

## CRITICAL TRANSITIONS WEALTH ADVISORS

### No April fools here- Tax Day is Extended!

The Treasury Department and Internal Revenue Service announced that the federal income tax filing due date for individuals for the 2020 tax year will be automatically extended from April 15, 2021, to May 17, 2021.

### It's time for Spring Cleaning!

Use this season to clean up and manage some of your debt! It's practically impossible not to have some debt during your lifetime. Being in debt is certainly no fun, and it can sometimes take over your financial life. For a lot of people, debt can make it hard to cover even your everyday living expenses, not to mention saving for retirement or other financial goals. As stressful as debt can be, some debt can be a smart financial tool. Here are two key things to consider when deciding whether or not you should take on some debt.



#### Check how much debt you can really afford

The key is to take on only so much debt as you can easily afford to repay. Know how much disposable income you have each month (after accounting for all regular bills and necessities) and make sure not to sign on for debt payments greater than that month. You should always keep about 3-6 months of expenses in an emergency fund, in case you incur an unexpected expense.

#### Know the difference between good debt and bad debt

Bad debt is high in interest and used to buy something you don't really need and is unlikely to retain its value over time. Buying the latest trendy gadget or splurging on designer clothes are typical examples. On the other hand, good debt carries low interest and is used for something that is likely to appreciate in value or can help you improve your financial position. Taking out debt to buy a house, go back to school or purchase a car you need to get to work are some examples.

## How do you determine if it is okay to take on debt for a purchase?

Here's a checklist to help guide you:

- You are buying something that is likely to grow in value or improve your earning ability
- You can handle the monthly debt payments easily
- You have an emergency fund in place
- You are already saving regularly for retirement
- You aren't overpaying for the item you are buying
- You're able to get a competitive interest rate for the loan

## Managing Credit Card Debt Wisely

One Debt at a Time - Many people carry balances on their credit card and many carry balances on more than one card. When that happens, it can feel almost impossible to pay it off. Where do you start? There are a couple of strategies to consider.

### Snowball Method:

It's called the snowball method because your payoffs start small but get bigger over time. To use this payoff method, list all your credit card balances and other debts in order of size, from the smallest balance to the largest. The smallest debt on your list is the one to focus on first. When it gets paid off, the next smallest debt becomes your focus, until there is no more. For many people, the satisfaction of seeing that first debt get paid off quickly makes the snowball method the best choice.

### Avalanche Method:

This is called the avalanche method because you are paying off the most expensive debt first by focusing on the debt with the highest interest rate. To use this payoff method, list all your debts in order of interest rate, from highest to lowest. The card with the highest rate on your list is the one to focus on first. When it gets paid off, move on to the debt with the second highest rate until there is no more.

Bottom line: it doesn't matter which method you choose. By focusing on one debt at a time, you'll be able to pay off all of them.



Once you're done "spring cleaning" your debt, check out this article for some tips and tricks to "spring clean" your home! Turn on some music, open your windows (once the pollen is gone) and scrub away!!

<https://www.goodhousekeeping.com/home/cleaning/g3345/spring-cleaning-tips/?slide=1>

## April is Financial Literacy Month

Age-appropriate learning starts with handling money, managing an allowance, opening a bank account, and understanding how money is used. Expose your child to how you earn money, where you spend it, and why you invest it.

Your children can benefit from understanding the importance of living within your means. Share the family budget with them, explaining the tradeoffs you've adopted. Knowing the difference between needs and wants, and between assets and debts, will help your kids prepare to manage wealth responsibly.

Even as your children prepare to set out on their own paths, you can help them understand how to leverage their wealth through thoughtful use of investments, annuities, trusts, and charitable gifts. Helping them understand the importance of conservative stewardship can pay dividends for generations.

I can show you and your children the right tools needed to manage your wealth. Reach out to see how we can prepare them for the future!

## New Emails Are Live!

Our new email addresses are now in effect! As a reminder, please begin using the following emails:

- Stephanie Vokral- [svokral@ctwasc.com](mailto:svokral@ctwasc.com)
- Jessie Faircloth- [jfaircloth@ctwasc.com](mailto:jfaircloth@ctwasc.com)
- Caroline Robinson- [crobinson@ctwasc.com](mailto:crobinson@ctwasc.com)

## Lighthouse for Life 5K!

It is not too late to sign up to join our team, "The Rescue Runners," and run in the annual Lighthouse for Life 5K! This year the event is virtual, so we are holding our team race on April 24th at 11:00 am at the Quail Valley Lake near Columbiana mall. The cost is just \$30 to run or walk. Let's support this great cause and help put an end to human trafficking! For additional information about joining our team, please email our Client Services Associate, Caroline Robinson at [crobinson@ctwasc.com](mailto:crobinson@ctwasc.com). If you aren't able to run or walk with us, please consider making a donation to Lighthouse for Life!



## Thank you for your We Care Donations

CTWA would like to thank everyone who gave back to our community by giving to our We Care donations box!



## Happy Easter!

“The great gift of Easter is hope – Christian hope which makes us have that confidence in God, in his ultimate triumph, and in his goodness and love, which nothing can shake.” – Basil Hume

Wishing everyone a Happy Easter from all of us here at CTWA!

## Office Hours

April 2nd - Office closed for Good Friday





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