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MONEY AT WORK



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Contact your LaSalle St. representative with any questions/concerns regarding the content below!

7 Money-Smart Ways to Spend Your Tax Refund

Nearly 60% of taxpayers expect a refund this year, and many will receive a larger amount.

The average federal tax refund so far this year is \$3,305 – up 12.9% from the same period in 2021. But instead of using the money for a summer vacation, many people who are struggling with rising inflation will need to use their refunds to pay for gas and groceries.

If you're fortunate enough to have the essentials covered, you may be tempted to treat yourself to dinner at your favorite restaurant or a nice bottle of wine. Fine. But once you've scratched that itch, consider these ways to put the rest of your tax refund to work for you.

#1: Shore Up (or Start) Your Emergency Fund

Even if you're fully employed now, there's no guarantee that your hours won't be cut, your salary reduced, or your job eliminated down the road. That means it's more important than ever to have money set aside for emergencies. That way, you won't have to run up credit card debts or raid your retirement savings to pay the bills until you get back on your feet.

Aim for six months of living expenses — more if you're the sole provider for your family. Interest rates are still low right now, but you can eke out higher rates by putting your savings in an online bank account. Look for one with no minimum balance requirement or monthly fees.

#2: Pay Off High-Interest Debt

In an effort to curb inflation, the Federal Reserve is expected to hike short-term interest rates several times this year, and that means credit card rates will rise, too. The average credit card interest rate is already a hefty 16.25%, according to CreditCards.com. Pay off your unpaid balances and you'll get a return on your investment a successful hedge fund manager would envy. If you're able to pay off the entire balance, you'll also eliminate a monthly expense, which will give you some breathing room if you lose your job.

#3: Save for Retirement

If you have a Roth or traditional IRA, consider putting some of your refund money in the account now so you'll have more money when you retire. If you don't already have an IRA, think about getting one. The maximum amount you can contribute to your IRAs in 2022 is \$6,000 — \$7,000 if you're 50 or older — so you can stash your entire refund there if you don't need it for anything else.

If you're not inclined to build your own portfolio, consider investing in a target-date fund, which will invest in a mix of stocks and bonds, based on how many years you're away from retirement.

#4: Invest in a 529 College Savings Plan

Contributions to a 529 college savings plan grow tax-free, and withdrawals aren't taxed if you use them for qualified expenses, such as college tuition and room and board. You can invest all or a portion of your tax refund — 529 plans typically have very low minimums. Plus, your state may give you a tax deduction or credit if you invest in your own state's plan. If your children are young, you have many years for investments in the plan to compound and grow.

#5: Protect Yourself from Unexpected Health Care Costs

If you have a high-deductible health insurance plan (a deductible of at least \$1,400 for single coverage or \$2,800 for family coverage), you can contribute to a health savings account. An HSA gives you a triple tax break — your contributions are tax-deductible (or pre-tax if through your employer), the money grows tax-deferred, and you can use it tax-free to pay out-of-pocket medical expenses in any year (there's no use-it-or-lose-it rule).

The CARES Act increased the types of expenses that are eligible for tax-free withdrawals from your HSA. In addition to health insurance deductibles, co-payments, prescription drugs and medical expenses that aren't covered by your insurance, you can use tax-free withdrawals to pay for most over-the-counter medications and feminine-hygiene products. Although health-insurance premiums are typically not considered qualified medical expenses, there's an exception if you use withdrawals to pay COBRA premiums or for other health-insurance premiums if you're collecting unemployment benefits.

#6: Protect Yourself from Natural Disasters

Hurricane season is almost here, so if you live in a vulnerable area, consider using your refund money to protect your home. A home generator will keep the lights on and the food cold during a power outage. A 6.5 kw portable home generator costs about \$800 to \$1,000. You also can use the money to pay someone to trim your trees, which will help protect your home from some of the most common types of storm damage.

