PARTNERS
WEALTH MANAGEMENT

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Seven Smart Money Moves You Should Make In 2017

Do you remember those New Year's resolutions you made to save more money and spend less? For many of us, those good intentions got shifted to the back burner when reality set in and bills starting piling up. But it's not too late to reexamine your financial affairs and turn things around for the rest of the year. Here are seven smart money moves that could help you in 2017:

1. Build a better budget. One fundamental of money management is to create a monthly budget that makes sense for you, and then stick to it. You may have gone through the process before, but if it's not working you have to go back to the drawing board.

Start with the essentials—mortgage or rent, utilities, your car or other commuting expenses, and anything else that you can't do without—and take it from there. Think about cutting back or eliminating expensive dinners, exotic getaways, and other luxuries you can live without. In particular, zero in on small, routine expenses—that daily cappuccino, for example—that may add up to a substantial cost.

2. Pay down your debts. If there's one thing that can wreck a budget, it's the payments you make on what you owe. Maybe you're saddled with credit card charges subject to high interest rates. Even the minimum monthly payment can be painful, and interest charges just keep mounting.

Try to make debt reduction a top priority. Start by resolving not to borrow any more until you pay down what you owe. If it makes sense and you can obtain a favorable interest rate, consider consolidating your debts into a single account.

3. Increase retirement savings. Now is a good time to boost your retirement savings as well. If you participate in a 401(k) plan at work, you might increase the amount that's subtracted from your paycheck. The maximum deferral for 2017 is $18,000 ($24,000 if you're age 50 or over). Plus, your employer may provide "matching" contributions of part of your savings.

In addition, you could supplement a 401(k) or other work plan with contributions to a traditional or Roth IRA (or a combination of the two). For 2017, the maximum total IRA contribution is $5,500 ($6,500 if you're age 50 or over).

4. Reinvest investment earnings. It may be easier to manage your finances if you have investment earnings from securities such as stocks, bonds, and mutual funds. However, when possible, instead of spending your profits, funnel those amounts back into other investments.

If you own investments that pay out regular dividends, you could use an automatic dividend plan to reinvest the money without having to lift a finger.

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Onward And Upward

We'd like to extend congratulations to Sara Zappani on her promotion from Office Manager to Client Services Manager in February. Sara has been with us since 2014 and has prodigious knowledge of the day to day operations, making her well versed stepping into this role. Sara's commitment to best in class service remains consistent. Her attention to detail, dedication towards efficiency and the client experience remain paramount.

Sara earned her B/S in Agriculture and Consumer Economics, with a concentration in Finance from University of Illinois at Urbana Champaign. Sara is licensed as an Illinois Life, Health and Disability Producer. She currently holds a Series 7: FINRA General Securities Representative and Series 66: FINRA Uniform Combined Securities Agent and Investment Advisor State Law Exam licenses.

In February, we welcomed Beth Rehm to our growing team as our Office Manager. Beth comes to Partners Wealth Management with over 15 years of customer service, office and operations management. Her committed attention to detail provides the clients with the individuality and professionalism required to provide superlative service. She's currently pursuing her Life/Health and Disability Insurance License.

We're excited about our firm's evolution and the ability to amplify our clients' quality of service.

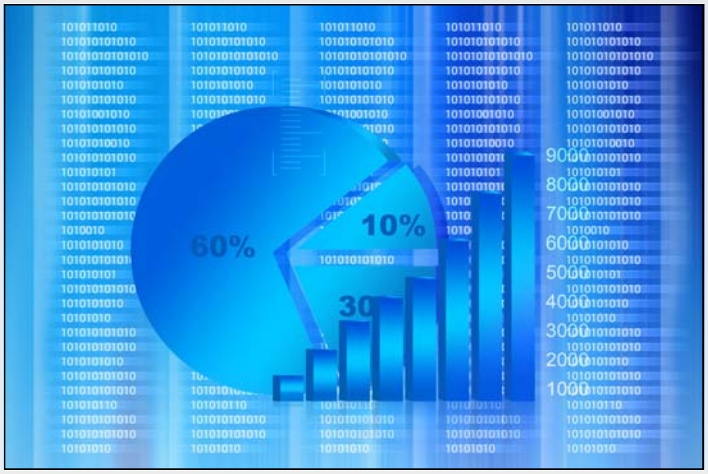
John

Remember The Lesson Of Rebalancing

Sometimes investors need to be reminded just how unpredictable equity markets can be. Any big, unforeseen event—such as the United Kingdom's so-called "Brexit" vote to leave the European Union—can result in dramatic market swings. And because such fluctuations are as inevitable as they are unpredictable, it makes sense to be prepared for all possibilities.

