Footsteps

News To Help You Along Your Pathway of Life

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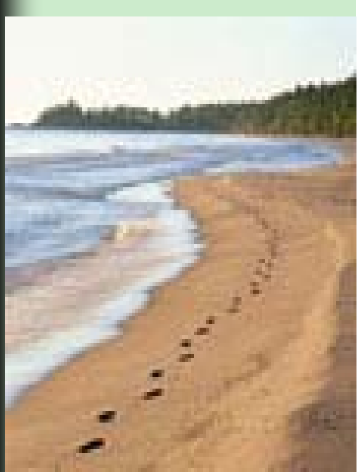


REMEMBER October 2014, just a few short months ago, economic forecasters and news media reflected uncertainty in the United States and around the world. Negative market volatility seemed to be a daily occurrence.

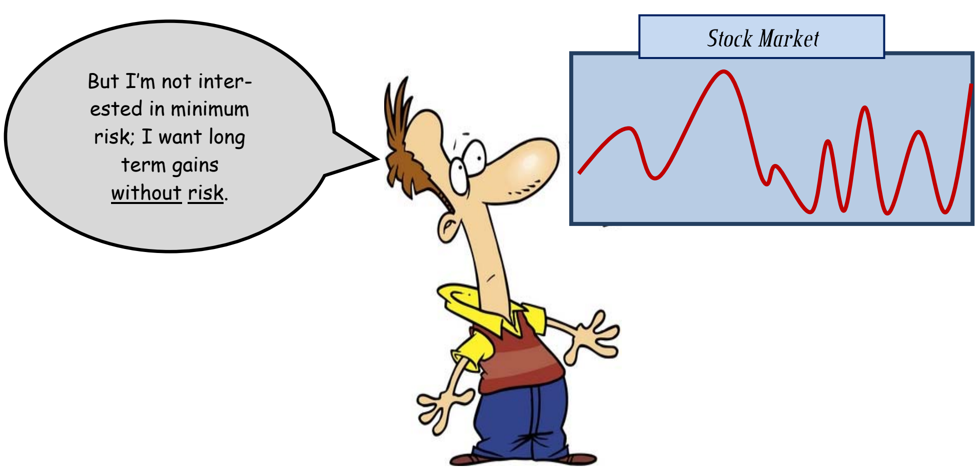
Our advice during this time of market correction was to stay the course and have faith in the strongest and greatest nation in the world. By the end of December 2014, record highs had been attained with the major indexes; the Dow and S&P 500. The market produced another year of positive gains in the stock and bond markets.

What does 2015 have in store for investors? Let's take a look at some major factors that influence the stock and bond markets; economic activity, valuations and public sentiment. Currently the economy is growing with increasing GDP that is acceptable. Stock evaluations do not appear to be overly expensive; however, they are not cheap. Sentiment by the investment community and economists is neither excessively bearish nor bullish. Some examples of current economic conditions reflect that unemployment is positive and steady while slow progress is occurring in the labor market that enables workers to obtain higher wages.

As we look forward to 2015, keep in mind that most world political events do not affect corporate revenue and earnings. Take for example, the Russian-Ukraine confrontation. Ukraine's annual gross domestic product (GDP) is only equal to about two days of America's GDP. Good advice was once stated this way: "Lose the news" and is great advice for long term investors.

A Chinese philosopher once wrote, "When the wind rises, some people build walls. Others build windmills." 2015 should give us an opportunity to face this choice.

Charles Cheryl Matt



Helping Your Parents Manage Their Finances

As the U.S. population gets older, more people, particularly baby boomers, are confronting a dilemma. As parents age, their ability to manage their own finances may decline. That can make it more likely that they may neglect the life savings they've worked so hard to accumulate or make costly mistakes with them. Even worse, they're more likely to fall victim to one of the fraudulent schemes that frequently target seniors. "Financial Fraud and Fraud Susceptibility in the United States," a September 2013 report prepared for the FINRA Investor Education Foundation, found that seniors were 34% more likely to lose money to fraudsters than were those in their 40s.

And yet many seniors, especially those who have always been independent and/or money-savvy, may be reluctant to accept advice or help from their children, or even discuss living expenses, health care plans, investments, or general estate planning. Sadly, postponing that discussion can increase the difficulty of tackling whatever problems may eventually arise.

What's behind parental reluctance?

Suggesting that parents might benefit from assistance, either from their children or a professional, may remind them of their own mortality. People are living longer; if they're still active and involved, they may have difficulty accepting that their current good health and financial comfort may not always continue.

Also, some seniors may be reluctant to discuss finances because it can reinforce a sense of loss; this could be especially true if they can no longer drive or participate in activities they enjoy. Admitting that they need help with financial issues may make them feel as though one more area is no longer under their control. If this is the case, they might respond to the idea that addressing important issues now--planning for ill health or an incapacity--could give them greater decision-making power over their quality of life later.

