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Hi Everyone,

Welcome to 2015 everyone. I hope all is well.

There is still a great amount of uncertainty out there, but many factors still point to an ongoing growth in the economy. Most recently, the oil price's decline have sparked widespread concerns amongst the editorialists, but not so much the economists. Economists feel there will be increased discretionary spending by the households that will add to the consumer demand. But as with all things economic, there will be some side effects, and one may be a decline in energy stock profits and some jobs lost. However, the increased consumer spending will create more jobs, so there should be little long term effect from this.

Let's see how we do in February.

Best Regards, Paul B. Miller, CFP®

January 2015

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Healthy Resolutions Can Pay Off (Literally)



If you made a New Year's Resolution to get healthy, you may get more bang for your resolution buck than you bargained for. That's because healthy habits can benefit your wallet as well as your body.

shouldered by excessive drinkers and their families.

Eating habits and activity level

Proper nutrition and regular exercise are vital to staying healthy, but they can also save you money. For example, reducing the amount of high-in-saturated-fat products, processed foods, and red meat in your diet can result in benefits to your heart and wallet. Replacing high-fat ingredients in some recipes with healthier, low-cost options--such as using beans instead of ground beef--can help trim your grocery bills. And replacing high-calorie meals eaten at restaurants with meals made at home using fresh, in-season ingredients can benefit both body and bank account.

Current guidelines from the U.S. Department of Health and Human Services recommend at least 2½ hours of moderate physical activity per week. Many opportunities exist in everyday life to both accumulate active minutes *and* save money. Instead of driving to your destination, walk or ride a bike. Do your own yard work or house cleaning instead of hiring help. Go for a hike or play ball with your kids rather than going to the movies or visiting an amusement park.

Long-term considerations

Chronic disease also has indirect long-term costs. Leaving the workforce for extended periods--or having to retire early--means fewer paychecks, less chance to benefit from workplace-provided retirement plans and health-care benefits, and lower earnings to apply toward Social Security benefits. In addition, chronic diseases often necessitate home renovations, the hiring of specialized care providers, or even permanent nursing care. When viewed over the long term, taking steps today to reduce your risks of getting sick down the road may make good health *and* financial sense.

*Sources: Centers for Disease Control and Prevention, the Department of Health and Human Services, and the Partnership to Fight Chronic Disease

The link between health and money

According to the Centers for Disease Control and Prevention (CDC), chronic conditions--including diabetes, heart disease, and cancer--account for more than 75% of all health-care costs nationwide. Nearly half of all Americans have a chronic disease, which can lead to other problems that are devastating not just to health but also to a family's finances. People with a chronic condition pay five times more for health care each year, on average, as those without a chronic disease.*

Many chronic diseases can be linked to four behaviors: tobacco use, excessive alcohol consumption, poor eating habits, and inactivity.* A closer look at each of these behaviors demonstrates the health-money connection.

Tobacco and alcohol

The American Cancer Society (ACS) reports that the average price of a pack of cigarettes in the United States is \$6.36. That means the average annual cost for a pack-a-day smoker is more than \$2,300. However, the average health-related cost to a smoker, says the ACS, is \$35 per pack--or \$12,775 per year for someone who smokes a pack a day.

The National Institute on Alcohol Abuse and Alcoholism defines moderate drinking as one drink per day for women and two for men. Drinking more than that can lead to health problems, including various forms of cancer as well as impairment of your brain, heart, liver, and pancreas. Such outcomes have economic costs. The CDC reports that in 2006, the national cost of excessive alcohol consumption was \$223.5 billion, 42% of which was



Don't assume that Social Security is just for retirees; it's much more than a retirement program. According to the SSA, approximately 21% of individuals currently receiving benefits are younger than retirement age who are receiving disability or survivor benefits. Get in the habit of checking your Social Security Statement every year to find out what role Social Security might play in your financial future.*

**Source: Fast Facts & Figures About Social Security, 2014*

No Matter What Your Age, Your Social Security Statement Matters

Fifteen years ago, the Social Security Administration (SSA) launched the Social Security Statement, a tool to help Americans understand the features and benefits that Social Security offers. Since then, millions of Americans have reviewed their personalized statements to see a detailed record of their earnings, as well as estimates of retirement, survivor, and disability benefits based on those earnings. Here's how to get a copy of your statement, and why it deserves more than just a quick glance, even if you're years away from retirement.

How do you get your statement?

In September 2014, the SSA began mailing Social Security Statements to most workers every five years. Workers attaining ages 25, 30, 35, 40, 45, 50, 55, and 60 who are not receiving Social Security benefits and are not registered for an online account will receive a statement in the mail about three months before their next birthday. Workers older than age 60 will receive a statement every year.

But why wait? A more convenient way to view your Social Security Statement is online. First, visit socialsecurity.gov to sign up for a personal my Social Security account (you must be 18 or older to sign up online). Once you have an account, you can view your Social Security Statement anytime you want, as often as you want.