The best way for most investors to deal with short-term volatility is to stick to a long-term plan, rather than panicking or making ill-considered market moves. And your plan will need a proper balance between stocks and bonds in your portfolio. Historically, stocks have outperformed other kinds of investments and have provided a hedge against inflation, while bonds have provided steady income and more protection against market volatility.

Diversification and asset allocation—core principles for attempting to control investment risks—are used to create a portfolio that may have the breadth to reduce volatility when markets get turbulent. Your overall tolerance for risk can help determine how you allocate your investments to stocks, bonds, and other assets. Diversification and asset allocation are designed to minimize inherent risks, although there are no absolute guarantees.



But as important as it is to choose a mix of investments that makes sense for you, you'll also need to revisit your portfolio periodically to help restore the balance you've established. If stock prices rise, for example, that part of your portfolio may grow larger than you intended—and this could make you vulnerable if equity prices fall. "Rebalancing" helps you get back to the target percentages you started with.

Yet as simple as that may sound, rebalancing can seem counterintuitive in practice. It requires you to sell investments that have been doing well and buy others that have slumped. Your natural inclination may be to keep riding a wave of success, and to stay away from parts of the market that haven't performed well.

But rebalancing can help impose needed discipline for your plan. It can enable you to sell high and buy low and to maintain the broad balance that may cushion your holdings against volatility. And though it sometimes may result in a lower rate of return than you would have gotten if you'd let your winning positions continue to grow, that may be a small price to pay for feeling more comfortable about your investments.

Rebalancing also can help you resist the impulse to try to "time" the market—attempting to jump in when prices are rising and to get out before they fall. That is rarely a recipe for success and could lead to significant losses.

How often should you rebalance? Expert opinions vary, but you probably should review your portfolio and rebalance at least once a year. The end of the year could be a good time to get your ducks in a row. ●

Teach Employees About Computer Scams

Computer criminals seem to be stepping up their efforts to steal your personal and financial information—and your money.

The two most common approaches are the "tech support" scam, aimed primarily at individuals, and the "ransomware" scam, mostly used against businesses.

In a typical tech support scam, unsolicited phone callers say they are calling about "Windows," the popular operating system of computer software giant Microsoft. Don't believe it.

Microsoft says it never makes unsolicited phone calls about Windows computer problems.

Do not allow such a caller to take control of your computer. Hang up the phone immediately. This scam has been around since 2009.

Ransomware schemes have been around even longer, since 1989 when a disturbed biologist sent infected floppy discs to an AIDS conference sponsored by the World Health Organization.

This scam is aimed at businesses primarily because all it takes is for one employee to click on a link that then allows a scammer to take control of a business's computer system by shutting down the system or paralyzing it with encrypted, unintelligible jargon.

The scammer then demands a ransom, usually to be paid through an untraceable virtual currency such as bitcoin, to unlock the system and return it to normal.

The Federal Bureau of Investigation estimates that since 2015, U.S. companies have paid a total of $25 million to ransomware scammers.

The ransomware scam can start with a phone call much like the ones used by tech support scammers. In such a case, an employee is urged to allow the caller to obtain access to a business's computer system. Again, don't do it! Ever!

Today's version of the increasingly complicated scam also can start with a

Meeting With The Family For Elder Care Planning

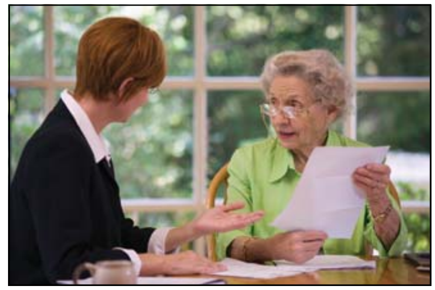
Business managers would never chart a course of action for the future without gathering all of the necessary information, analyzing the pros and cons of different approaches, and meeting with the main people who have a stake in the outcome. Yet many families approach eldercare issues with a similar lack of foresight.