#7: Upgrade Your Home Office

If the COVID-19 pandemic still has you working from home, you're probably well aware by now of the inadequacies of your home office. Use your refund to buy a standing desk — the Uplift V2 can be customized for a wide range of heights and retails for about \$550. Is your back acting up? Maybe you need a new chair. The Alera Elusion Mesh Mid-Back Swivel/Tilt Chair, which retails for about \$160, features a contoured seat cushion that's designed to relieve pressure on your legs.



How to Be an Effective Board Member for a Charity

Care enough about the charities you serve to think differently about the investment time horizon involved. Unlike your own portfolio, a foundation is a perpetual proposition.

Prosperous families are often personally involved in the communities where they live. In addition to charitable giving, "giving back" to one's community is often viewed as a responsibility by families who enjoy financial success. Family members may be asked to serve on local boards of directors for charities and foundations that serve others, funding the arts, religious, health or education needs, and enhancing life locally, nationally or even internationally.

While this takes time, it can be very rewarding, and it's an honor to be asked to provide input and advocacy in service to your fellow man. It can also be a fun learning experience, assuming the organization is healthy.

Before You Agree to Serve ...

A healthy organization has effective leadership, strong governance and the funding to accomplish its mission. Before agreeing to serve, you may want to request a copy of the organization's bylaws, policies and procedures, financial statements and minutes from the past few meetings. Make sure you also understand any financial expectations of board members, as well as your protection from liability incurred, such as adequate errors and omissions (E&O) insurance coverage.

If you will be expected to provide input on the investment portfolio, ask for a copy of the investment policy statement and ask about the process for making investment decisions.



Realize that Investing for Others Is Different

A common mistake new board members sometimes make is in treating the organization's investment portfolio with the same perspective as their own investment portfolio. Personal portfolios come with their own specific time frames. We as humans have an expiration date – some currently longer than others! A well-funded foundation, though, should be thinking with a perpetual time frame.

If we – and those who come after us – hand off the organization even better than we found it, it should last longer than we will. There is potential that a well-run organization could last for decades with generations to come enjoying the ongoing funding from a growing, sustainable, income-producing endowment.

Mistakes could take the organization down, causing the organization to fail to meet its important mission. This serious fiduciary responsibility can cause some board members to become overly cautious and miss out on significant opportunities. An overly cautious investment approach can fail to provide the growth needed to fund the organization's future needs.

Adopt a Perpetual Time Frame Mindset

A wise, informed investment committee will realize that a perpetual time frame affords the ability to enjoy the benefits that come from being able to ride out multiple full market cycles. A look back at decades of market history tells us that stocks have been by far the most productive asset class over longer time periods, if one can ride out the interim ups and downs.

Industry research shows that the most important investment decision to be made is what percentage of the portfolio is invested in stocks, how much in bonds, and how much is kept in cash. The higher the percentage in stocks, the more productive a portfolio has been over longer time frames. The risk lies within whether an investment committee loses its resolve during temporary market downturns, missing out on the long-term benefits of a portfolio with a higher allocation to stocks.

Is the fear of loss over a one- or two-year period a valid concern? Perhaps, but it ignores the fact that losses in the stock market have always been temporary for an investor with a diversified portfolio who stays invested over full market cycles. In fact, research by Morningstar shows that, historically, there has not yet been a 15-year or more time frame with a loss in the S&P 500.

It's not uncommon for investment committees to stick with the tried-and-true 60/40 mix of stocks and bonds, thinking this is adequate. Perhaps it is, depending upon the organization's needs. Yet, in an investment environment where bond and cash allocations have begun producing results well below long-term norms, this may not be appropriate today. In addition, a higher allocation to stocks could be considerably more productive, if history is any indication.

Questions to Ask

Is your investment committee thinking with the proper time frame? Is your adviser discussing these ideas with you? Would more modern solutions help you better navigate today's complex investment world? Challenge the traditional thinking in a way that leaves the organization you care about in better shape after you leave than before you came. You can do this!

Sports Give Seniors a Zest for Life

Tens of thousands of older athletes are ramping up their commitment to fitness as they age. The best sports for retirees involve fun, friends and good exercise.

