Greater Midwest Financial Group Quarterly News
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Our Newsletter includes news that's fit to print. We hope you find it refreshing.

- **GMFG Corner:** Who are we and what are we up to? We thought you might enjoy getting to know us better.

- **Premier Education/Practical Application Corner:** A must read! In this edition you'll find:

  - **The Problem of Money Paralysis –** Not making a move may not always be the best move to make.

  - **The Shred Party? –** What should you get rid of and hold on to? When and why?

  - **Retirement and Adult Children –** Supporting family can put a crimp in your strategy.

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GMFG Corner

- **Welcome Sonja Palm!** Sonja joined GMFG in May 2019 as the Securities Department Manager. Sonja graduated from Minneapolis Business College and holds an Accounting Certificate from Hennepin Technical College. Outside of work, Sonja enjoys being active and spending time with family and friends.

- **Welcome Jacob Kinnetz!** Jacob joined GMFG in June 2019 as a Case Manager. Jacob graduated from the University of Iowa with a degree in Finance and a certificate in Risk Management Insurance. Outside of work, Jacob enjoys the outdoors, CrossFit, discovering new breweries across the Twin Cities and spending time with friends and family. Jacob is also very involved with his church and is helping to plant an on-campus ministry at the University of St. Thomas.

- **Congratulations to Jeff Brotten on passing his SIE/Series 7 Exam!**

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- **Congratulations Bobby & Katie on your baby boy, Van!** Baby Van arrived on July 18 - he was 20 inches, 8 lbs., 1 oz.

- **We are delighted to announce that GMFG supported the following organizations this quarter**:

- **Pay It Forward Golf Classic – Bell Bank –** Funds raised at this event benefit deserving recipients that are dealing with situations outside of their control.

- **Birdies for Brains –** Funds raised go to support organizations that help people recover from traumatic brain injuries.

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Education Corner

The Problem of Money Paralysis

Not making a move may not always be the best move to make.

A decision not made may have financial consequences. Sometimes, we fall prey to a kind of money paralysis, in which financial indecision is regarded as a form of "safety."

Retirement seems to heighten this tendency. If you are single and retired, you may be fearful of drawing down your retirement savings too soon or assuming investment risks. Memories of this-or-that market downturn may linger.

Even so, "paralysis by analysis," or simple hesitation, may cost you in the long run. Your retirement may last much longer than you presume it will – perhaps, 30 or 40 years – and maintaining your standard of living could require some growth investing. As much as you may want to stay out of stocks and funds, their returns often exceed the rate of inflation, which is important. Creeping inflation can reduce your quality of life in retirement by subtly reducing your purchasing power over time.

Retirement calls for distributing some of your accumulated assets. Some new retirees are reluctant to do this, even when some of that money has been set aside for goals or dreams. Frugality suddenly reigns: a long vacation, a new car to replace an old one, or a kitchen remodel may be seen as extravagances.

We cannot control how long we will live, how much money we will need in the future, or how well the economy will perform next year or ten years on. There comes a point where you must live for today. Pinching pennies in retirement with the idea that the great bulk of your savings is for "someday" can weigh on your psyche. What does your retirement dream amount to if it is unlived?

If you fear outliving your money, remember that certain investing approaches offer you the potential to generate a larger retirement fund for yourself. If you seek more retirement income, ask a financial professional about ways to try and arrange it – there are multiple options, and some involve relatively little risk to principal.

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There is one situation where waiting may be wise. If you wait to file for Social Security until age 65 or 70, your monthly Social Security benefit will be larger than if you had filed earlier in life. Why? Social Security has what it calls "full retirement age," or FRA – the age at which you can receive the full Social Security benefit you are entitled to, based on your earnings record.[1]

If you were born in 1960 or later, your FRA is 67. If you were born during 1954-59, your FRA is 66 (and it gradually increases toward 67, depending on your birth year within that date range).[1]

Most retirees claim Social Security benefits in their early sixties (eligibility begins at age 62). In a way, they are shortchanging themselves by doing so. Because they are claiming benefits before reaching their FRA, their monthly benefit is smaller than it would be at age 66 or 67 – in fact, it may be as much as 30% smaller. On the other hand, those who claim after their FRA at age 68, 69, or 70 receive monthly benefits that are larger than they would get at age 66 or 67. Roughly speaking, for every year you delay claiming benefits beyond your FRA, you will increase the size of your monthly benefit payment by around 8%.[1]

Your approach to investing has been created with your retirement in mind. A practical outlook on investing and decisions to work longer or claim Social Security later can potentially help you amass and receive more money in the future.