If there is an aging member of your family who soon may need help at home or perhaps will move into an eldercare facility of some kind, it's essential for everyone to talk about what's ahead. Consider trying to call the appropriate relatives together for a family meeting—and be prepared to answer some of these questions:

Can you meet? Frequently, inertia will take over or some family members won't see the need for a family discussion. It's difficult to find the time with our busy schedules and other commitments. What's more, many families today are dispersed around the country and beyond. Nevertheless, it's important to bring everyone together to work out a plan.

Why should you meet? Whether or not specific problems need to be addressed immediately, a meeting gives family members a chance to share information and air their concerns. One or more siblings may feel that too much of the caretaking is falling to them, while others may express their intention to do more. Encourage family members to get such feelings out on the table. Keep in mind that there is no right or wrong approach. The needs of each family and the best solutions for everyone will vary.

Who should you invite? This depends on the size of your family, who takes an active family role, and other factors. Certainly, the children of an elderly parent should be involved, and perhaps the grandchildren, too, if they're old enough to be meaningful participants. Depending on the situation, close family friends and professional advisers also might be included. There could be value to bringing in a third-party caretaker, perhaps a nursing aide or someone else paid to help the parent, who might contribute insight to the discussion. Finally, consider whether or not to include the loved one whose future is being discussed.



What should you cover? The older family member's health care may be at the top of the agenda. You may decide to move the person to a nursing or assisted living facility or to upgrade accommodations at a current location. Another option is to keep the person at home and use live-in care. It's also important to determine whether the parent has a living will or other health care directives that express what kind of care he or she wants to receive. Finances also will be an important part of the equation. Establishing a durable power of attorney for a designated person to handle financial matters could be helpful, and you might decide that one or more trusts could help protect family assets. Federal and state rules covering such documents are complex, so be sure to consult with professionals experienced in this area of the law.

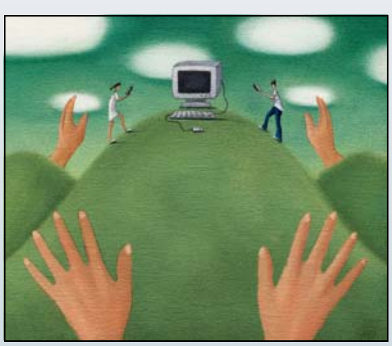
How should you conduct the meeting? Just as for a business meeting, an agenda that you develop beforehand could help keep the discussion on track. One of you may want to take the lead in creating an agenda and distributing it by email to everyone who will be there, then revising it to include other family members' concerns.

What should you do next? Trying to maintain good communication with everyone is very important, and even in families that have not always been harmonious, this is one time when everyone needs to try to come together for the benefit of the loved one. Of course, conflicting viewpoints are likely to be expressed at the meeting, so you all will need to be prepared to compromise. Have someone take detailed notes and circulate them to everyone, and then ask everyone to agree to honor the agreements you've reached.

You all will have to remain flexible in case the situation changes. Develop a "plan B" if, for example, you choose a particular facility that doesn't work out or the elderly person's condition suddenly worsens. Finally, don't expect miracle solutions, but do involve your financial and other advisers in this crucial effort to help this family member. ●

"phishing" email that asks a business computer user to click on a link to a website, article, or photograph that appears to be legitimate.

Scammers, in fact, are adept at creating legitimate-looking company names, fake caller IDs, and bogus company logos.



Business owners may be able to avoid these pitfalls by educating their employees about ransomware scams and how they work.

First, tell your employees never to take an unsolicited phone call from a stranger and then allow the caller access to your company's computer system.

Tell your employees not to rely on caller ID numbers to authenticate calls.

Also tell them about phishing emails that offer information or rewards if an enclosed link is clicked on.

Tell them never to click on a link from an unknown source, even if the email contains a legitimate-looking company name and logo.

