



Wealth Matters Newsletter

April 2017

Declutter Your Debt

Ways to Reduce Your Liabilities in 2017

Debt in America is a real issue facing most people today. To date, 70% of Americans carry a debt burden. That means the vast majority of individuals are trying to navigate a tricky balancing act of financial wellness. To help you get ahead in your financial life in 2017, and to set you on a path toward the prosperity you desire, take the time to look closely at your own liabilities.

From analyzing your budget to addressing your credit card interest rates, you have a variety of approaches to help minimize your debt. Here are some key ways you can declutter your debt this spring and move closer to financial freedom:

FINANCIAL OUTLOOKS

Assess Your Budget

Creating a household budget is a great place to start when working to reduce your debt. Unfortunately, many Americans overlook this essential planning item. In fact, only 41% of Americans use a budget to manage their financial lives. Without knowing how much you are spending versus how much money you are generating, you are left making blind financial decisions.

Your budget will help you gain a realistic perspective about every financial responsibility you have (such as mortgage payments) against all the money you bring in (such as rental income). Once you itemize every incoming and outgoing dollar, you might be surprised to find hidden expenses you did not realize were holding you back. This clear view of your financial obligations will help put you on the track toward creating short- and long-term goal-based strategies. You will want to revisit your budget at least annually to keep a realistic outlook on your financial profile.

There are many programs and apps available to help you budget, or you may prefer a paper-based worksheet to get started. If you need a recommendation on how to get started creating a budget, email Marc Shaffer at Marc@SearcyFinancial.com.

Create Forward-Looking Financial Strategies

Similar to creating a budget, developing your personalized financial strategies is a critical way to create and maintain financial wellness—and your plan should complement your budget. Yet most Americans don't even have a plan in place. According to a study by Financial Engines, 52% of middle-income earners and 44% of high-income earners have no financial plan. For low-income earners, the number of Americans without a plan increases to 68%. As a result, many Americans have no financial structure for meeting their short- and long-term goals.

With customized financial strategies, you will be able to address your debt by constructing a clear picture of your various financial needs—and the specific actions you need to take to address them. Start by identifying all the life goals you hope to achieve, such as traveling the world in retirement and sending your children to college debt free. You'll then identify how your budget fits into your financial strategies. You will also prioritize your goals and financial decisions based on their respective importance, among other things. With this strategic road map in place, you can make healthier financial decisions that support your debt-reduction goals without sacrificing other priorities you care about.

CREDIT CARDS

Increase Your Credit Card Payments

Monthly credit card debt can be a real burden on your financial life, and Americans are holding an increasing amount of credit card debt. In 2016, the average US credit card holder carried a \$5,551 balance—and the average household had a balance of \$16,048. By comparison, in 2015, the average adult American between 18 and 65 years old held \$4,717 in credit card debt.

When it comes to paying down credit card debt, every extra dollar helps. In fact, an additional \$10 per month can shave months off the time you have to pay your balance. While paying off your debt in full is the ultimate way to minimize your obligations, even small increments can help move you closer to becoming debt free.

Transfer Credit Card Balances to 0% Interest

Many credit card companies offer enticing deals to move your debt to their credit cards with 0% interest on the transferred balance. To date, the average credit card interest rate is 18.76%, which can result in some hefty monthly fees. If you make only the minimum payment each month, you're further spreading your liability.

While no card will offer completely interest-free benefits, taking advantage of a 0% introductory period can help you save money each month—and pay off your credit cards more quickly. Most cards do have a transfer fee, ranging from 2% to 5% of the amount transferred, which will be added to the amount you must repay but in most cases this is still less expensive than the interest you would pay on the original card.

PERSONAL LOANS

Pay Off School Loans

Taking on debt for education is increasingly common in America. In 2016, US student loans totaled \$1.4 trillion. And, the average student loan debt in 2016 was \$37,173—the highest debt yet. Carrying that burden with you throughout your adult life can hamper your ability to build lasting financial stability. Considering that some private school loans can have interest rates of 18% or higher, those debt obligations become even heavier.

To restructure how you're managing this debt, you might want to consider actions such as refinancing your loan to lower your rates. You can also call your provider to ensure your payments are being applied to your principal first, rather than the interest. Taking actions today to minimize the time you take to pay your school loan will only help you better create the financial life you desire.

Manage Your Mortgage

For many Americans, owning a home—rather than renting—is a common financial obligation. As a result, mortgage payments comprise a large part of Americans' debt. Recently, the average mortgage debt for American households was \$172,806. In total, mortgage debt comprises 70% of the country's household debt. So, finding the best ways to manage your mortgage should be a priority.

One route is to focus on paying down your principal by making additional payments, which will help you minimize the amount of total interest you pay. You can also consider refinancing your loan, which could help you generate either a better interest rate or shorter payment terms.

When it comes to your liabilities, remember that every dollar you pay toward debt is a dollar you can't invest in building your wealth. So, reducing your liabilities can be an important tool for pursuing the future you desire. Of course, your unique financial needs and goals will drive what debt reduction strategies work best for you, so be sure to consult with a professional before making any large financial decisions. By starting to address these items today—and working closely with a financial advisor to help guide you—you can create a strategy for truly becoming debt free. In return, you'll be better prepared to enjoy the life you imagine.

