UNLOCKING

THE TREASURES OF FINANCIAL WELLNESS

AQUEST WEALTH STRATEGIES

While finances and health may seem unrelated, the two are often closely intertwined, especially in America's bustling, free-flowing marketplace. Will the nation's economy gather momentum in the years ahead? Will Americans continue to improve their personal balance sheets as the country moves forward?

First, let's take a look at the financial facts by the numbers:

- **$67,521:** *the median income of an American household.*[1]
- **$145,000:** *the average American household debt.*[2]
- **$2,581:** *the average charitable contribution of general-population households.*[3]
- **697:** *the average American's credit score.*[4]
- **$106,478:** *the average American's 401(k) balance.* [5]
- **8.9%:** *the average 401(k) contribution rate as a percentage of salary.*[6]
- **35.3%:** *the percentage of US households that own a tradition or Roth IRA account.*[7]
- **$1,657:** *the average American's monthly social security retirement benefit.*[8]
- **40%:** *the percentage of the average worker's income that social security was designed to replace.*[9]

Second, let's examine two of the largest lifetime expenditures: retirement and health care. The general rule for retirement income is to have 70-80% of your working income available. However, some analysts say you should hit 100% of your annual working income levels during at least the first few years of retirement. Generally, spending habits don't significantly change during retirement. Some expenses may decline while others, such as traveling costs, may increase.[10,11]

While the average retirement lasts 19 years for men and 21.6 years for women, married couples may fare better: at least one person, on average, is likely to make it to age 93. That could be 30 years or more, depending on the age at which you and your spouse retire.[12]

With annual U.S. health-care costs rising to $4.1 trillion, the industry consumes nearly 20% of the U.S. gross domestic product. What does that mean for the average retiree?[13]

A healthy couple retiring at the age of 65 can expect to pay nearly $208,000 out of pocket for health care expenses throughout the course of their retirement. This figure does factor in Medicare insurance, which takes effect at 65.[14]

One way you can prepare for future health care costs is by taking advantage of tools designed to help you prepare for them, such as a health savings account (HSA). An HSA is a type of tax-advantaged savings account that can be used to pay for medical, dental, and vision care as well as prescription drugs. Keep in mind that once you start Medicare, you can no longer contribute pre-tax dollars to your HSA. If you were to withdraw money from your HSA for a non-medical reason, that money becomes taxable income and you face an additional 20% penalty. After age 65, you can take money out without the 20% penalty, but it still becomes taxable income.[15]

What about those who aren't retired or anywhere near retirement?

The average individual health insurance premium is about $450 a month, and premiums for families are about $1,157. What about deductibles? Under individual plans, they amount to around $4,490, and for families, they are about $8,440. How about by age? The average monthly premiums for different age groups are as follows: $224 for those under 18, $267 for 18–24 year olds, $318 for 25–34 year olds, $391 for 35–44 year olds, $529 for 45–54 year olds, and $771 for 55–64 year olds.[16]

What do you do if your financial health needs some exercise? How do you create a strong bottom line to prepare for an uncertain financial future?