Parents also may be uncomfortable discussing finances with only one child, preferring to involve all siblings. In this case, you may need to either try to reach a consensus about which child is best equipped to help, or divide responsibilities among siblings. For example, one child might assist with billpaying and day-to-day expenses while another reviews investments or handles health insurance, Medicare, and Social Security.

In some cases, parents may respond to the idea that taking action sooner rather than later can help prevent the loss of much of their hard-earned savings to taxes or scams. If they're uncomfortable discussing finances with you, you could suggest working with a third party who can review their situation and make recommendations that could then be discussed jointly.

When to offer help

Here are some signs that a parent might need some assistance: confusion about whether direct-mail offers are advertising or bills; failing to pay bills or file documents properly, especially if someone has always been highly organized; complaints about being unable to make ends meet; talking about the merits of certain investments, especially unfamiliar ones and especially if a parent hadn't previously exhibited much interest in investing; unusual behavior, such as making unexpected large purchases or spending a lot of time gambling.

Be sure to rule out other physical problems, such as an infection or difficulties with vision or hearing, before assuming that mental confusion is automatically a sign of dementia.

A start is better than nothing

If parents are reluctant to discuss specific figures, try to make sure that key information, including online account information and passwords, is on paper, and that someone else knows the location of those items and will be able to access them if necessary.

You might start providing assistance in stages. Offer to review checking account statements and/or credit card bills to ensure they're not paying for services they want to cancel or didn't request; this may give you insight into the overall state of their finances. Because seniors may be more willing to discuss issues such as health insurance and preferences regarding long-term care or end-of-life decisions before other topics, building trust in these areas could increase comfort levels on both sides with other matters.

If a trust has been set up, a trustee might be the logical person to handle finances, since he or she may eventually have to deal with trust-related issues anyway. The same is true for someone who has been granted a durable power of attorney, even if he or she doesn't yet have full responsibility for managing finances. And in a worst-case scenario, children can petition a probate court to name a conservator or guardian. Whatever approach you take, one of the key challenges of this process is to respect a parent's dignity while protecting his or her ongoing well-being.

Postponing a discussion about helping a parent with his or her finances increases the odds that problems could arise before that discussion takes place.

Healthy Resolutions Can Pay Off (Literally)

If you made a New Year's Resolution to get healthy, you may get more bang for your resolution buck than you bargained for. That's because healthy habits can benefit your wallet as well as your body.

The link between health and money

According to the Centers for Disease Control and Prevention (CDC), chronic conditions--including diabetes, heart disease, and cancer--account for more than 75% of all health-care costs nationwide. Nearly half of all Americans have a chronic disease, which can lead to other problems that are devastating not just to health but also to a family's finances. People with a chronic condition pay five times more for health care each year, on average, as those without a chronic disease.*

Many chronic diseases can be linked to four behaviors: tobacco use, excessive alcohol consumption, poor eating habits, and inactivity.* A closer look at each of these behaviors demonstrates the health-money connection.

Tobacco and alcohol

The American Cancer Society (ACS) reports that the average price of a pack of cigarettes in the United States is $6.36. That means the average annual cost for a pack-a-day smoker is more than $2,300. However, the average health-related cost to a smoker, says the ACS, is $35 per pack--or $12,775 per year for someone who smokes a pack a day.

The National Institute on Alcohol Abuse and Alcoholism defines moderate drinking as one drink per day for women and two for men. Drinking more than that can lead to health problems, including various forms of cancer as well as impairment of your brain, heart, liver, and pancreas. Such outcomes have economic costs. The CDC reports that in 2006, the national cost of excessive alcohol consumption was $223.5 billion, 42% of which was shouldered by excessive drinkers and their families.

Eating habits and activity level

Proper nutrition and regular exercise are vital to staying healthy, but they can also save you money. For example, reducing the amount of high-in-saturated-fat products, processed foods, and red meat in your diet can result in benefits to your heart and wallet. Replacing high-fat ingredients in some recipes with healthier, low-cost options--such as using beans instead of ground beef--can help trim your grocery bills. And replacing high-calorie meals eaten at restaurants with meals made at home using fresh, in-season ingredients can benefit both body and bank account.

Current guidelines from the U.S. Department of Health and Human Services recommend at least 2½ hours of moderate physical activity per week. Many opportunities exist in everyday life to both accumulate active minutes *and* save money. Instead of driving to your destination, walk or ride a bike. Do your own yard work or house cleaning instead of hiring help. Go for a hike or play ball with your kids rather than going to the movies or visiting an amusement park.

Long-term considerations

Chronic disease also has indirect long-term costs. Leaving the workforce for extended periods--or having to retire early--means fewer paychecks, less chance to benefit from workplace-provided retirement plans and health-care benefits, and lower earnings to apply toward Social Security benefits. In addition, chronic diseases often necessitate home renovations, the hiring of specialized care providers, or even permanent nursing care. When viewed over the long term, taking steps today to reduce your risks of getting sick down the road may make good health *and* financial sense.

**Sources: Centers for Disease Control and Prevention, the Department of Health and Human Services, and the Partnership to Fight Chronic Disease*

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