

CRITICAL TRANSITIONS WEALTH ADVISORS

Happy Summer!

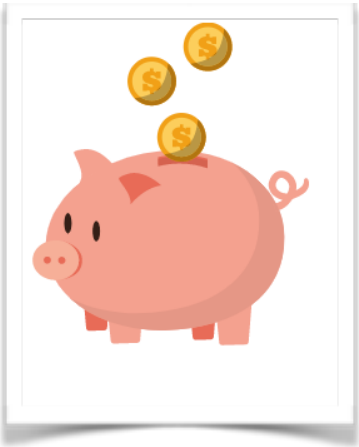
The sun is bright, school is out, and things are beginning to go back to “normal” as we transition out of the pandemic. We hope everyone has a wonderful and relaxing summer! We certainly all deserve it after a crazy year and a half!



Financial Traps to Avoid

There's a good reason so many athletes, entertainers and businesspeople who made seven figures and higher suddenly find themselves filing for bankruptcy. Money mismanagement can eat through even the biggest bankrolls. Here are some specific threats to financial stability that people can avoid to help effectively manage their wealth.

No Budget: In 2019, CNBC reported that even though 93% of Americans believe everyone should have a budget, only one in three actually does. Budgeting does not have to mean skipping coffee and driving a jalopy for the rest of your life. It does mean paying close attention to how much money comes in and where it all goes. Use your financial goals to guide you in steering your money in the right direction.



Too Much Debt: If you have a lot of debt to pay off, a budget is all the more important. It helps reduce the likelihood of relying on more credit to fill the gaps. A budget also helps you to collect all those extra dollars and cents that you could put toward paying more than the bare minimum on debt. When paying off debt, start with the higher-interest accounts first and work your way through to save money.

No Protection: Insurance can be expensive but going without insurance can be even more so. Renters, homeowners, auto, health, disability and life insurance policies are the main ones you should consider. If you have a business — especially if it is your main or only source of income — getting business insurance can protect your livelihood in the event of a mishap with a client or customer.

No Retirement Planning Forbes estimates that roughly 25% of Americans have nothing saved for retirement². This may be forcing some people to continue to hold stressful, low-paying jobs well into their retirement years. It is never too early to start planning for retirement, no matter how small your contributions are. Remember to take advantage of matched contributions from employers whenever possible.

Too Much Risk: There is no investment that is 100% without risk. If there were, the returns on that investment would be negligible. Even so, taking on too much risk at the wrong time can lead to big financial problems. Taking on high levels of risk is appropriate for young people who have more time to recover and is not advised for people nearing retirement.

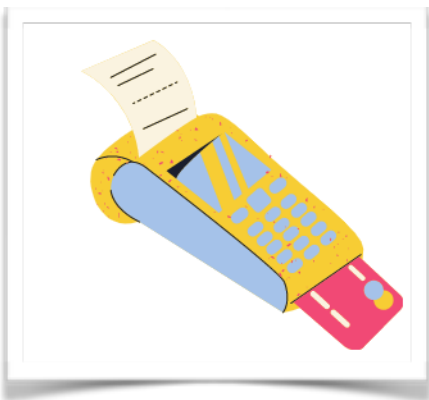
Poor Tax Management: No matter how much or how little money you make, tax management is a great way to help keep money in your pockets. This is especially important after a large windfall, such as an inheritance. For instance, if you inherit an Individual Retirement Account (IRA) and choose to cash out, you may lose a portion of this in taxes. Divorce is another time of life when tax management is key.

1. <https://www1.cbn.com/cbnnews/finance/2019/may/1-out-of-3-americans-dont-use-a-budget-but-93-say-everyone-needs-a-budget>

2. <https://www.forbes.com/sites/niallmccarthy/2019/06/03/report-a-quarter-of-americans-have-no-retirement-savings-infographic/#30e15bb23ebf>

Making Sense of your Credit Score

Understanding the value of your credit score and taking steps to maximize your credit rating are important for improving your financial health.



Why Credit? If you want to buy a house or automobile and need to take out a loan, or you wish to take out a credit card to pay for purchases over time, it's important to have a positive credit history. There are some general concepts that can help you manage your credit and establish a positive credit history:

- Charge only items that you can pay off in a month or two.
- Do not pay only the minimum amount on your credit card bill; this will incur interest on the balance, which has the potential to erode your credit.
- Pay your bills on time.
- Use your credit for larger purchases rather than on small non-durables, such as restaurant meals.

What's In a Number? You can get a general sense of your credit worthiness by checking your credit score. The score commonly used by lenders is FICO, a three-digit number from 300 to 850. It fluctuates continually, reflecting the interest rate of your credit cards, outstanding loans, and even a lack of credit. A score of 700 or above is considered good by many lending standards. You can request a copy of your credit score (for a small fee) from the three major credit reporting companies, Experian, Equifax, and TransUnion. The score is a snapshot that captures your credit history and current financial status.

Credit Worthiness: Check your credit report once or twice each year, making sure that there are no errors, while using it as a tool to make sure that you're paying your bills on time and staying within your established credit limits. Your credit report will generally include the following (in addition to your personal information):

- Your employer's name and contact details, along with your income
- Those parties that have requested your credit history in the past six months
- A list of your charge cards and mortgages, along with their terms and payment history
- Your maximum charge amount for each card, your current debts with repayment details, and how many times you have made a delinquent payment
- Past accounts that are paid in full
- Repossessions, liens, bankruptcies, foreclosures, and court judgements against you for money
- Debtor names
- All debts cosigned to you
- Bill disputes

Current law allows delinquent payments to remain in your report for no more than seven years, and bankruptcies for no more than 10 years. There are special rules related to medical bills.

Improve Your Score: Not satisfied with your credit score and want to increase it? There are a number of steps you can take, like paying your bills on time, decreasing the amount of debt you carry, and staying within your established credit limits.

By overseeing your credit history and managing your credit score, you are taking important steps to improving your overall financial health.

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July is National Grill Month!

Did you know that July is National Grill month?! Check out this yummy grilled mango chicken kabob recipe from “Wine a little Cook a Lot!”

[Click here](#) to get the recipe.



Happy 4th of July!

We wish you and your family a happy Independence day!

Please note, our office will be closed Monday, July 5th in observance of the 4th.





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