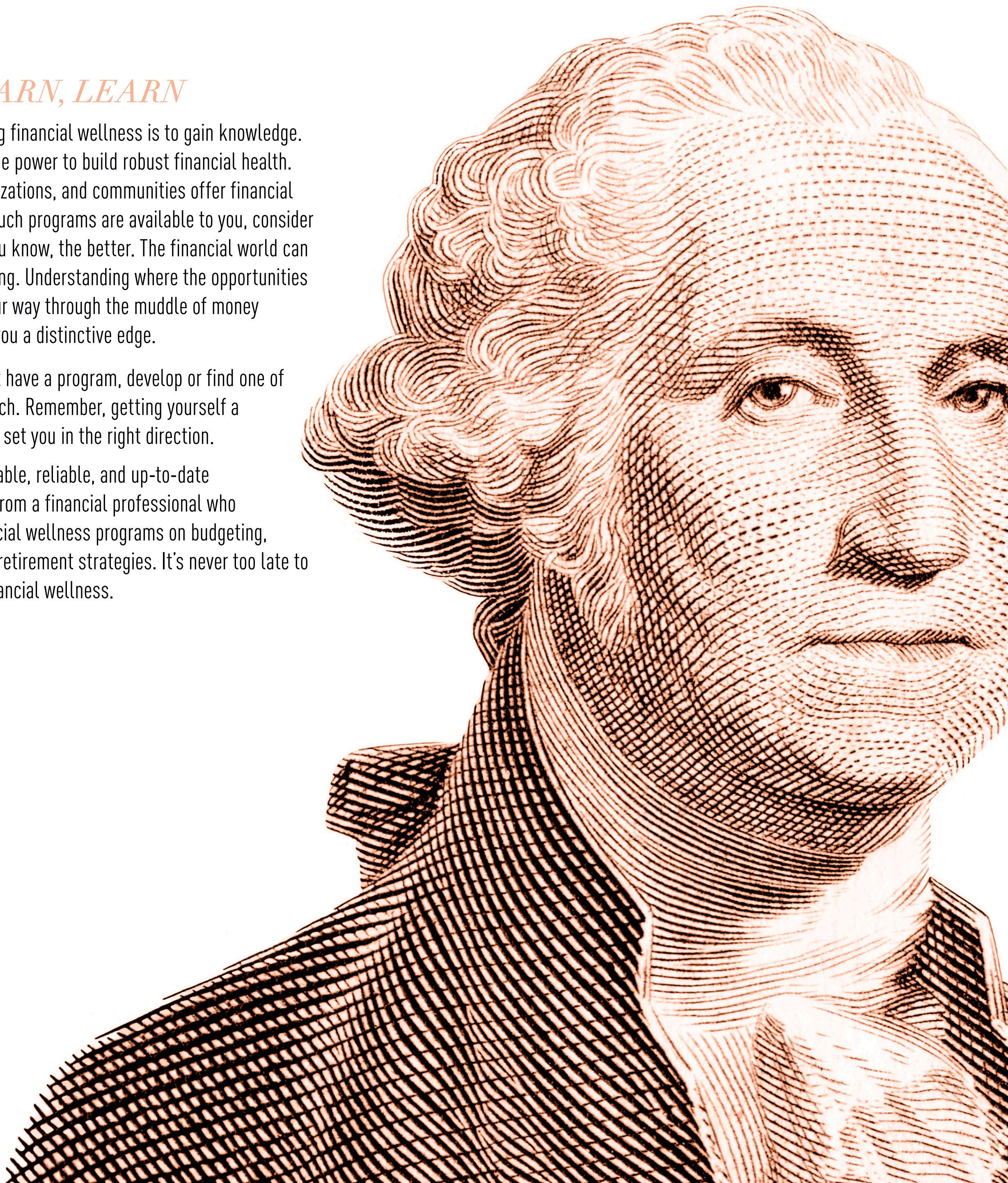
> *“A HEALTHY COUPLE RETIRING AT THE AGE OF 65 CAN EXPECT TO PAY NEARLY $208,000 OUT OF POCKET FOR HEALTH CARE EXPENSES THROUGHOUT THE COURSE OF THEIR RETIREMENT.”*

LEARN, LEARN, LEARN

The first step in creating financial wellness is to gain knowledge. Knowledge is power—the power to build robust financial health. Some employers, organizations, and communities offer financial wellness programs. If such programs are available to you, consider signing up. The more you know, the better. The financial world can be complex and confusing. Understanding where the opportunities lie and how to make your way through the muddle of money management may give you a distinctive edge.

If your employer doesn’t have a program, develop or find one of your own. Do the research. Remember, getting yourself a financial education may set you in the right direction.

However, the most valuable, reliable, and up-to-date information may come from a financial professional who can help you with financial wellness programs on budgeting, debt management, and retirement strategies. It’s never too late to chart your course to financial wellness.



CREATE A BUDGET

It may seem obvious, but creating a budget may be your single most important step toward financial wellness. A budget allows you to monitor and manage your money and better develop strategies to pursue your goals, both short-term and long-term.

Some financial professionals say that you should consider using a phone app, online banking, spreadsheets, or old-fashioned pen and paper.

A budget can be a tool to track your income and expenditures and better understand your financial habits that may be draining your pocketbook. Budgeting also enables you to spot positive habits and spending patterns that you may want to reinforce or enhance. Furthermore, a budget provides you with openings and opportunities to invest and build your savings. Balanced, sensible investment strategies developed with a financial professional can set you well on your way to a bright future.

