doing in this money makeover. ❍❍❍

Insurance Dos and Don'ts

Many of us have a love/hate relationship when it comes to insurance. We love feeling covered and protected in case of disaster, but really hate paying out so much money just to guard against chance. This can lead to us not spending enough time thinking about what works best for our particular situation. But when we know a little more about what to do (and what not to do) with our insurance, we can end up saving ourselves both cash and heartache in the long run.

Do:

✔ **Ask about discounts.** Taking the extra time to research which premium discounts may be applicable to you and your situation can save significant sums. Different companies offer various kinds of discounts with diverse qualifying thresholds. You can't rely on your insurance company to automatically apply any available discounts to your policy because they may not be aware that you qualify.

✔ **Shop around.** The company that offered the lowest rate when you were first looking is likely not the lowest a few years down the road. If your provider raises your premium or you've experienced a major life change, like marriage, moving, or a new teen driver, it is a good idea to shop around for a potentially better rate. Even if nothing has changed recently, you should check other companies' rates every few years.

✔ **Maintain insurance through COBRA.** If you have lost your job or changed employers, you may be worried about continuous health insurance coverage. Federal law requires that employers let you maintain your former health insurance on their group policy for up to 18 months after you leave, which may alleviate that concern…but at great cost. Keeping health insurance through COBRA means you will pay about 102% of the cost, which is an especially heavy burden if your employer previously paid at least some of the premium. You can save yourself that financial stress by researching other health plans or negotiating with a new employer to qualify for their health plan sooner.

✔ **Insure your home based on market value.** The market value of your home assumes that the home remains in one piece. But if a disaster causes it to be destroyed, the cost of rebuilding it may be more expensive than what it could sell for now — so the insurance value of your home must be enough to cover that extra cost. Fortunately, there are several online calculators that can help you determine a cost estimate for rebuilding your home.

Don't:

✔ **Select the lowest deductible.** It may seem enticing to have the lowest amount of out-of-pocket costs, but choosing the lowest deductible options in auto and homeowners insurance may mean you'll actually pay more in premiums than you could recover in claims. If you increase your homeowners deductible from $500 to $1,000, that could reduce your premium by up to 25%. Likewise, if you increase your auto deductible from $200 to $1,000, you could save up to 40% on your premium.

Holding a policy with a low deductible may encourage you to make small claims you would otherwise take care of yourself and that could preclude you from any claims-free discounts for which you would have qualified. Instead of paying higher premiums for a lower deductible, funnel your savings on the premium into an emergency fund so you'll have cash on hand to take care of small claims and save money in the long run.

✔ **Assume that group life insurance is cheaper.** If you have free group life insurance as a benefit from your employer, it can be tempting to purchase extra insurance from the same policy — but that is not always the best deal. If you are in good health, you may be able to get a better rate outside of group life insurers, who tend to raise their rates every five years or so.

✔ **Select a policy based on the premium alone.** If you're prone to sticker-shock and shy away from higher prices in general, you may default to choosing lower-cost plans automatically. However, this can ultimately result in you not having the coverage that you actually need. Carefully examine the percentage you will be responsible for when it comes to doctor's visits, procedures, and prescriptions while comparing policies and use what actually works best for you instead of automatically choosing low premiums. ❍❍❍

As Time Goes By

Jane M. Gullong, Author, has been a client of ours since 2009. We asked her if she could write a piece for us for the January newsletter, because she sent us an email about the passage of time. As we flip over the calendar on a new year, we thought Jane's piece might help us all feel better about getting older.

"Let me know if you have any concerns," wrote my financial advisor John Burke in his update at the close of 2018. "My only concern is that time is flying," I replied. Time it turns out is always on John's mind. It is for him an occupational hazard. He says "I have this conversation about time, several times every single day."

The thing about time which haunts us all is loss. Time puts us all in a losing game. It is only a matter of time before we will all lose family, friends, loved ones and for John, clients that he has become attached to.

How do we prepare for and cope with loss? Apart from having a good financial advisor, we need strategies. I strongly suggest turning to therapists, spiritual counselors or the internet before reading on here. I have no "standing" as they say in the legal system. But having been offered this forum by John I will forge onward.

Onward — this powerful adverb could serve as a motto as to how to use time. The definition is "going further rather than coming to an end or halt."

