FEATURED IN THIS ISSUE:

MONEY AT WORK

Jim Kelly

888-764-2423
jkelly@lasallest.com

Paladin Financial, Inc.
4 Family Life Lane
Front Royal, VA 22630

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

Four Social Security Myths Debunked

Collecting Social Security benefits is an important part of every retirement income plan, but the process can be complicated and hard to understand. Recent headlines surrounding Social Security are adding to the confusion and might be worrisome for the millions planning to retire in the coming years. From how the benefits work to when to begin taking them, misunderstandings and myths are common. Here are some (along with why they're not true):

1. Social Security will run out of money before I retire.

Whether you are nearing retirement or just beginning your career, seeing a headline about Social Security's solvency can make you anxious, especially since so many Americans rely on it. About 25% of those age 65 or older rely on Social Security for at least 90% of their family income.

A record number of baby boomers are turning 65 this year — more than 11,000 every day. As this generation starts claiming Social Security benefits in greater numbers, there aren't enough workers paying into the system to make up the difference.

As hard as it may be, don't let headlines impair your ability to make smart financial decisions. Don't panic and begin taking your benefits too early. Claiming benefits before full retirement age results in a permanent reduction in benefits by as much as 30%.

While the future of Social Security is uncertain, it is not going bankrupt. It is funded by a trust fund, which uses its reserves as well as continuing income from payroll taxes. Social Security is not going away, but if the trust fund becomes insolvent — the Social Security Administration projects 100% of benefits can be covered until 2035 — it will be able to pay only 83% of the benefits retirees are entitled to. As long as workers and employers continue to contribute to Social Security through payroll taxes, the program will not run out of money.

2. Social Security benefits are all I need in retirement.

Many retirees think that they can rely solely on their Social Security to provide them with enough income throughout their retirement, but when it's designed to replace only about 40% of paychecks. Most will need as much as 80% of their pre-retirement income to fund a comfortable retirement. The average Social Security check for retired workers is around $1,900 a month which could make it hard to make ends meet without another form of income or savings.

If you plan on working during retirement, that could affect your benefits as well. If you are under full retirement age, you will have $1 deducted from your payments for every $2 you earn above the limit. For 2024, that limit is $22,320. When you reach full retirement age, $1 in benefits is deducted for every $3 you earn. In 2024, that limit is $59,520.

3. I won't pay taxes on my Social Security benefits.

Many people believe that their Social Security benefits are never taxed. But the truth is that about 40% of recipients pay taxes on their benefits. Why? Because they have other sources of income, from a job or investments. If 50% of your benefit amount plus other earned income is more than $25,000 as a single filer, or $32,000 if you're married filing jointly, then you may have to pay taxes on your Social Security benefits.

Taxes are complicated and can become more complex in retirement. Many assume they will be in a lower tax bracket because they may no longer work full-time, but that's not always the case.

Without understanding your entire financial situation, you could face unpleasant surprises when you retire. Working with a financial adviser can help you develop the right tax strategy for your present and future.

4. I'm too young to worry about Social Security.

Even if you are years or decades away from retiring, it's never too early to begin thinking about how Social Security works and how it could impact you. The program could look different once Millennials or Gen Z retire, so younger people need to be flexible about how Social Security will fit into their plans.

To set yourself up for success in retirement, you should also save and invest so you'll have other avenues of income outside of Social Security. The sooner you start, the more you will be able to save. Even setting aside a small amount of money each month can pay off in a big way down the road.

The rules can be complicated, and with so many different strategies for claiming your Social Security benefits, it's important to fully understand how this government program works. I recommend sitting down with a financial adviser to determine what strategy is best for you.

Five Common Credit Mistakes and How to Avoid Them

In our journey through life, making mistakes is often an invaluable learning experience. We stumble, we fall, and through these missteps, we gain wisdom and resilience. However, when it comes to credit and personal finance, the stakes are significantly higher, and the consequences of mistakes can be more severe and long-lasting.

Experian research shows three in five adults attribute financial mistakes to their limited understanding of credit and personal finance, with these mistakes costing $1,000 or more for 60% of this group. This trend is particularly apparent among younger groups with over two-thirds of Gen Zers and Millennials claiming their inadequate knowledge of credit and personal finance has come at a price. In fact, 29% of Gen Zers and 38% of Millennials report these financial mistakes have cost $5,000 or more.

Unlike everyday mishaps, errors in managing your credit can impact your financial stability, limit your opportunities and even affect your future goals. Avoiding financial pitfalls is crucial because, while we can learn from our mistakes, there's no need to experiment with our financial health, or funds, when there are tools and educational resources available to help prevent costly errors. Here are five common credit mistakes people make and practical advice on how to steer clear of them:

1. They don't check their credit report

It's a common misconception that checking your own credit report can negatively impact your credit score. This is not true. You can and should check your credit report regularly. Doing so is one of the best ways to see where you stand from a credit perspective, detect potentially fraudulent activity and identify ways to strengthen your credit history.

