The Art of Money Report

Make the Most of Your Income

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Enjoy this month's issue of **"The Art of Money Report,"** a monthly digest designed to explain investments and wealth management strategies in an objective, straightforward way.

Go visit my Website if you haven't already. It is full of some wonderful resources and information. http://www.arfsg.com/

If you would like to discuss any of this month's topics in greater detail please give me a call.

September 2018

Time to Hire? Consider the Pros and Costs

It's exciting to discover an opportunity to expand the size or scope of your business, and sometimes more workers are needed to make that happen. In the fourth quarter of 2017, 32% of small-business owners said they intend to increase the number of jobs in their companies over the next 12 months.[1]

How do you know if your business is really ready to take on new employees? Start by estimating the potential revenue and profit gains, in light of the additional costs.

Help wanted?

Here are a few more signs that it may be time to hire.

- Customer demand for your company's goods or services is steadily increasing. It may take some time to confirm that growth is consistent and not a seasonal or temporary surge.
- You (and/or your staff) can no longer handle critical work in a timely manner, and customer service is suffering.
- You regularly pay current employees a significant amount of overtime.
- You would like to act on attractive growth opportunities, such as opening a new location.
- One or more people with a particular skill set are needed to help develop a new product or add to your menu of services.

Run the numbers

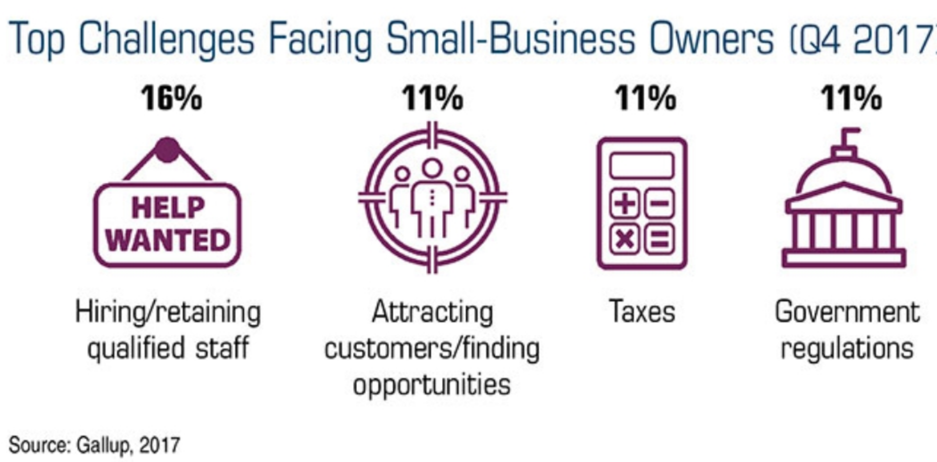
A new employee's salary can be substantial by itself, but Social Security, Medicare, and unemployment taxes add to the employer's total costs, as do legal requirements such as workers' compensation insurance. For example, U.S. employer costs averaged $36.32 per hour worked in March 2018, with $24.77 going to wages and $11.55 for benefits.[2] Of course, an employer's actual costs will vary widely by industry, region, and the type of position.

Small businesses may not offer workplace benefits (such as health insurance and retirement plans) commonly provided by large companies. Even so, offering a more generous benefit package might be helpful for recruiting and retaining qualified employees, a task that has become more difficult in competitive job markets.

There may be additional expenses associated with screening applicants, training new workers, and complying with various federal and state regulations, some of which may be specific to your industry. In fact, you might consult an accountant to help determine whether you can afford to hire extra help.

1 Gallup, 2017

2 U.S. Bureau of Labor Statistics, 2018



Take Charge of Your Student Debt Repayment Plan

If you have federal student loans, you aren't automatically eligible for an income-driven repayment plan — you have to fill out an application (and reapply each year).

Outstanding student loan debt in the United States has tripled over the last decade, surpassing both auto and credit card debt to take second place behind housing debt as the most common type of household debt.[1] Today, more than 44 million Americans collectively owe more than $1.4 trillion in student debt.[2] Here are some strategies to pay it off.

Look to your employer for help

The first place to look for help is your employer. While only about 4% of employers offer student debt assistance as an employee benefit, it's predicted that more employers will offer this benefit in the future to attract and retain talent.

Many employers are targeting a student debt assistance benefit of $100 per month.[3] That doesn't sound like much, but it adds up. For example, an employee with $31,000 in student loans who is paying them off over 10 years at a 6% interest rate would save about $3,000 in interest and get out of debt two and a half years faster.

Understand all your repayment options

Unfortunately, your student loans aren't going away. But you might be able to choose a repayment option that works best for you. The repayment options available to you will depend on whether you have federal or private student loans. Generally, the federal government offers a broader array of repayment options than private lenders. The following payment options are for federal student loans. (If you have private loans, check with your lender to see which options are available.)

