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## MARK HOWARD'S FINANCIAL NEWS

# DIGEST



### MONEYLINE

## 5 Steps To Get In Financial Shape


*Courtesy of Mark N. Howard, MS, MBA*

**U**se employer resources to cut health care costs. Many employers have been expanding their wellness programs to entice participation. Your employer may offer free or discounted gym memberships, smoking cessation or weight-loss programs—or access to a wellness coach, nutritionist or stress counselor. Check it out.

**Check your credit record.** You can do so at no cost every 12 months at each of the credit bureaus through [www.annualcreditreport.com](http://www.annualcreditreport.com). Look for errors or suspicious activity.

**Freeze your credit report to protect yourself from ID theft.** A credit freeze prevents new creditors from accessing your credit report, making it more difficult for ID thieves to take out new credit in your name. A new law that took effect in September prohibits the credit bureaus from charging a fee to freeze your record or lift the freeze.

**Keep in contact with your financial institutions.** Many states have changed their abandoned-property laws and are quicker to take over accounts. Now, many states will claim your account as abandoned if a financial institution hasn't heard from you for three or five years, even if your address hasn't changed.

**Check your retirement plan.** Be sure you are contributing at least enough to collect any match from your employer—that's free money. 



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*College tuition reimbursement insurance protects you from total loss* if your child is unable to finish a semester due to mental or physical health problems, says college finance expert Katharine Ruby. Without the insurance, many colleges don't provide refunds after the first six weeks of a semester. About 200 schools now offer the policies through insurers that typically charge about 1% of tuition, fees and room and board... and reimburse 75% to 100% of those costs. You also can get a policy directly from an insurer.

Source: GetIntoCollege.com 2018

*Check your child's credit history.* A new federal law that went into effect in September makes it easier to do this—and it can be important, because thieves are increasingly stealing children's Social Security numbers and using them to create phony identities under which they take out loans or credit cards. In 2017, the Federal Trade Commission received 14,000 complaints of identity theft targeting people age 19 and younger.

The fraud can go unnoticed for years unless parents check their children's credit histories—which few parents do. For information on what to do under the new law, visit the special FTC webpage, [IdentityTheft.gov](http://IdentityTheft.gov)

Source: The Wall Street Journal 2018

*"Feeling gratitude and not expressing it is like wrapping a present and not giving it."*

— William Arthur Ward



## Secrets Of Happiness From 'The Oldest Old'

By Mary Kane, Kiplinger's Personal Finance

**I** recently discussed important life lessons with John Leland, a New York Times reporter and author of "Happiness Is a Choice You Make: Lessons From a Year Among the Oldest Old."

**Q:** You write, "If you want to be happy, think like an older person." Can you explain how that works?

**A:** We know from a lot of research that older people are more content with their lives than younger people are. Thinking like an older person is thinking about resilience and focusing on what is as opposed to what is not. Accepting your mortality by not being so afraid of it. When you are older, you view the time horizons in front of you differently. You understand the days are finite, and we might as well enjoy the ones we have left. The big lesson for me, the really practical one, is waking up in the morning and saying, "Thank God for another day." It's the conscious practice of gratitude.

**Q:** Can you explain what you call "selective forgetting"?

**A:** We do forget the horrible things in our lives to a great extent but not entirely. The traumas of

our lives stay with us. But we're constantly writing the stories of our lives, and there are lots of things we're filtering out. Usually our stories are about the positive things. That flu that almost killed you—you forget about how miserable you were. You just remember that it didn't kill you.

[The people I interviewed] saw loss as part of what it is to be human. It doesn't make loss any more fun. But you're

not being singled out for punishment. You're sharing that same experience with every other person that's ever lived.

**Q:** What do you mean when you say happiness is a choice?

**A:** You come to understand that the quality of our lives isn't based in the events of our lives. It's really in the reaction to the events in our lives. The title of the book is Happiness Is a Choice You Make, but the key word isn't happiness. It's choice. It's declaring that you won't be defined or determined by the circumstances of your life. You have a say in this. That declaration is liberating. That liberation is happiness. Happiness isn't just the thing you choose; it's the act of choosing it that makes you happy.

**Q:** You talk about the essence of what you learned: "to shut down the noise and fears and desires that buffet our days and think about how amazing, really amazing, life is." Can we all do this?

**A:** There are things we can do to change our ways of thinking and improve the quality of our lives. I'm not talking about depression, which is a serious illness that kills people and needs to be treated. But you can be focusing on what is, not what you don't have and what you're missing. Optimism doesn't mean the future is going to necessarily be better. It means seeing that the present is better. ?

# Handling Volatility In The Stock Market

By Elliot Raphaelson, Tribune Content Agency

It's normal to worry about your portfolio when the equity and fixed income (stocks and bonds) markets become volatile, and when you see your portfolio fall significantly in value. It's natural to wonder what to do, if anything, to protect your portfolio.