Citations.

1 - fool.com/retirement/2019/05/13/many-are-making-a-tragic-social-security-mistake-a.aspx [5/13/19]

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The Shred Party?

What should you get rid of and hold on to? When and why?

If a shred party happens to spring up in your area, you may want to mark your calendar. For many years, shred parties, where a business or organization hosts clients or the public to the use of giant paper shredders, have presented a fun and easy way for folks to rid themselves of paper clutter. Sometimes, it's more than just paper, as some industrial-sized shredders even have the ability to destroy hard drives and other electronic storage devices.

Protection from identity theft. Of course, this is not just about clutter: old bills and financial documents are just the sorts of things that scammers and identity thieves want to get their hands on. The only way to be totally certain that you are safe is the total destruction of those documents and devices once their practical use has come to an end.

A shred party can also be a nice day out. It's not unusual for the big shredding trucks to be parked outside on a pleasant spring or summer day. Depending on the hosting organization, the shred party might be attached to some other activity, like a potluck, barbecue, or community celebration.

What do you bring? The better question may be: when is it wise to let go of the documents that you've been storing? It's important to be sure because they certainly aren't something you can get back from the shredder once they're gone!

A recent article from CBS News suggests the following guidelines:[1]

*For your tax returns, hold on to those for up to seven years.

*Purchase and sale statements for your house, for your entire ownership of the house.

*Utility bills, at least one year.

*Statements from your investment or brokerage account, at least one year.

*Purchase and sales confirmations related to your investment or brokerage account, at least one year.

*Statements from your bank account, at least one year.

*Statements from your credit card provider, at least one year.

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It's important to remember, also, that the above represents a general guideline; different sources offer different suggestions. CBS acknowledges that, in some cases, it's okay to shred your tax returns after three years. Your financial professional may have a different prescription for you, however, based on their close understanding of your financial life.

Citations.

1 - cbsnews.com/news/heres-how-long-you-should-keep-tax-records/ [4/26/2019]

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Retirement and Adult Children

Supporting family can put a crimp in your strategy.

Families are one of the great joys in life, and part of the love you show to your family is making sure that their basic needs are met. While that's only to be expected from birth through the high school years, many households are helping their offspring well into their twenties and beyond.

However, you may have concerns that your adult children have come to depend on you too much. On the other hand, you may have given more than you planned, to the point where you are dipping into your retirement savings. If that's the case, you might want to think about how involved you want to be in your children's financial needs.

How common is this? An April 2019 Bankrate.com survey of 2,500 Americans indicated 51% of respondents saying that they helped adult children, aged 18 and up, either "somewhat" or "a lot" – specifically drawing from their retirement savings.[1]

While every household has their reasons to help their adult children, it's important to keep your retirement strategy on track. It's not only a matter of replacing the money that you are taking out of retirement accounts or investments, but you're also losing time. The growth that may occur with investments or compound interest is a phenomenon that happens over decades. In that situation, you can replace the money you took out, but you can't replace its potential.

Communication is a good first step. Beyond your own interest, there's also the young adult in your life to consider. Helping solve a short-term financial problem is one thing, but you also want to offer them an advantage that may help them face a future money squeeze on their own.

It's also helpful to keep in mind that not all the expenses young adults are incurring are wasteful. CBS News reports that student loan payments may be $400 per month, describing the amount as "typical." When you factor in rent, utilities, and basic personal expenses, that underlines why the habit of careful budgeting can be so crucial for someone just joining the workforce.[1]

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For that reason, financial education can also be a great gift. There are numerous resources that can help with learning how to budget: books, classes, apps, and more. If you aren't sure what would work best for the young adult in your life, you can ask your trusted financial advisor for some tips. The skills and knowledge needed to handle money is not instinctual; helping your adult children learn how to better control their financial lives may offer them the confidence to succeed and navigate rough money issues without you, in time.

Citations.

1 - cbsnews.com/news/adult-children-are-costing-many-parents-their-retirements/ [4/25/19]