Standard plan: You pay a certain amount each month over a 10-year term. If your interest rate is fixed, you'll pay a fixed amount each month; if your interest rate is variable, your monthly payment will change from year to year (but it will be the same each month for the 12 months that a certain interest rate is in effect).

Extended plan: You extend the time you have to pay the loan, typically anywhere from 15 to 30 years. Your monthly payment is lower than it would be under a standard plan, but you'll pay more interest over the life of the loan because the repayment period is longer.

Example: *You have $31,000 in student loans with a 6% fixed interest rate. Under a standard plan, your monthly payment would be $344, and your total payment over the term of the loan would be $41,300, of which $10,300 (25%) is interest. Under an extended plan, if the term were increased to 20 years, your monthly payment would be $222, but your total payment over the term of the loan would be $53,302, of which $22,302 (42%) is interest.*

Graduated plan: Payments start out low in the early years of the loan, then increase in the later years of the loan. With some graduated repayment plans, the initial lower payment includes both principal and interest, while under other plans the initial lower payment includes interest only.

Income-driven repayment plan: Your monthly payment is based on your income and family size. The federal government offers four income-driven repayment plans for federal student loans only:

- Pay As You Earn (PAYE)
- Revised Pay As You Earn (REPAYE)
- Income-Based Repayment (IBR)
- Income-Contingent Repayment (ICR)

You aren't automatically eligible for these plans; you need to fill out an application (and reapply each year). Depending on the plan, your monthly payment is set between 10% and 20% of your discretionary income, and any remaining loan balance is forgiven at the end of the repayment period (generally 20 or 25 years depending on the plan, but 10 years for borrowers in the Public Service Loan Forgiveness Program). For more information on the nuances of these plans or to apply for an income-driven plan, visit the federal student aid website at studentaid.ed.gov.

Can you refinance?

Yes, but only with a new private loan. (There is a federal consolidation loan, but that is different.) The main reason for trying to refinance your federal and/or private student loans into a new private loan is to obtain a lower interest rate. You'll need to shop around to see what's available.

Caution: *If you refinance, your old loans will go away and you will be bound by the terms and conditions of your new private loan. If you had federal student loans, this means you will lose any income-driven repayment options.*

Watch out for repayment scams

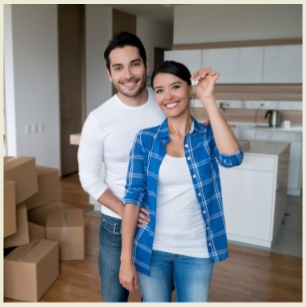
Beware of scammers contacting you to say that a special federal loan assistance program can permanently reduce your monthly payments and is available for an initial fee or ongoing monthly payments. There is no fee to apply for any federal repayment plan.

[1] New York Federal Reserve, Quarterly Report on Household Debt and Credit, February 2018

[2] CFPB, Innovation Highlights: Emerging Student Loan Repayment Assistance Programs, August 2017

[3] Society for Human Resource Management, October 2, 2017

What to Consider Before Moving in with Your Partner



According to the Pew Research Center, the number of U.S. adults cohabiting with a partner continues to rise as marriage rates fall. Approximately 18 million American adults were in cohabiting relationships in 2016, up 29% since 2007 when 14 million adults were cohabiting.

Source: Number of U.S. Adults Cohabiting with a Partner Continues to Rise, Especially Among Those 50 and Older, Pew Research Center, Washington, D.C. (April 6, 2017), pewresearch.org.

You and your significant other are ready to take the next big step in your relationship: moving in together. While this is an exciting milestone, it's also one that should prompt you and your partner to have some serious conversations about the financial implications of the move. Here are a few questions to consider that might help you and your partner live together more peacefully.

Do you have a financial plan?

Communication is key in making a relationship work. You should feel comfortable talking to your partner about anything, including money. Living together means that you're both responsible for contributing to your household.

Have an honest discussion with your partner about your financial plan. Share your attitudes toward money, your spending and saving habits, and your financial priorities. From there, build a monthly budget that works for both of you. Add up your monthly incomes and expenses. Include discretionary expenses (e.g., entertainment, travel, hobbies) as well as fixed expenses (e.g., housing, food, utilities, transportation). Be sure to factor in any debts you may have, such as student loan payments or credit card balances. This exercise will help you decide how much you and your partner should each contribute to your monthly bills. Do you and your partner earn roughly the same amount of money? Then it might make sense to contribute equally to your household expenses. But if one of you brings home a significantly larger paycheck, then you may want to divide expenses with that in mind.

Don't forget to talk to each other about your short- and long-term financial goals. Moving in together is likely the first of many major financial steps you'll take over the course of your relationship. Vacations, major purchases, and potentially children and retirement could also be part of your financial future. Discussing your common financial goals can help you and your partner stay on the same page and work together to help accomplish them.

How will you divide responsibilities?

