Footsteps

News To Help You Along Your Pathway of Life

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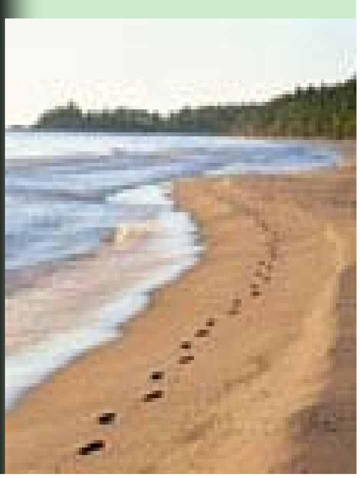

What Baseball Can Teach You about Financial Planning

Spring training is a tradition that baseball teams and baseball fans look forward to every year. No matter how they did last year, teams in spring training are full of hope that a new season will bring a fresh start. As this year's baseball season gets under way, here are a few lessons from America's pastime that might help you reevaluate your finances.

Sometimes you need to proceed one base at a time

There's nothing like seeing a home run light up the scoreboard, but games are often won by singles and doubles that get runners in scoring position through a series of base hits. The one base at a time approach takes discipline, something that you can apply to your finances by putting together a financial plan. What are your financial goals? Do you know how much money comes in, and how much goes out? Are you saving regularly for retirement or for a child's college education? A financial plan will help you understand where you are now and help you decide where you want to go.

It's a good idea to cover your bases

Baseball players minimize the odds that a runner will safely reach a base by standing close to the base to protect it. What can you do to help protect your financial future? Try to prepare for life's "what-ifs." For example, buy the insurance coverage you need to make sure you and your family are protected--this could be life, health, disability, long-term care, or property and casualty insurance. And set up an emergency account that you can tap instead of dipping into your retirement funds or using a credit card when an unexpected expense arises.

You can strike out looking, or strike out swinging

Fans may have trouble seeing strikeouts in a positive light, but every baseball player knows that striking out is a big part of the game. In fact, striking out is much more common than getting hits. The record for the highest career batting average record is .366, held by Ty Cobb. Or, as Ted Williams once said, "Baseball is the only field of endeavor where a man can succeed three times out of ten and be considered a good performer."

In baseball, there's even more than one way to strike out. A batter can strike out by looking but not swinging at a pitch, or strike out swinging by attempting, but failing, to hit a pitch. In both cases, the batter likely waited for the right pitch, which is sometimes the best course of action, even if it means striking out occasionally. So how does this apply to your finances? First, accept the fact that you're going to have hits and misses, but that doesn't mean you should stop looking for financial opportunities. For example, when investing, you have no control over how the market is going to perform, but you can decide what to invest in and when to buy and sell, according to your investment goals and tolerance for risk.

Warren Buffett, who is a big fan of Ted Williams, strongly believes in waiting for the right pitch. "What's nice about investing is you don't have to swing at pitches," Buffett said. "You can watch pitches come in one inch above or one inch below your navel, and you don't have to swing. No umpire is going to call you out. You can wait for the pitch you want."

Note: All investing involves risk, including the possible loss of principal.

Every day is a brand-new ball game

When the trailing team ties the score (often unexpectedly), the announcer shouts, "It's a whole new ball game!" Or, as Yogi Berra famously put it, "It ain't over 'til it's over." Whether your investments haven't performed as expected, or you've spent too much money, or you haven't saved enough, there's always hope if you're willing to learn both from what you've done right and from what you've done wrong. Pitcher and hall-of-famer Bob Feller may have said it best. "Every day is a new opportunity. You can build on yesterday's success or put its failures behind and start over again. That's the way life is, with a new game every day, and that's the way baseball is."

Charles Cheryl Matt

Test Your Knowledge of Financial Basics

Working with a trusted financial professional is one of the best ways to help improve your overall financial situation, but it's not the only thing you can do. Educating yourself about personal finance concepts can help you better understand your advisor's recommendations, and result in more productive and potentially more prosperous financial planning discussions. Take this brief quiz to see how well you understand a few of the basics.