Check your estimated benefits

Your Social Security Statement gives you information about retirement, disability, and survivor benefits. It tells you whether you've earned enough credits to qualify for these benefits and, if you qualify, how much you can expect to receive. As each Social Security Statement notes, the amounts listed are only estimates based on your average earnings in the past and a projection of future earnings. Actual benefits you receive may be different if your earnings increase or decrease in the future. Amounts may also be affected by cost-of-living increases (estimates are in today's dollars) and other income you receive. Estimated benefits are also based on current law, which could change in the future.

Retirement benefits

Although Social Security was never intended to be the sole source of retirement income, retirement benefits are still very important to many retirees. Your statement shows estimates of how much you can expect to receive if you begin receiving benefits at three different ages: your full retirement age (66 to 67, depending on your birth year), age 62 (your benefit will be

lower), or age 70 (your benefit will be higher). When to start claiming Social Security is a big decision that will affect your overall retirement income, so if you're approaching retirement, this information can be especially useful. But even if you're years away from retirement, it's important to know how much you might receive, so that you can take this information into account as you set retirement savings goals.

Disability benefits

Disability is unpredictable and can happen suddenly to anyone at any age. Disability benefits from Social Security can be an important source of financial support in the event that you're unable to work and earn a living. Check your Social Security Statement to find out what you might receive each month if you become disabled.

Survivor benefits

Survivor protection is a valuable Social Security benefit you may not even realize you have. Upon your death, your survivors such as your spouse, ex-spouse, and children may be eligible to receive benefits based on your earnings record. Review your Social Security Statement to find out whether your survivors can count on this valuable source of income.

Review your earnings record

In addition to benefit information, your Social Security Statement contains a year-by-year record of your earnings. This record is updated whenever your employer reports your earnings (or if you're self-employed, when you report your own earnings). Earnings are generally reported annually, so keep in mind that your earnings from last year may not yet be on your statement.

It's a good idea to make sure that your earnings have been reported correctly, because mistakes do happen. You can do this by comparing your earnings record against past tax returns or W-2s you've received. This is an important step to take because your Social Security benefits are based on your average lifetime earnings. If your earnings have been reported incorrectly, you may not receive the benefits to which you're entitled.

What if you find errors? The SSA advises you to call right away if any earnings are reported incorrectly. The SSA phone number is 1-800-772-1213 (TTY 1-800-325-0778).

All About IPOs



All investing involves risk, including the possible loss of principal, and there can be no guarantee that any investing strategy will be successful.

**Data source: Yahoo! Finance historical prices for Facebook, Inc. (FB) on May 18, 2012; June 8, 2012; and October 7, 2014.*

Maybe you've heard someone talking about investing in "a hot new IPO" and wondered what all the fuss was about. Or maybe you've heard about a company "going public" and thought about whether you should invest in it. If you're unfamiliar with initial public offerings (IPOs), here's a review of some basics.

What is an IPO?

As the name implies, an initial public offering represents the first time a company issues shares of stock that are available for purchase by the public (in other words, when it "goes public"). The sale of the company's stock is typically intended to attract new capital that the company can use to expand. IPOs might be considered the rock stars of the investing world; when the company has generated a lot of interest leading up to its IPO, the initial response from investors can make headlines.

How does an IPO work?

Once the decision is made to go public, a company hires an investment bank to coordinate underwriting issuance of the IPO shares. The underwriter (or team of underwriters) guarantees it will purchase all of the company's shares on the day the stock is issued. However, underwriters typically do not intend to keep all of those shares, so they market them to other firms and financial institutions in advance of the actual IPO date. Firms that want to subscribe to the IPO indicate their interest in buying a certain number of shares (though they're not bound to follow through on that purchase). This process gives the underwriting firm(s) an idea of how much interest the IPO will generate. If there's a lot of interest and a large number of subscribers, the offering price can rise before the IPO date; if interest is low, the offering price will likely reflect that as well.

However, the offering price may be very different from the price at which the stock trades on its first day. That's because once the subscribing firms have begun trading shares they've bought, the price can change dramatically, depending on the overall level of market interest. At that point, as with any stock, shares are sold to the highest bidder. The more limited the supply of shares available, the higher those bids are likely to be. That's why you may sometimes read headlines about the price of an IPO jumping on its first day.

What happens after the IPO?

Even if an IPO is eagerly awaited, there's no way to know exactly what will happen once the stock starts trading. Yes, an IPO's price can skyrocket, but it can also go nowhere or

disappoint--or skyrocket and *then* disappoint. Facebook's May 18, 2012, IPO was one of the most highly anticipated IPOs in recent years. And yet on its first day of trading, after an initial pop it closed up only 23 cents--roughly .006%--from its offer price; at the close of trading three weeks later, it was down roughly 30% from its offer price (though it subsequently rebounded and as of October 2014 had roughly doubled from the first-day close).*

What's behind such volatility? One reason is that after any initial jump in price, the institutional firms that have subscribed to the IPO may want to take any profits quickly. Also, executives at companies that go public often have signed what's called a "lock-up" agreement; for a certain time after the IPO, they're prohibited from selling shares that may have been granted as part of their compensation package. Such agreements are designed to help support the stock's price during the lock-up period, which lasts at least 90 days but can be longer. However, once the lock-up expires, executives are free to trade their stock. If many of them sell simultaneously, the sudden increase in the supply of shares on the market may cause the stock's price to fall.