It was the last game of the three-day ultimate Masters national championship in Denver last summer. Wayne Tang, a 55-year-old attorney in Chicago, looked around at his teammates, many of whom he had known for 15 or 20 years. Somehow, they had managed to keep playing Frisbee through the pandemic, maintaining their social connections and their fitness. "This was literally the only [extended period of] time I could think of over the last few years that I was able to spend with a bunch of old friends doing something we all loved," Tang recalls. "Time with your peers is a very limited commodity as you get older."

Tang is one of tens of thousands of older athletes who are ramping up their commitment to sports and fitness as they age. Besides the physical and mental health benefits of exercise, these seniors also tout the relationships, sense of belonging and camaraderie associated with playing sports. For example, the biennial National Senior Games draw about 14,000 competitors, ages 50 to 100, in the largest qualified multisport competition, formerly known as the Senior Olympics. Participants compete at events around the country.

But seniors don't have to be part of the games to play a sport, and many older adults are playing more than the stereotypical retirement sports of golf, pickleball and bocce ball. Seniors are swimming, cycling, rowing and running competitively and playing everything from tennis, volleyball and softball to basketball and soccer -- all have a dedicated seniors or masters league open to anyone.

No matter your skill level, you can find a suitable activity, one that fits your budget and can be adjusted to the changing needs of an older body. Most people just want to keep active and stay healthy, says Ray Glier, Atlanta-based publisher of the Geezer Jock newsletter. "The words I hear are fun, fitness and friends. It's a matter of what kind of quality of life do you want to have?"

Reasons to Keep Playing

Where earlier generations might have retired to a rocking chair on the front porch, today's retirees feel no such limitations, especially when the payoffs of athleticism are so readily apparent. Vigorous exercise for at least 90 minutes a week lowers your blood pressure and cholesterol, supports your good cholesterol, helps maintain bone density and improves your flexibility, medical research shows.

Senior Games athletes, for example, not only get twice as much physical activity as the general population but are also less likely to fall. "This carries over into activities of daily living," says Andrew Walker, health and well-being director of the National Senior Games Association, the nonprofit organization behind the eponymous event. Only 10% of Senior Games participants reported falling in the previous year, compared with 35% to 40% in the general population, he says. "The stronger the joints are, the more stability you have." Strong muscles and a flexible body protect seniors from other injuries and support range of motion, helping people live independently longer.

Other benefits are harder to quantify but matter just as much. James Nathanson, 89, believes the thrill of competition has helped him thrive. He continued sailing and playing tennis into his 80s because he loves to compete. "It's one of the reasons I think I've lived as long as I have," says Nathanson, a former lawyer and educator based in Washington, D.C. Sailing has been his true love since childhood when he learned to sail on Quincy Bay in Massachusetts.

Nathanson, who also plays tennis, appreciates the social side of sports and believes these friendships help keep him vital and engaged with life. "Exercise and physical activity have a positive effect on our mood," notes Caroline M. Brackette, an Atlanta-based licensed professional counselor and professor at Mercer University. The social relationships, she says, "fill a need for connection and belonging."

Team camaraderie encouraged Vicky Shu to return to swimming, which she burned out on in college. Shu, a 53-year-old non-profit fundraiser in Oakland, Calif., joined a masters club that includes adults of all ages. "It's been great to meet other women my age going through similar changes in their bodies, like menopause, and talk about how they deal with it," she says. Because Shu swims distance and butterfly, two demanding events, she's routinely approached by swimmers in their 20s and 30s telling her that she inspires them with her commitment. Knowing that she's a role model helps her stay motivated.

Levels of Competition

Whether you're a swimmer like Shu or a sailing enthusiast like Nathanson, the activity you choose should suit your personality and temperament, Brackette says. Social butterflies may prefer a team sport like football or softball. If you like to beat your own best time, try an individual sport like rowing or swimming. People in the middle might want a partner or a sport with a small team, such as badminton or doubles tennis.

Most sports offer different levels of competition, from casual games to recreational leagues to teams with a paid coach. For example, "track and field offers something for almost anyone: running long or fast, throwing, jumping. Masters track and field embraces every skill level," says Amanda Scotti, executive committee officer for USA Track & Field, which defines masters as over age 35. Half of USA Track & Field athletes are in their 50s and 60s.