If we are lucky the first major losses we will face in adulthood are the death of parents or the breakup of a love affair or marriage. But past age 65, losses start to accumulate. Older friends, mentors and even public figures like Ronald Reagan or Elvis, so long present in our lives, die. Here are a few approaches to facing loss which I am starting to take:

- Deciding whom to mourn, how deeply and for how long. Memorial services and funerals, for me, are obligatory only if there is a survivor who is my very close friend. Even then I prefer to be with friends suffering loss after the ceremonies, in their homes or mine, remembering and crying in private. While I am not Jewish, sitting Shiva, eating sandwiches and being together, seems like the best path to comfort and to moving on.
- Using the phone. It does not take more time. The internet is killing connection. I like to talk to others in real time. Hear the tones of their voice. The emotional impact of their words. Hear their laughter. The problem is that the people I call don't have time to talk.
- Saying goodbye to the planet by listening to the songbirds, appreciating not fearing the last of the remaining insects, saving up money to afford and to eat the last of the wild caught fish. While the planet may be running out of time, we still have time to enjoy it.
- Remembering the good times. If memory loss or illness or anger, take friends or family out of your life, let it go. Say the serenity prayer — give me the peace to accept the things I cannot change, the strength to change the things I can, and the wisdom to know the difference. Or write a memoir. I wrote one called *Dancing at the Castle: Growing Up in Old Saybrook.*

Loss of others, as painful as it is, is not the only demon which haunts us as we age. Probably what we all fear most is not the loss of others, but the loss of our capacities, the loss of our very selves.

We need to create a vision for the time that remains. I have worked professionally with artists throughout my career and vision is what drives their work. You might say artists can see time. They can evoke the past and imagine the future, including the darkest of times. Visioning the last stage of our lives is of course the big challenge. We are probably all getting our estate planning and living will acts together, but it is the years that lead up to those last moments which need a vision. We can imagine ourselves dead, and gone. The glowing obituaries. All the people who will miss us. But it is quite another – virtually impossible thing - to imagine ourselves – ill, lame, immobile and above all demented. Frankly, I don't have a vision for this. But I am working on it.

On a happier note, I am working on a vision for what I consider real old age — the first stages often referred to as "slowing down." Years when I might curtail my current condition of fomo (fear of missing out), constant travel, entertaining, concert and theater going, etc. I am thinking of things to which to look forward.

First, I am going to get a dog. I have never had one and am longing for a standard poodle. I will be home more and can spend the travel budget on the morning dog walker. Uber, Seamless, Caviar, and Lyft will also take up my funds delivering food to me and me to where I want to go. There is a very, very, long reading list. I am also planning to print and organize all my photos into albums so that they can be thrown out quickly by my heirs. I will watch all the high-quality HBO and Netflix series that I have missed. Not to mention the movies. And I may fall in love. That is always part of my visioning.

Meanwhile, I want to slow down the time remaining and have the following strategies to offer:

Throw out your routines (or revise them or change them). Nothing makes time fly like doing the same thing at the same time(s) every day. Think about the last three-day vacation you might have had and what a long time it seemed you spent in Miami Beach (for example), where everything was new every day.

Move. Literally. Live in different neighborhoods, in different spaces, if possible, in a different culture. In college I lived in four different dormitories so instead of four years flying by — there were different settings for each year. One of my favorite New Yorker cartoons features a harassed looking housewife saying to her husband sitting on the couch, "I'm a different person in France."

Throw out the Bucket Lists until you can decide why, what difference it will really make for you if you see Australia or not. Travel deeply. Try to stay. Exchange your apartment or home. Go back to the same place more than once.

Meditate. There is probably nothing that expands time more than meditation and all that can be learned from a meditation practice. Just try to notice. Try to be present…and things slow down. Listen and things slow down. My favorite book about meditation is Jon Kabat-Zinn's *Wherever You Go, There You Are.* But why is it so hard to find the time to meditate?

Finally, since this essay is part of a message from our financial advisor, we might well ask the $64,000 question — is time money? Are time and money the same — valuable things to be saved and spent? In a word — yes. But while time can certainly get us money, it is for sure that no amount of money can buy time. So, in John's plan for me I run out of money when I am 92. When that happens, I hope that he will be around to take my call.

Jane M. Gullong

Any opinions are those of Jane M. Gullong and not necessarily those of RJFS or Raymond James.