What if I want to invest in an IPO?

One challenge with trying to invest in an IPO is simply gaining access to the shares. In the case of a stock that's in high demand, firms typically reserve IPO shares for their largest or most valued clients. For example, a firm might offer its IPO shares only to investors who have a certain level of assets with the firm or a minimum trading volume. If you're a small investor and are being offered IPO shares, it could be because the demand for them is less than expected, which could have implications for your investment in them.

Even though past performance is no guarantee of future results, an IPO can be especially difficult to analyze for its long-term potential because it doesn't even have a track record to review. One tool is what's known as a "red herring." This is an initial prospectus that contains pertinent information about the company; it's issued after the Securities and Exchange Commission declares the registration statement effective. However, be aware that though the red herring is subject to SEC reporting regulations, it's part of a sales campaign by the underwriters to try to drum up interest in the IPO. Don't be tempted to invest in an IPO just because it's an IPO; think about whether it fits into your overall investment strategy and tolerance for risk.

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When do I need to submit college financial aid forms?

It depends on the form you're filling out and whether your child is a new college student or a returning student.

College deadlines for the federal government's financial aid form, the FAFSA, might be anywhere from February 1 to April 1 for both new and returning students. But it's in your best interest to submit the FAFSA as soon after January 1 as possible (it can't be submitted before January 1) because some government aid programs operate on a first-come, first-served basis.

The FAFSA relies on tax information from the previous year, so it's helpful to have your tax return already completed. However, if you don't, you can still file the FAFSA using estimated numbers and then go back later and update your FAFSA with final tax numbers once you've completed your tax return (the government offers an online tool--the IRS Data Retrieval Tool--that allows you to import your tax information directly into your FAFSA). The FAFSA captures two data points: the financial picture of both the parent(s) and the student for the previous year.

The main financial aid form that most colleges use to distribute their own aid, the CSS Profile, is due anywhere from February 1 to March 1 for new students applying to college regular decision (or November 1 to December 1 for new students applying early decision or early action) and by April 15 for returning students. The CSS Profile captures six data points: the financial picture of both the parent(s) and student for the previous year, and an estimated financial picture of parent(s) and student for the current year and for the following year.

Even if you don't think your child will qualify for need-based federal financial aid, you should consider submitting the FAFSA if: (1) you want your child to be eligible for an unsubsidized Stafford Loan (a non-need-based federal student loan available to any student); and/or (2) you want your child to be considered for college need-based aid--colleges generally require both the FAFSA and the CSS Profile before they will consider your child for college need-based aid.

Both the FAFSA and the CSS Profile can be submitted online, and you must file them for each year that you want your child to be considered for aid.



Do you understand the definition of financial aid?

The term "financial aid" goes hand in hand with paying for college. But it can mean different things to different people, and often the term is used in various ways, even by colleges.

"Financial aid" is money that can help students pay for college. Many people think of student loans when they hear the term financial aid, but loans are just one part. In addition to loans, financial aid includes scholarships, grants, and work-study jobs. Scholarships and grants are gifts; they do not need to be repaid. Loans, on the other hand, have to be repaid with interest, while work-study jobs are a work obligation for the student. Aid can be need-based or non-need-based, though most people think of financial aid as being strictly need-based.

Loans. The main sources of loans are the federal government and private lenders. Students with the greatest financial need are eligible for the government's subsidized Stafford Loan and Perkins Loan ("subsidized" means Uncle Sam pays the interest while the student is in school and during certain other periods); all students are eligible for the government's unsubsidized Stafford Loan. The

loan amounts are capped each year.

For parents, the government offers PLUS Loans, which let parents borrow up to the full cost of their child's education. Private lenders also offer student loans and parent loans. Generally, the government offers more favorable loan repayment options than private lenders, most notably several income-sensitive repayment options.

Grants & scholarships. Though students with the greatest financial need typically qualify for a federal Pell Grant, the main source of grants and scholarships for the majority of students is colleges. College grants and scholarships can be based on financial need (as determined by the college's own aid form) or on merit, whether academic, athletic, or some other talent. Colleges vary widely in the type (need-based or merit-based) and amount of grants and scholarships they offer. As your family researches college options, exploring these differences is probably the single biggest thing you can do to optimize your bottom line.

Work-study jobs. The government underwrites work-study jobs for the neediest students, but colleges may also offer campus jobs that are not necessarily based on need.