Besides figuring out how you'll split household expenses, you and your partner will need to decide how you'll divvy up responsibilities like shopping for groceries, preparing meals, cleaning the living space, paying the bills, and other household tasks. Making assumptions about what needs to be done, when (and how often), and who will be responsible could result in arguments and potentially dissatisfaction with your living arrangement. Plan now so you and your partner can find a routine that works for you both.

Should you document your agreement?

Most states permit cohabitation agreements (also known as living together agreements or no-nups) that allow unmarried couples to agree on financial obligations to each other. It might seem formal to put your arrangement in writing, but it clearly captures what you and your partner have agreed upon and can help protect your rights and finances. Include details such as how much each partner will pay for rent, who will cover household expenses (and what those expenses might be), when bills are due, and other space-sharing arrangements considered important enough to document.

Revisit your agreement whenever you or your partner experience a change in circumstances, such as going back to school or receiving a major promotion at work. If you and your partner are engaged or considering getting married, bear in mind that your financial situation will legally change when you marry.

What if the unexpected happens?

It's an unpleasant thought, but what would happen if you and your partner ended your relationship? You might be reluctant to discuss the possibility, but it's important to have a plan in place for both of your sakes. Decide up-front who will get what in the event of a breakup. Consider the following:

- Who will stay in the apartment/house? Who will move out?
- Who will keep items you bought together (e.g., furniture)?
- Who will become the owner of any pets you share together?
- How will you settle any final bills?

Coming up with a plan now can help you and your partner avoid emotional and financial heartache if your cohabitation doesn't work out.

These can be difficult conversations to have with your partner, but being honest with each other and setting clear expectations can create a happier home for both of you.

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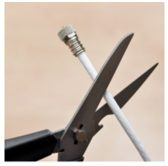


Should I cut the cord on cable?

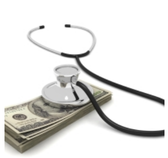
In the last few years, it's become common for consumers to ditch cable television in favor of streaming services and devices. Many affordable streaming options are available, making it easier for consumers to give up cable without necessarily sacrificing their favorite shows. But there are some drawbacks to relying exclusively on streaming services for television viewing. Consider the following before you decide to cut the cord.

The most obvious benefit of cutting cable is the money you'll likely save each month. Compare what you spend on your monthly bill to how much of your cable subscription you actually use. Are you regularly watching all the channels you pay for, or do you watch only a few of them? Are the channels you watch worth what you pay each month? If not, it might make sense to cancel cable and switch to an alternative entertainment source.

You may decide to replace cable with a streaming service or device. In addition to being less expensive than cable, most services are user-friendly. You won't need to flip through hundreds of channels to find your favorite shows, and as long as you have an Internet connection, you can view them on the go on your cell phone or tablet. Plus, streaming services typically let you stop and start month to month without termination fees.

But depending on your viewing preferences, a streaming service might not be the right option for you. There is often a delay in the online release of many television shows, which can be frustrating for dedicated viewers. And if you're a sports fan, you might be disappointed to learn that you won't have access to live sports coverage through most streaming services. Comprehensive sports packages are offered by some services, but they can be expensive and are not available in all regions.

Another disadvantage of switching to streaming is that you may need to subscribe to multiple packages or invest in special streaming devices to access the programs you want. You might also consider the cost of high-speed Internet — you won't be able to stream without a relatively fast Internet connection. Between multiple subscriptions and reliable Internet, the cost of streaming can add up quickly. Be sure to compare prices and take advantage of any free-trial offers.



I just received a large bill for a recent hospital visit. How can I check whether it's accurate?

In today's complex world of medical billing, you may have difficulty understanding exactly which procedures you're being charged for, or what the billing codes on your hospital bill mean.

The first step in determining whether your bill is accurate is to know exactly what your insurance does and does not cover. Review your health plan's coverage brochure or contact your insurer to find out about your plan's coverage exclusions or limitations, expenses that are fully or partially covered by your plan, and the ramifications of using an out-of-network provider.

Another helpful tool is an explanation of benefits (EOB). The EOB will provide you with a variety of information, such as the dates and type of services provided, the amount that was billed by the medical provider to the insurance company, what the insurance company paid to the provider, and the amount that wasn't covered and for which you are responsible. Review your EOB and compare it to your medical bills. If you find any discrepancies, contact your medical provider's billing department.

Unfortunately, errors are a common occurrence in the medical billing industry. As a result, it's always important to request an itemized bill, as opposed to just a summary of charges, from a medical provider. An itemized bill is critical when it comes to identifying billing errors because it will detail each medical procedure for which you are being charged. Once you've received your itemized bill, check to make sure that all of your identifying information (e.g., address, date of birth), dates of service, and insurance information are correct. In addition, you'll want to check for common billing errors, such as charges for duplicate procedures or incorrectly coded procedures.

If you find an error on your bill, contact the billing department of the medical provider to request a corrected insurance claim and/or bill. Be prepared to explain the mistake to the billing representative and provide copies of billing records that illustrate the billing error.