Think about whether you want to play with and compete against people your own age or of all ages. Nathanson says it keeps him young to compete against sailors and tennis players who are three or four decades younger than he is.

Possibly the most important consideration is avoiding injury. Check your ego when it comes to keeping up with 20-some-things, Glier says. That includes competing with your times from a younger age, adds Shu. "Don't try to be your younger self, fitness-wise, if you were an athlete. There is just no way that I will beat my times from high school, and that is OK," she says. "However, I can work to get as close to it as possible."

If you're resuming exercise after a hiatus, take it slow. "Allow yourself to under-train, and be patient. Learn smart techniques, listen to your body, talk to your peers for help and advice," suggests Scotti. She recommends finding a coach skilled at training older athletes. "Be sure they understand your fitness level, possible goals and are, No. 1, a good listener."

A lower level of intensity will help you stay active. Incorporate rest days into your training schedule and change up your exercises. Cross-training, strength exercises and stretching help prevent injuries at any age but may be especially important for older athletes. "As we age, our bodies are constantly changing," Shu says. "We need to pay attention to those changes so that we can do what we love for a very long time."

The Cost for Seniors to Play Sports

Generally, the more serious you are about a sport, the more you'll spend on equipment, clothing, and training or competition fees. You could self-organize with a group of volunteers or join a team with a paid coach. Other costs include your personal equipment, space for practices, league and club fees, tournaments, and travel expenses if you compete nationally. Sports like power walking and tennis can cost less than \$100, whereas cyclists and archers often drop thousands on gear alone. Nathanson, the lifelong sailor, spent about \$10,000 to buy his boat. Yacht club memberships, repairs and event fees cost him about \$1,000 per year.

Under Medicare, some expenses for staying fit may be covered, so check your plan. For example, Medicare Advantage and some supplemental Medicare plans reimburse gym membership as well as SilverSneakers and Silver & Fit fitness classes and online programs.

Your municipal or county government may provide recreation centers where you can play sports or work out for a low daily cost. Often, retirement communities have access to the best fields and courts, Glier says.

Whatever you spend, think of it as an investment that will likely pay off in the form of lower medical and hospitalization costs, says Walker, adding, with senior sports, "there are a lot of hidden economic benefits."



Free Credit Monitoring for Equifax Breach Victims

Millions of consumers whose data may have been exposed have been notified to sign up for the monitoring service.

In 2017, credit bureau Equifax announced that the sensitive personal information of 147 million people had been exposed in a data breach. As part of Equifax's settlement with regulators, affected consumers were able to sign up for free monitoring of their credit reports from Equifax as well as the other two major credit bureaus, Experian and TransUnion.

Early this year, the settlement became final, and if you were among those who filed a claim for credit monitoring (the deadline was in January 2020), you should have received a letter or an e-mail from info@equifaxbreachsettlement.com with instructions to sign up for daily three-bureau monitoring with Experian IdentityWorks. You must enroll by June 27, 2022.

Names, birth dates and Social Security numbers are among the data involved in the breach. Those are key pieces of information that a criminal can use to open credit accounts in your name, among other forms of identity theft. If a new inquiry (a request by a lender to view your credit report), credit card, loan or collection account pops up on your credit reports, IdentityWorks should notify you.

The service also provides monitoring of internet black markets for your personal data, and up to \$1 million in identity theft insurance, which reimburses you for certain expenses related to recovery from identity theft, such as lost wages or income, attorney and legal fees, and costs of child or elder care. You also get monthly access to your Experian credit report—although you can get a free credit report each week from each of the three major credit bureaus for the remainder of 2022 at www.annualcreditreport.com, and through 2026 all U.S. consumers get seven free Equifax credit reports per year. Your IdentityWorks membership lasts for four years, and you don't need to cancel the service when it expires.

Even if you didn't file a claim, if you become an identity-theft victim, you can get free identity-restoration services—such as help contacting your banks and lenders and notifying law enforcement—if you are among those whose data was exposed in the Equifax breach.



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