2. They miss payments

Nothing will sink your credit scores quicker or more significantly than missing payments. In fact, a single missed payment will stay on your credit report for seven years and will impact your credit scores the entire time it's there.

Setting up autopay can be a helpful tool to ensure bills are paid on time. If you think you may miss a payment, contact your lender before it happens. They may be willing to work with you or set up payment accommodations to help prevent the negative impact on your credit score.

3. They carry a balance on their credit card

Many people think they need to carry a balance from month to month to build credit, but this is not true. Credit can be a financial tool; it's debt that can be a financial problem. While it's important to show regular activity on your credit cards in order for them to be factored into your credit scores, this does not mean you need to carry a balance. All carrying a balance will do is cost you money in the form of interest you'll have to pay on the balance.

It's best to pay off the balances on credit cards in full right away if you can. This is because your utilization rate, or your balance-to-limit ratio, is one of the most important factors in determining your credit score. People with the highest credit scores tend to have utilization rates of less than 10% and more often pay their balances in full each month than those with lower scores.

You never want your balances to exceed 30% of your available credit limit. Keep in mind 30% is not a goal or a target. The closer you are to 30%, the more rapidly your scores will decrease.

4. They think their credit history only impacts their ability to secure credit

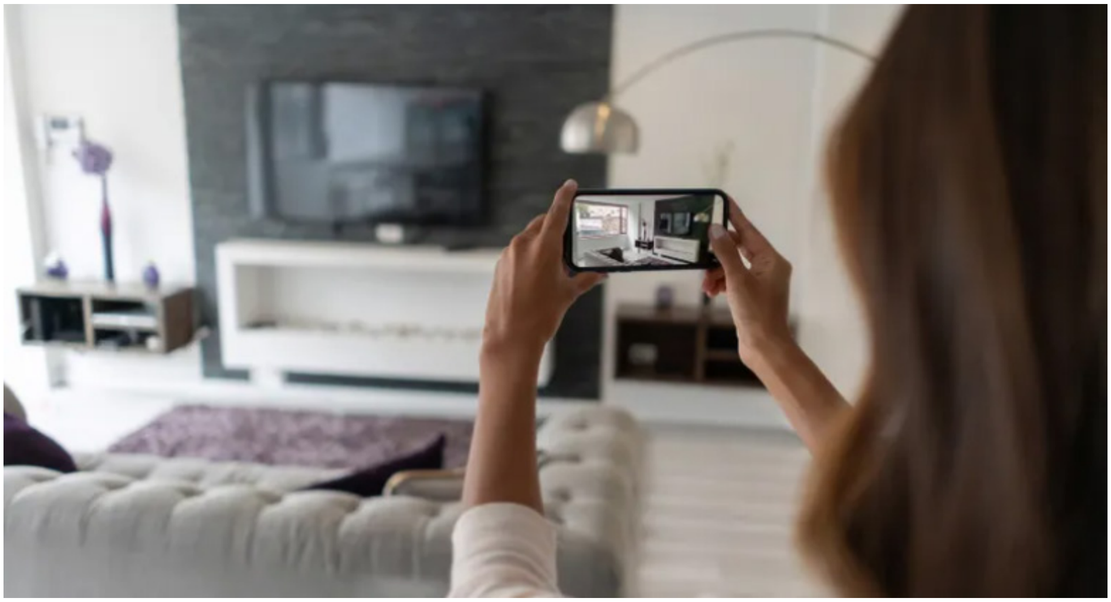
The truth is, credit is a financial tool that can unlock many of the things we want in life — not just access to credit cards, auto loans or things of that nature. Your credit history can impact your ability to get the latest cellphone, qualify for an apartment, lower your insurance rates, utility deposits and more. It's important to take care of your credit history, so it's there to work for you when you need it.

5. They don't use the financial tools available to them

Today, you can get credit for the bills you already pay with tools that allow you to self-report your payments for qualifying rent or other alternative data, such as cellphone, utility, etc., for the opportunity to increase your credit score.

Mistakes are an often inevitable fact of life, but knowledge truly is power when it comes to financial wellness. By staying informed and proactive, you can avoid these pitfalls and build a strong credit foundation.

Can You List From Memory Everything That's in Your House?



When was the last time you really took a long, hard look at the inside of your home? I mean, really took a good, solid look at what you have. Let me tell you a story about why it is important that you do so — and do it as soon as possible.

You likely have a bed. TV? While these days they are bigger and cheaper than ever, and most of the latest generation still simply watch their private glass rectangles, chances are you have at least one television. Is it safe to say that many of us don't have DVD or Blu-ray players, stereos or even DVRs anymore?