The best general advice is to keep focused on long-term objectives. Ideally, you have structured your portfolio based on long-term objectives. If so, you probably don't have to do anything drastic to modify your portfolio. If not, make some changes you can live with. Consider the following:



**Review your relative allocation of holdings in the equity market and fixed income market.** The closer you get to retirement, the more you should increase the percentage of your portfolio in fixed income. For example, prior to retirement, I often had 70 percent of my portfolio in equities. However, as I approached retirement, I gradually increased the size of my fixed income portfolio to 50 percent. In retirement, I have maintained a 50-50 ratio of equities to fixed income for approximately 20 years.

Many retirees maintain a much higher percentage than 50 percent in fixed income. There will likely always be some inflation, so consider maintaining a portion of your portfolio in equities during retirement both to protect you

from inflation and because the expected lifespan for retirees is continually increasing.

## Diversify your equity market portfolio.

Although I sometimes devote some of my portfolio to sectors I like, such as health care, I maintain the majority of my portfolio diversified across market segments. There can be a great deal of volatility in individual sectors. If you invest disproportionately in one sector, you run the risk of deeper losses in your portfolio compared to the broader market.

**Re-balance your portfolio at least once a year.** I rebalance more often when there are significant changes in the value of my portfolio. For example, if my goal is to maintain a 50-50 ratio of equities to fixed income, then when my equities portion reaches 55 percent of the value of my portfolio, I sell the portion that has done the

best. I then reallocate these funds to the fixed income portion of my portfolio.

This approach provides more stability in your portfolio when there is a great deal of volatility.

**Hold the appropriate fixed income holdings.** The fixed income market, overall, did poorly in 2018, primarily because the Federal Reserve continually raised interest rates. When the Fed does this, long-term bond holdings fall more in value than shorter-term holdings. It's hard to predict future actions of the Fed. If you want to make the fixed income portion of

your portfolio more stable, look for investments within the short-term and intermediate-term fixed income markets.



"It will cost \$100,000 to send me to college, but I'll stay home for \$50,000!"

*The most affordable US housing markets allow even people with little income—perhaps even less than \$30,000/year—to buy homes. The most affordable areas in the US for home buying are Youngstown-Warren-Boardman, Ohio-Pennsylvania...Cumberland, Maryland-West Virginia...Decatur, Illinois...Elmira, New York...Erie, Pennsylvania...Binghamton, New York...Wichita Falls, Texas...Toledo, Ohio...Rockford, Illinois...Peoria, Illinois...Waterloo-Cedar Falls, Iowa...Davenport-Moline-Rock Island, Iowa-Illinois.*

Source: MSN.com 2018

*New alternative to college loans, says education expert Clare McCann. More than two dozen colleges are offering, or developing, "income-sharing" programs. The colleges pay students' tuition and possibly other expenses. In exchange, students pay a percentage of their eventual salaries, ranging from less than 3% to as much as 15% based on their majors, for up to 10 years. Colleges offering the programs include Clarkson University, Lackawanna College, Messiah College, Purdue University and Norwich University.*

Source: NewAmerica.org 2018

*"Things do not change; we change."*  
— Henry David Thoreau

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## How Big Of An Umbrella Do You Need?

By Patricia Mertz Esswein, Kiplinger's Personal Finance

**U**mbrella insurance sits on top of your automobile, homeowners and watercraft liability coverage. If you injure someone in a car accident or someone slips and falls on your property, your auto or home insurer will pay for damages up to the liability limits of your coverage. If the damages exceed those limits, the injured party may sue you for the difference. An umbrella policy will pay a judgment or settlement if you're found to be at fault, and will pay for your defense even if you're not found at fault.

Umbrella insurance is generally sold in increments of \$1 million. It costs about \$150 a year for each \$1 million of coverage up to \$5 million. Most insurers will sell you an umbrella policy only if you buy your homeowners or auto policy from them and carry a minimum amount of liability coverage—typically \$300,000 for homeowners insurance and \$500,000 per accident for auto insurance, says the Insurance Information Institute.

A car accident is the most likely scenario in which a loss would trigger excess liability coverage because a permanent disability or fatality could easily result in a large judgment, says Spencer Houldin, president of Ericson Insurance Advisors in Washington Depot, Conn.

If you own a condo, you could be held responsible for damage to other units if a fire or water problem starts in your unit. You may also be at higher risk if you employ domestic workers or own a swimming pool or trampoline, a dog, a boat, RV or snowmobile. You are more vulnerable to a lawsuit if you're active on social media or serve on the board of your homeowners or condo association or a nonprofit organization. If you checked just one of the risk factors listed above, you may need umbrella coverage. If you selected several, your liability risk is higher than average. 