Questions

1. How much should you set aside in liquid, low-risk savings in case of emergencies?

a. One to three months' worth of expenses

b. Three to six months' worth of expenses

c. Six to twelve months' worth of expenses

d. It depends

2. Diversification can eliminate risk from your portfolio.

a. True

b. False

3. Which of the following is a key benefit of a 401 (k) plan?

a. You can withdraw money at any time for needs such as the purchase of a new car.

b. The plan allows you to avoid paying taxes on a portion of your compensation.

c. You may be eligible for an employer match, which is like earning a guaranteed return on your investment dollars.

d. None of the above

4. All of the money you have in a bank account is protected and guaranteed.

a. True

b. False

5. Which of the following is typically the best way to pursue your long-term goals?

a. Investing as conservatively as possible to minimize the chance of loss

b. Investing equal amounts in stocks, bonds, and cash investments

c. Investing 100% of your money in stocks

d. Not enough information to decide

Answers

1. d. Conventional wisdom often recommends setting aside three to six months' worth of living expenses in a liquid savings vehicle, such as a bank savings account or money market mutual fund. However, the answer really depends your own individual situation. If your (and your spouse's) job is fairly secure and you have other assets, you may need as little as three months' worth of expenses in emergency savings. On the other hand, if you're a business owner in a volatile industry, you may need as much as a year's worth or more to carry you through uncertain periods.

2. b. Diversification is a smart investment strategy that helps you manage risk by spreading your investment dollars among different types of securities and asset classes, but it cannot eliminate risk entirely. You still run the risk of losing money.

3. c. Many employer-sponsored 401(k) plans offer a matching program, which is like earning a guaranteed return on your investment dollars. If your plan offers a match, you should try to contribute at least enough to take full advantage of it. (Note that some matching programs impose a vesting schedule, which means you will earn the right to the matching contributions over a period of time.)

Because 401(k) plans are designed to help you save for retirement, the federal government imposes rules about withdrawals for other purposes, including the possibility of paying a penalty tax for nonqualified withdrawals. You may be able to borrow money from your 401(k) if your plan allows, but this is generally recommended as a last resort in a financial emergency. Finally, traditional 401(k) plans do not help you avoid paying taxes on your income entirely, but they can help you defer taxes on your contribution dollars and investment earnings until retirement, when you might be in a lower tax bracket. With Roth 401(k)s, you pay taxes on your contribution dollars before investing, but qualified withdrawals will be free from federal, and in many cases, state taxes.

4. b. Deposits in banks covered by the Federal Deposit Insurance Corporation are protected up to $250,000 per depositor, per bank. This means that if a bank should fail, the federal government will protect depositors against losses in their accounts up to that limit. The FDIC does not protect against losses in stocks, bonds, mutual funds, life insurance policies, annuities, or municipal securities, even if those vehicles were purchased at an insured bank. It also does not protect items held in safe-deposit boxes or investments in Treasury bills.

5. d. To adequately pursue your long-term goals, it's best to speak with a financial professional before choosing a strategy. He or she will take into consideration your goals, your risk tolerance, and your time horizon, among other factors, to put together a well-diversified strategy that's appropriate for your needs.

A little knowledge can go a long way in pursuing your financial goals. For more information about the topics in this article, or for other personal finance-related questions, speak with a trusted financial professional.

All investing involves risk, including the possible loss of principal.

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Matt & Cheryl ...

Soccer, gymnastics, cheer, school, church, homework, friends, chores, breakfast, lunch, dinner, computer, shower, parties, talk, Mama, Daddy, pets, iPad, sleep, read, pray, television, practice, sleepover, daydream...(and not necessarily in that order)...y'all remember this time in your kids' lives! God is good, and we are so blessed!

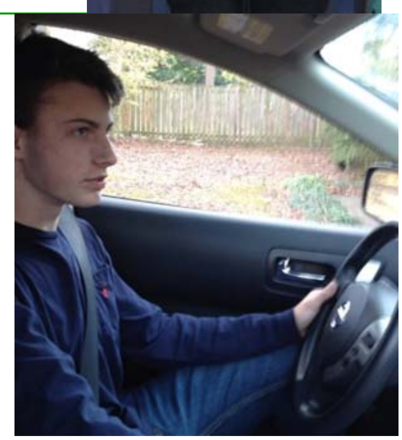
Left to right—Jade and Jewel at gymnastics, Kyndel, Lauren and Jade after soccer game, Jewel with her new baby brother (she wishes!) and Jade sprinting for the ball.

Charles ...

Sydne, my granddaughter, stage star, performing in SMART at the Germantown Theatre. She is progressing in her desire to develop her talents in acting, song, & dance. We are looking forward to her upcoming dance recital in May.

Emily continues to develop her God directed calling to full-time Christian service and was licensed to preach by her current church, First Baptist of Trenton, NJ, where she and Tyler have completed almost two years towards their Master of Divinity degree at Princeton Seminary. I am a very proud Paw-paw.

Renea ...



I hope you all are enjoying this spring weather!

Well it has happened, my son, Matthew, is driving! I have to admit that it is going better than I thought it would. Most of the problem is not his driving, it is that I am simply NOT a good passenger so we have had some trials and my nerves are frayed but it is getting better every day.