You also have to think about the computers. That is probably where we spend a whole lotta our hard-earned buckies. Computer equipment really does add up.

You never know when something could destroy it all

After one of the many devastating wildfires that hit California, in speaking with someone whose home burned to the ground. I'm not talking about having a shell of the home left. I'm talking about there literally not being anything left other than the concrete slab. A pool table that once was the center of attention in the basement melted into the concrete. Everything was gone.

The monumental loss experienced by someone who one day can lose all of their worldly possessions truly cannot be expressed in a few sentences. Yet, even after the last of the ashes blew away, and he made that visit to the slab of concrete that once held it all, a new panic became all to clear: How could he ever know everything that was there so he could properly file his insurance claim and start rebuilding?

The physical house, whose construction required building permits (a tangible record of what was involved and what it cost), seemed doable. There was clear documentation on the bones of the place. Sure, they might have done some minor upgrades without getting permits, but they were nothing earth-shattering. The house could be rebuilt.

You can't depend only on your memories

While we can do all we can to prevent losses from happening — for instance, undertaking a process called home hardening to help protect our valuables from wildfires — losses can and will still happen. Just last week, Hurricane Helene caused massive damage across Florida and the Southeast. It is bad enough — no, it is awful enough to lose it all, but what can be even worse is not being able to remember what it is you've lost.

When you're done reading this article, pick up your phone (in landscape mode, for goodness sake) and start the video recorder. Walk around your house — capture every room, every nook and cranny. Be sure you go everywhere, from the garage to the bathrooms to the basement. Open each cabinet and each drawer. Document it all.

If you are ever so unfortunate as to suffer a catastrophic loss, this video, or videos, will remind you what you had in your house. It will be one less thing to torment you while you're recovering.

Why Financial Literacy Starts at Home and School

Financial literacy is lower among women and young people. The right education in school can help level the playing field, but good money habits start at home.

How do you measure financial literacy?

"More than 20 years ago, we developed what we call the Big Three, a trio of multiple-choice questions to measure understanding of the ABCs of personal finance: compound interest, inflation and risk diversification. Since then, we have added these questions to almost every survey of consumer finances and other global surveys in countries around the world. The results in most countries are strikingly similar: very low levels of financial literacy that have not improved a lot over time."

Does your research show a difference between men and women?

"We find a persistent and large gender gap in almost every country. Women answer fewer questions correctly, and they are more likely to choose the 'I don't know' response. To test this, we have asked the questions again but without the 'I don't know' option. When forced to answer the questions, women tend to be right, but they're not confident of their answers.

"We estimate that lack of confidence accounts for about one-third of the gender gap. This can make women too reluctant to take steps that can grow their wealth, especially in a high-inflation environment — for example, by investing in the stock market."

Are there differences between age groups?

"Financial literacy is particularly low among the young. That makes sense because they don't have experience in the real world and don't generally learn about finance in school. Early studies showed that financial knowledge tended to increase with age up to a point and then turn down. But in more recent studies, we don't see financial knowledge going down with age. One reason may be that one topic we measure is inflation, and older generations have had more experience with higher inflation."

What do your results mean for financial well-being?

“Financial literacy is as important as reading and writing in our society, when you have to deal with making a budget, managing debt, planning for the future, saving for retirement. Building wealth doesn’t depend on income or luck alone. Financial literacy plays a role, too, and it’s not minor. For example, we estimate that 30% to 40% of the wealth gap at retirement could be closed if people had the knowledge and skills to invest in the stock market and earn higher returns.”

What’s the solution?

“Adding financial education in schools levels the playing field. Earlier studies didn’t find evidence that financial education works, which led to a lot of disappointment. But those studies were looking at very minor interventions — for example, giving people a brochure. When financial literacy is so low, you can’t address it by one brochure or one lecture. You need a full, robust course.

“More-recent mandates for financial education in high schools have improved financial literacy scores and behaviors. Instead of classroom settings, programs for adults work better when they are tailored to target groups, are relevant to life situations and use digital delivery.”

How early can you start?

“As soon as the tooth fairy comes. In every interview I do with adults who have been successful in personal finance, they tell me about experiences they had when they were young. Giving a child a piggy bank can be quite helpful.”

This information is not intended as tax, legal, investment, or retirement advice or recommendations, and it may not be relied on for the purpose of avoiding any federal tax penalties. You are encouraged to seek advice from an independent professional advisor. The content is derived from sources believed to be accurate. Neither the information presented nor any opinion expressed constitutes a solicitation for the purchase or sale of any security. This material was written and prepared by Broadridge Advisor Solutions. © 2019 Broadridge Investor Communication Solutions, Inc. Securities are offered through LaSalle St. Securities, LLC (LSS) member FINRA/SIPC. Advisory services are offered through LaSalle St. Investment Advisors LLC, a Registered Investment Advisor Affiliated with LSS