Nexus Financial Monthly

Nexus Financial Network, LLC
Dick Hildebrand
David Eppley,
rhildebrand@nexusfin.com
deppley@nexusfin.com
5000 Brooktree Road Suite 101
Wexford, PA 15090
724-934-1800
lpowdrell@nexusfin.com
www.gonexus.com

Hi everyone,

Our annual shredding program is scheduled this year for May1st through May 8th. Drop off your documents to be shredded at our Wexford office during office hours and get rid of the clutter safely

We plan to have some instructional time available to guide you in better utilizing your on-line access to your accounts through Investor360. Look for announcements of times in the near future

Enjoy the coming of spring and the hopefully warmer weather. We are all definately looking forward to it after this winter. Your Friends at Nexus

March 2014

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 looking by 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."

Test Your Knowledge of Financial Basics

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.

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 on 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.

NEXUS Financial Network, LLC

Home Staging: Getting Your Home Ready to Sell

In today's competitive housing market, your home's appearance plays an important role in determining how quickly it will sell. Before you put your home on the market, many real estate professionals recommend doing at least some form of home staging.

Fortunately, there are a number of things you can do to stage your home for selling that take only a little time and effort, and more importantly, won't break the bank.

Be sure to make a good first impression

When it comes to selling your home, first impressions are important. A yard that is overgrown and poorly maintained can turn off a potential buyer before he or she even walks through your front door.

But keep in mind that you don't have to have a green thumb or hire an expensive landscape designer to make a difference. You can make the outside of your home more welcoming by:

- Cutting grassy areas that are overgrown
- Trimming trees and shrubbery--especially those that are near or next to the house
- Clearing walkways and paths so visitors can easily enter/exit your home
- Giving your front door a fresh coat of paint
- Making sure outdoor lighting is adequate/updated

Create a welcoming environment

When potential buyers first walk through your front door, you'll want them to feel comfortable and at ease. You can create a welcoming environment with a few minor touches such as fresh flowers in the entryway or the smell of freshly baked cookies.

Give your home a thorough cleaning

Never underestimate the impact a clean home can have on a potential buyer. Dust on shelves, mildew in the bathroom, and dirty carpets can be huge deterrents when selling a home.

Before you put your home on the market, you'll want to give it a thorough cleaning from top to bottom. If it's a big enough job, you may even want to enlist the services of a professional cleaning company to assist you with the cleanup.

Remove clutter

Removing clutter from your home will make it seem more functional, spacious, and organized--all important features for a potential homebuyer.

While it can sometimes seem overwhelming to have to sift through and organize all of your personal belongings, you can get started with these simple tips:

- Clean out closets and install closet organizers
- If home office space is limited, add shelves and storage bins to hide office clutter
- Remove any personal effects, such as photos, mementos, and even toiletries
- In addition to main living spaces, be sure to clean out attic, basement, and garage spaces
- Rent a dumpster or hire a waste disposal company to make it easier to get rid of larger, unwanted items or consider donating unwanted items that are in good condition to a charitable organization
- If necessary, hire a professional organizer

Invest in a fresh coat of paint

Dated wall treatments, such as wallpaper borders and faux finishes, can deter a potential buyer. A fresh coat of paint is a cost effective way to give your home an updated appearance.

When picking out paint colors, be sure to stick to neutral color schemes, which tend to have a broader appeal. In addition, remember that darker colors often make rooms seem smaller and more intimate, while lighter colors can make a room appear larger and more spacious.

Hold off on major improvements/upgrades

Except in certain circumstances, most home staging projects should only involve minor improvements to your home that won't take up much of your time or cost you a lot of money. As a result, you should hold off on major improvements or upgrades, such as renovating an entire kitchen or putting on a new addition.

Get professional help if needed

If you feel that you need assistance staging your home before you put it on the market, there are staging professionals and companies that assist homeowners during the home-staging process.

The cost of professional home staging varies, depending on the types of services provided. Basic staging services usually offer simple advice and tips for organizing and cleaning your home. Other, more involved staging services provide full home redesigns along with specially staged furnishings and accessories.

NEXUS Financial Network, LLC

Nexus Financial Network, LLC
Dick Hildebrand
David Eppley,
rhildebrand@nexusfin.com
deppley@nexusfin.com
5000 Brooktree Road Suite 101
Wexford, PA 15090
724-934-1800
lpowdrell@nexusfin.com
www.gonexus.com

Will rising interest rates impact my pension benefits?

If you're nearing retirement and plan to elect lifetime payments from your pension plan, rising interest rates won't have any impact on your benefits. But if you're considering a lump-sum payment, rising interest rates can be critical.

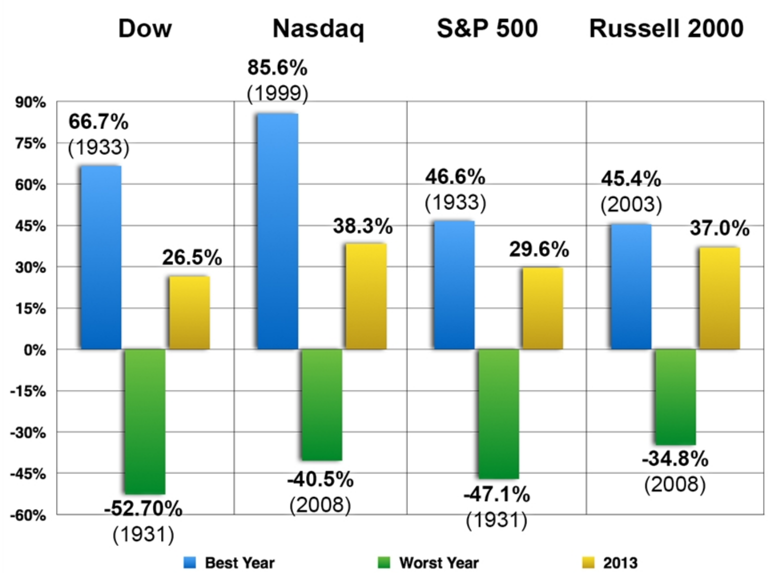
Pension plans calculate your lump sum by determining the present value of your future pension payments. The two primary components in this calculation are your life expectancy, and interest rates. Life expectancy is determined using IRS tables. These tables are unisex (that is, the same life expectancy factors apply to both men and women). This results in women getting lump sums that are slightly smaller than they would otherwise get based on true gender-based factors, and men getting slightly larger lump sums.

Until recently, the interest rate plans used to calculate lump-sum payments was the U.S. 30-year Treasury bond rate. However, employers can now use a higher corporate bond rate. What's important to understand is that the amount of your lump sum payment is inversely proportional to interest rates--that is, the higher the rate, the smaller your lump sum.

If your plan offers lump-sum payments, there are two questions you need to ask yourself. First, "Is a lump-sum right for me?" This is a difficult question, and the answer depends on a number of factors. Is the pension your primary source of retirement income? How is your (and your spouse's) health? Will you be giving up valuable subsidized benefits built into the plan's benefit payments, or cost-of-living increases? A lump sum gives you control over your retirement dollars and removes the risk of early death, but shifts the investment risk from the plan to you. Remember that you'll be giving up a benefit payment that's guaranteed for your (and if you're married, your spouse's) life. Will you be able to make your lump sum last for a retirement that may last 30 years or more?

If you decide a lump sum is the right choice, the second question is, "When should I take the money?" Interest rates remain near historic lows, and it's only a matter of time before they start heading back up. If you're approaching retirement and believe interest rates will rise in the near future, you may want to consider taking the lump sum sooner rather than later. Your plan can provide you with an estimate of your lump sum based on various interest rates.

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.*