If your employees don't know the source of an email, tell them not to click on a link or attachment – ever! ●

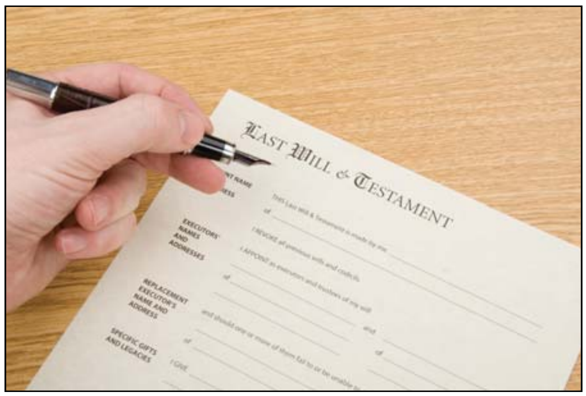
What's The Truth About Probate?

Have you heard horror stories from families that had to suffer through costly, protracted probate proceedings after a relative dies? The possibility is very real, especially if a will is contested. Yet while it might turn into a nightmare, sometimes probate works like a dream. Before you take drastic steps to avoid probate, it's important to know what it's likely to involve.

The first thing to know is that laws concerning probate vary from state to state. In some states, the process may be quick, while in others it's likely to take a while.

Probate is the court-supervised process of distributing the assets of someone who has died, according to that person's will. Even when there's no will, however, assets usually still have to go through probate. Among the exceptions are life insurance proceeds, which normally can go to designated beneficiaries without passing through probate.

If there's a will and an executor, that person usually handles the probate process. When there's no will, the probate court will assign someone to assume those responsibilities. The person representing the person who has died will tally up and list the assets; pay outstanding debts, bills, taxes, and fees; and distribute the assets to beneficiaries according to prevailing laws. It may be helpful to hire an attorney to assist a court-appointed representative.



Probate proceedings are open to the general public. And even if an estate is relatively simple, probate can eat up time and money, perhaps delaying the distribution of assets that family members are counting on. And the last thing grieving family members are likely to want is to be caught up in interminable meetings and legal wrangling.

One way to avoid the hassles of probate is to establish a living trust and transfer assets into it. The contents of a living trust don't have to go through probate, and the amounts and recipients of bequests remain private.

Yet in some states, probate can work to a family's benefit, especially if an estate is relatively small or someone has died without a will. State law can lay out a blueprint for ensuring that the right people receive the property. In addition, it may be better for the family to have the estate bear the cost of the probate process. The laws in some states include provisions for a relatively fast, inexpensive resolution to probate that may be preferable to using a living trust or other complex arrangements.

Your financial advisor and your attorney can explain the laws in your state and help you decide how to proceed. ●

Seven Smart Money Moves

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5. Diversify your investments. Spreading your portfolio over several different kinds of investments could help reduce some of the inherent risks of investing and relieve some of the pressure associated with volatility in the markets. (Of course diversification doesn't ensure a profit or guarantee protection against a loss, especially in a declining market.)

The idea behind this strategy is relatively simple. If you put all your eggs in one investment basket, or into just a couple of baskets, a severe loss could have devastating effects. But if, for example, you added international stocks to an investment mix tilted heavily toward domestic stocks and bonds, you might be less likely to be hurt by a drop in one type of holding. Just keep in mind that foreign investments involve special risks relating to political, economic, currency fluctuations and other events.

6. Improve your credit score. Even if you need to cut down on spending, you're likely to borrow at least occasionally—for a home mortgage, say, or for a car that you use for your daily commute.

But you still may be able to reduce the interest you pay on loans by improving your credit score. Paying off existing debt on time is a crucial first step, and there are other moves that also could help. Check your current score online and consider tips for pushing it higher.

7. Keep an eye on taxes. Being aware of the tax implications of your money moves could help reduce another big expense. Deferring more of your salary for your 401(k) could reduce your tax liability, and there also are ways to minimize taxes on your investment earnings. For instance, long-term capital gains are taxed at a maximum rate of only 15% (20% if you're in the top tax bracket)—much better than the top rate of 39.6% on regular income. ●