My nephew Trey turned 11 on March 31st and we celebrated at our family's favorite Mexican restaurant, EL Amigo's, where his picture is still on display from last year's birthday celebration!

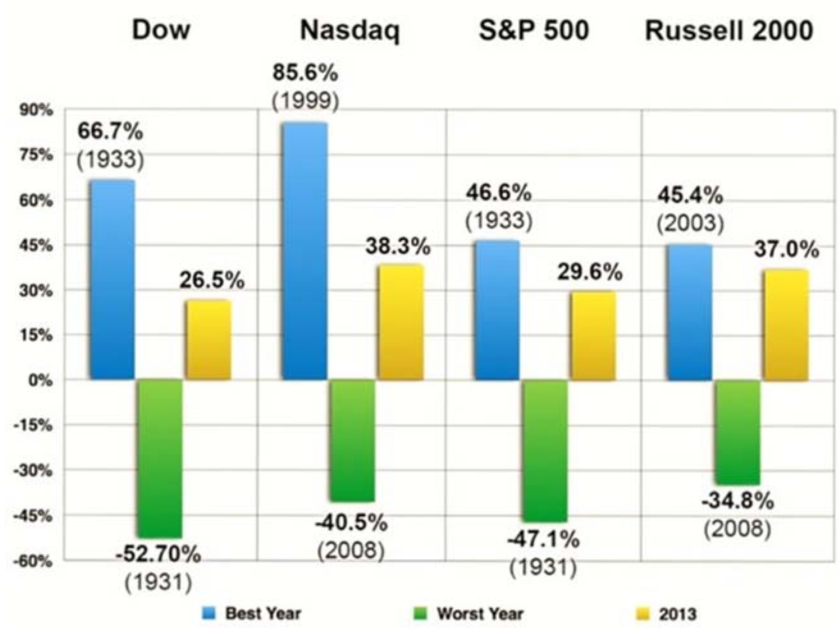
Gena...

Happy Spring!!! Hopefully it is finally here!! I am ready to start planting flowers and enjoying our back yard before the heat gets too bad!!

We have had a busy first quarter. Our daughter and son in law found out they are having another girl and big sister, Lyllian is over the moon with happiness. My husband and I have been helping them get the room ready and I am anxious to get all those baby clothes down and ready for granddaughter #2!!

Our son and his wife purchased their first house and we all helped them get moved in and unpacked. We are so proud of them and this big milestone. Helping them decorate has been fun, too. Every time we visit, something new has been added. We are so thankful for this season in our lives and watching our children experience these sweet events!

Graph: The Best of Times, the Worst of Times, and 2013



In 2013, the Standard & Poor's 500 had its best year since 1997, while the Dow Jones Industrial Average set 52 new record closing highs and the Nasdaq hit a level it hadn't seen in more than 13 years. Here's how 2013's price gains compare to each index's best and worst years since 1926 by percentage gain as listed in the "Stock Trader's Almanac 2014." *Note: All investing involves risk, including the possible loss of principal.*

Are you ready to retire?

Here are some questions to ask yourself when deciding whether or not you are ready to retire.

Is your nest egg adequate?

It's obvious, but the earlier you retire, the less time you'll have to save, and the more years you'll be living off of your retirement savings. The average American can expect to live past age 78. (Source: CDC, "Deaths: Preliminary Data for 2011") With future medical breakthroughs likely, it's not unreasonable to assume that life expectancy will continue to increase. Is your nest egg large enough to fund 20 or more years of retirement?

When will you begin receiving Social Security benefits?

You can begin receiving Social Security retirement benefits as early as age 62. However, your benefit may be 25% to 30% less than if you waited until full retirement age (66 to 67, depending on the year you were born).

How will retirement affect your IRAs and employer retirement plans?

The longer you delay retirement, the longer you can build up tax-deferred funds in your IRAs--remember that you need compensation to contribute to an IRA. You'll also have a longer period of time to contribute to employer sponsored plans like 401(k)s --and to receive any employer match or other contributions. (If you retire early, you may forfeit any employer contributions in which you're not yet fully vested.)

Will you need health insurance?

Keep in mind that Medicare generally doesn't start until you're 65. Does your employer provide post-retirement medical benefits? Are you eligible for the coverage if you retire early? If not, you may have to look into COBRA or a private individual policy--which could be an expensive proposition.

Is phasing into retirement right for you?

Retirement need not be an all-or-nothing affair. If you're not quite ready, financially or psychologically, for full retirement, consider downshifting from full-time to part-time employment. This will allow you to retain a source of income and remain active and productive.

"Our mission is to help our clients realize their financial goals, with compassion and integrity, as they travel their pathway of life. "

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