



Financial FOCUS

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BR#00203186

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MAKING SENSE OF INVESTING



A Message from Jim Weddle

If we could accurately predict the future, planning for it would certainly be a lot easier! Then we would know if that new job was going to work out or if selling the house is a good idea. But because we can't predict, it's important to plan for a variety of scenarios that could happen.

One important scenario is how to protect your financial plans so they can continue to help you achieve important goals. This issue of *Financial Focus* discusses some of life's uncertainties and explains how to prepare for what you cannot predict.

Health care costs will likely become a growing expense as you age – probably at its highest when you are retired and living on a fixed income. “How to Help Create a ‘Healthy’ Retirement Portfolio” explains how you can structure your portfolio to help meet these expenses over time.

Another uncertainty to consider is how much cash you should have on hand. It's important to have the right amount of money in cash and the right amount in your investments in order for your money to grow. Even when the markets are volatile, time in the market is essential to helping you achieve long-term investment goals.

Yet access to cash is important for unexpected expenses, as well as a cushion to cover daily expenses. In this issue, we discuss “The Four USES of Cash” in a commonsense way, with guidance tailored to fit your stage in life and help calculate how much cash you should have readily available.

This issue also covers another unpredictable concern – identity theft or fraud. Our firm places the highest priority on protecting your information and data with tools, services and systems to enhance our cyber security. With planning and care, you can also take steps to protect your personal information and identity in order to reduce the likelihood of becoming a victim.

We don't know what's waiting around the corner, but we do know that life takes sudden turns. Your financial advisor is prepared to help you review your financial situation and partner with you to work toward your goals through all of life's journeys. Thank you for the confidence you place in Edward Jones by allowing us to serve you and your family.

Sincerely,

James D. Weddle
Managing Partner

How to Help Create a “Healthy” Retirement Portfolio

Scott Thoma, CFA, CFP®, Investment Strategist

Thirty years ago, retirees spent almost twice as much of their budget on food as on health care. Now the amounts are nearly the same. We estimate that annual health care expenses for a 65-year-old couple could be about \$10,000 to \$12,000 in 2018, which includes Medicare premiums and potential out-of-pocket costs.



To help prepare for the cost of health care during retirement, we recommend you:

- **Outline your retirement goals.** This includes when you want to retire, which will determine if there may be gaps in coverage before you become eligible for Medicare at age 65.
- **Know the key dates to avoid penalties.** Medicare has a seven-month window for enrolling that begins three months before your 65th birthday, and there could be penalties if you don't sign up when you're first eligible. One key exception is if you are still employed and covered under your employer's plan. If this is the case and you delay enrollment, you'll have an eight-month special enrollment period after you separate from your employer.
- **Evaluate insurance options.** Medicare doesn't cover everything, of course. You'll want to evaluate Medicare-approved insurance plans — such as Medicare supplement, prescription drug plans or Medicare Advantage plans — to help cover some expenses not covered by Medicare.
- **Develop a strategy for long-term care.** Whether it's through budgeting or purchasing insurance coverage, determine how you may pay for a potential long-term care need — a major potential expense that is not covered by Medicare.
- **Invest for growth and rising income.** Allocate a portion of your assets to investments with the potential for growth and rising income to help hedge against rising costs and provide for future income needs.
- **Consider health care directives.** Consult your attorney about who has responsibility for your health care decisions and how you want care to be administered if you become unable to make these decisions yourself.

You can't control rising health care costs, but you can prepare. Your financial advisor can work with you to better understand your desired retirement lifestyle, estimated expenses (including health care) and income sources to develop a retirement strategy that helps you achieve these goals.

We have provided this information for educational purposes, and it isn't meant to promote the sale of insurance or investments. Edward Jones doesn't offer health insurance; however, we believe discussing the impact of health care costs within your retirement strategy is important, especially considering that rising health care costs may affect many investors approaching retirement. The examples used in this report are for illustrative purposes only and shouldn't be relied upon as a quote or description of coverage for a particular insurance product. While the Medicare content is believed to be accurate, you should rely on information provided by the organization before making a Medicare decision.

7 Tips to Help Keep Your Identity Safe

Identity theft is a costly crime: In 2016, losses totaled \$16 billion and affected more than 15 million consumers.* How can you avoid joining their ranks? Here are seven tips to help you protect your personal information.

1. Shred documents and use electronic delivery when available.
2. Don't carry your Social Security card or write your number on checks.
3. Never provide personal information via phone, mail or the internet unless you initiated the conversation and know the request is legitimate and the site is secure. (Look for "https" at the beginning of the URL.)
4. Don't click on pop-up ads or links in unsolicited email.
5. Keep your computer security and antivirus software up-to-date.
6. Use hard-to-guess passwords, and change them often.
7. Check your credit report. You're entitled to a free copy every year. Visit www.AnnualCreditReport.com, call 877-322-8228 or write to Annual Credit Report Request Service, P.O. Box 105281, Atlanta, GA 30348-5281.

Reporting Identity Theft

If you've been a victim of identity theft, contact the Federal Trade Commission:

- Online at www.ftccomplaintassistant.gov
- By phone at 877-ID-THEFT (438-4338)
- By U.S. mail at Identity Theft Clearing House, Federal Trade Commission, 600 Pennsylvania Ave. NW, H 130, Washington, DC 20580

For information about what Edward Jones does to protect your accounts from cyberthreats, visit www.edwardjones.com/privacy.

*Source: "2017 Identity Fraud: Securing the Connected Life," Javelin Strategy & Research, Feb. 1, 2017

The Four USES of Cash

Scott Thoma, CFA, CFP®, Investment Strategist

It's important to have cash available for everyday spending as well as for the inevitable "rainy day." However, many of us have never taken the time to understand how much we really need. To determine the role of cash in your financial life and how much you should have, we use the acronym "USES":

1. **Unexpected expenses and emergencies** – cash used for situations such as a job loss, a home repair or an unplanned medical expense
2. **Specific short-term savings goal** – cash dedicated for a goal that will occur within the next year or so, such as a wedding or vacation
3. **Everyday spending** – cash used to pay for day-to-day spending needs such as groceries, utilities, entertainment and mortgage/debt payments
4. **Source of investment** – cash used as an asset class and as a source for investment opportunities

The priority of each of these pieces may change depending on your goals and objectives. For example, if you're just starting your career, you may find that building an emergency fund may be the biggest priority. If you're retired, your first goal may be to ensure you have enough for your everyday spending.

The Risk of Not Investing

Some people hold too much in cash, viewing it as a safe haven against the risk of a market decline. But cash is not risk free — there are also risks to not investing. In fact, the biggest risk you face isn't a temporary pullback in the market — it's the possibility of not reaching your long-term goals.

By ensuring you have each of the USES areas covered, you can better focus on your longer-term goals, including preparing for retirement and paying for education. Schedule some time now with your financial advisor to review your USES of cash. If you have your cash needs covered as outlined in the USES framework, then it's important to focus on the growth necessary to help achieve your long-term investment goals.