Here are 5 steps for building a budget:[17]

1. **Consider your net income.** *How much money do you have, and how much do you make? Determine your take-home pay, which is your gross pay minus deductions for social security, taxes, and other accounts. Add in any amounts from self-employment, freelancing, or part-time work.*
2. **Know your spending.** *Track and categorize your spending. That way, you'll know exactly where you spend your money and gain a better understanding of your outgoing financial habits. Start by listing your fixed expenditures, such as rent, mortgage, car payments, and utilities. Then, look at your variable expenses, such as groceries, gas, and entertainment. Record your daily spending on paper, an app, your phone, or on your computer.*
3. **Create a strategy.** *Chart your fixed and variable expenses to get an understanding of trends or your projected spending habits. Gas expenses, for example, count as fixed (a need), while a magazine subscription counts as variable (a want). You may detect high levels of spending on gas or entertainment expenses. This distinction is important when making budget modifications later.*
4. **Make adjustments.** *Once you have completed your budget, determine the changes you want to make to pursue your goals (we'll explore these more deeply in the next section). If your budget is tight, you can cut variable expenses to generate savings (remember the high spending levels on entertainment). You can also look at cutting fixed expenses, which may require a little more creativity.*
5. **Keep it active.** *Review your budget frequently and regularly to ensure that you remain on track. Your budget may fluctuate (pay raises, paying off debts, or eliminating variable expenses), so frequent reviews—for example, weekly or even daily—are best in the beginning as you become more focused and disciplined.*

SET GOALS

While budgeting establishes the foundation of your financial health, setting goals sets the direction. Learning about money, debt, wealth management, and investing is good, but without goal setting, you may lack the motivation to make it in the long run. Goal setting provides you with vision. You determine what you have and want to do in your life, and strict money management helps create the catalyst for shaping your future.

Here are a few ways to set lasting goals:[18]

SEEK INSPIRATION. Your goals have to reflect more than merely your wants. You have to know why you want to set a particular goal. Attaching reasons to your goals can motivate you. An example is the goal of saving money for a family vacation. But where do you plan to go? How will you get there? Do you need to create an emergency fund in case you lose your job? How much money do you want to have in your emergency account? Another goal may be to eliminate your credit card debt. Why? This can be a very important goal for enabling you to make more money available for travel or for building your retirement fund. Dig into the details, and put them on paper.

TAKE A CLOSER LOOK. You may not know where to start or how to prioritize your goals. Start by looking at your immediate future. What about next week? Or next month? Then, consider next year. Look at how much you make, your taxes, and your net worth. Don't forget that all-important part—your budget.

BRACE FOR EMERGENCIES. Set aside enough money to cover 3-6 months of expenses.

CONTRIBUTE TO RETIREMENT. Some financial professionals suggest setting aside 15% of your gross income per year for retirement. If you're 50 or over, you may be able to contribute additional money into certain retirement accounts.

ELIMINATE DEBT. Target the debt with the highest interest rates first, such as credit cards.

REWARD YOURSELF. Setting goals is a discipline and can be challenging. To keep yourself on track, reward yourself after reaching benchmarks and milestones to provide an incentive to keep moving forward.

BE "SMART." Include all the elements in your goal setting. Being "SMART" means setting goals that are specific, measurable, achievable, realistic, and time-bound.

MAKE IT WRITE. After you've hashed out your goals, put them down on paper, a worksheet, a spreadsheet, or another computer document or application. Monitor your progress periodically. Go into detail. Dig deep. Exactly how much money do you want to have set aside for each goal at each particular benchmark?

SAVE, SAVE, AND SAVE

Part of goal setting is saving. Saving a portion of your income helps you develop financial discipline and allows you to envision your future more clearly. Saving also applies to—but is not exclusive to— preparing for your retirement.

Saving helps keep you smooth and steady on life's path through emergencies and unexpected twists and turns. It also helps you develop your ability to focus on both your short-and long-term goals, as opposed to meeting only your immediate needs.

If your company provides a retirement plan, consider participating in it. Contributions to tax-deferred retirement plans indirectly help foster the budget discipline that may help you in the future.

GET PROFESSIONAL HELP

Consult with a financial professional. Professionals can provide insight and direction and help you develop a more disciplined approach to managing your personal finances. They can also provide you with the tools to paint your vision of a prosperous future.

We hope that you've found this guide interesting, informative, and encouraging. We make ourselves available as a resource to you and your family to help guide and equip you on your way to financial wellness.

We are happy to answer any of your questions about financial strategies and developing budgets and goals. If you have questions about the information in this report, contact us today. We would be delighted to help.

Sincerely,

Dr. Jason Van Duyn

Would someone you know benefit from receiving this communication? If so, call our office and share with us THEIR contact information, and we will be happy to send them a copy.

Call us at 586-731-6020 to schedule a FREE Consultation

"THE FIRST STEP IN CREATING FINANCIAL WELLNESS IS TO GAIN KNOWLEDGE"

ENDNOTES AND DISCLOSURES

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