Take a Fresh Look at Your Goals

Revisit Your Fiscal Priorities Each Year

Building a healthy financial life is an important concern that everyone should address with diligence and care. Rather than being a one-time event, evaluating your finances—and ensuring you don't lose sight of your goals—requires timely, purposeful attention.

Imagine, for example, if you went to the doctor, created a thorough and personalized health strategy, carefully stuck to the plan, and then didn't have another appointment for 5 years. You might have felt as though you didn't need to go to for a checkup because your plan helped you make healthy life choices. However, the reality is that a lot can change in a very short period of time, such as medical advancements and new ailments. Though you believed you were on the right path, you might have missed critical guidance and professional insight.

The same scenario applies to your financial life: your fiscal strategies and priorities evolve with you, and they require ongoing oversight for your financial wellness.

Crafting a thoughtfully designed strategy is only the beginning of your financial journey. To make the most of your opportunities, you should revisit your strategy and financial goals at least once a year.

Goal and Planning Refresh: What to Review Each Year

Address Life Changes –

Key question to answer: Have I experienced any major life events?

Your financial strategies should fit your life. So, if your life changes, your finances should change, too. Look back on your experiences since you last updated your fiscal strategy, and uncover any life events you have gone through. Common changes include starting a family, getting married or divorced, switching jobs, and buying or selling a home. However, the list can go much deeper and bring additional complexities to address. We recommend you talk to your financial advisor about any events or experiences that might affect your financial priorities whenever they occur.

Review Your Asset Allocation -

Key question to answer: Is my portfolio correctly diversified to pursue my goals?

A diversified portfolio can help you capture gains when certain asset classes perform well—and protect against losses when others miss the mark. As your life and the markets change, though, your asset allocation needs to evolve as well. You might be closing in on retirement, exceeding your savings goals, facing employment changes, taking more risk than you realized, or going through many other experiences. Your financial advisor can help you understand not only how market performance is affecting your portfolio but also how your life stage and current circumstances should influence your allocation.

Revisit Your Estate Plan –

Key question to answer: Does my estate plan thoroughly and accurately reflect my wishes?

Creating a clear, airtight estate plan is a powerful gift you can give your family. However, one survey found that 63% of Americans do not have a will at all, and only half of seniors age 65 and older have updated their wills. An outdated or missing will can land your assets in probate and create emotional strife for your family during an already challenging time. Avoid these challenges by revisiting your estate plan once a year (or every 3 years if there have been no major life updates) to make sure you have clearly shared your wishes, designated your beneficiaries, and protected your assets.

Analyze Your Tax Liabilities –

Key question to answer: Have changes to tax laws or personal circumstances affected my tax liabilities?

From deduction limits to income brackets to personal exemptions and beyond, tax laws change regularly. In addition, changes in your life, such as a different income or number of dependents, can affect your tax liabilities. Even the most tax-efficient, financial strategy still needs regular review to ensure it reflects current laws and your evolving life. By keeping up with the changing tax momentum—and revising your strategies as needed—you can help mitigate unnecessary tax liabilities and better preserve your assets.

Check Your Insurance –

Key question to answer: Do I have adequate coverage for my current and future needs?

With 5,900+ insurance companies in the United States and its territories, choosing the right insurance for your unique life can be a challenging endeavor. However, if you want to gain the benefits insurance can provide—such as passing wealth to future generations or preparing for high health-care costs later in life—you need to review what you own today and what you need for tomorrow. You will also want to make sure your beneficiaries are up to date and reflect your current financial priorities.

Review Your Retirement Savings -

Key question to answer: Am I saving enough to comfortably retire when I desire?

Pursuing a satisfying, financially secure retirement is an important goal for many investors. However, staying on track toward that retirement can be hard. In fact, a PwC survey found that 28% of employees were saving less for retirement in 2016 than in 2015. When you consider that the average 65-year-old couple who retired in 2016 will spend \$260,000 on health care alone, keeping ahead of your retirement savings is critical. Each year, you should review your fiscal strategy and retirement plan to determine if you are positioning yourself for the retirement you desire—or if you need to make adjustments to get back on track.

Just like an annual checkup with your doctor, an annual review of your financial goals, priorities, and strategies is part of a healthy financial life. With this regular review, you'll better keep your financial wellness in check and

catch any problems before they become more serious pitfalls. This can help you—no matter what life stage you're in.

AROUND THE OFFICE



Community Involvement

We are hosting a drive to help our friends with disabilities throughout the world get access to a wheelchair. Many children are excluded from the outside world because they have no way of moving around. Let's change that and provide them mobility so they can participate in school and be an active part of their community. Drop off your used wheelchairs (non-electric) in restorable condition to the Searcy Financial office by April 28th.

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Questions? Call us at 913.814.3800



A Royally Good Time

Mike, Marc and Jessica enjoyed hosting an event at the Surprise, Arizona Kansas City Royals Spring Training Facility. Thank you to our guests for helping us celebrate the upcoming baseball season!



Stems: A Garden Soiree

We are excited to help sponsor The Arts & Recreation Foundation of Overland Park's signature event, Stems, at the Overland Park Arboretum & Botanical Gardens. The event will take place on June 24th from 7:00pm-11:00pm. If you would like to attend, visit <https://www.opkansas.org/events/stems-a-garden-soiree/> for more information. We hope to see you there!

would like to attend,

QUOTE OF THE WEEK



"You are never too old to set another goal or to dream another dream."
-C.S. Lewis

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