

**FOR MORE INFORMATION,
CONTACT YOUR DEDICATED
EDUCATIONAL RESOURCE
TODAY!**

**HUNTER NIGHBERT
FINANCIAL ADVISOR**



hnighbert@mcfadvisors.com

859.967.0990



PLANNING & SAVING FOR LIFE EVENTS

Planning for a major event in your life can take a toll on not only your sanity, but your finances. Major life events are increasing in cost annually and we can be left thinking to ourselves, “can we even afford this?” Below are savings tips and insights into some of the major life events that we all experience one way or another.

WEDDINGS

Wedding bells are ringing and so are our bank accounts. According to The Knot the average cost of a wedding in 2019 was \$28,000. Planning one of the biggest days of someone’s life can be stressful not only with getting the details just right but being able to actually afford everything. Below are some things to consider when planning for a wedding.

1. **Save!** It doesn’t matter where you are in life, if you know that you’ll be planning a wedding at some point in the future, it’s a good idea to start saving now even if it’s small amounts here or there.
2. **Don’t strain yourself.** It may be the big day, but it’s not worth putting yourself in a financial situation that will be difficult to recover from. Set a budget and stick with it! There are plenty of ways to cut costs. Ask your vendors for some ideas to help save on costs (i.e., mix fresh and silk floral arrangements, DIY guest favors and decorations, consider getting married on a weekday, these are just a few ideas).
3. **Be willing to compromise.** Don’t be afraid to scale back on some items. It’ll be the perfect day no matter what. Friends and family are there to celebrate the couple getting married, not to write a review on the event.
4. **Talk to family members.** They may want to be involved and help out in some way.

FIRST TIME HOME BUYER

Are you considering buying your first home? This is a big, exciting step in anyone’s lives and normally the biggest loan you’ll ever take out! Mortgage balances are the biggest contributor to household debt. In 2019, American household debt rose to \$9.56 Trillion . Before making that first step and contacting a realtor, consider some of the below points.

1. **How much house can you afford?** It’s recommended that your monthly mortgage payment (including principal, interest, property taxes and homeowner’s insurance) shouldn’t exceed 28% of your gross monthly income. Be sure to remember other homeownership expenses such as the down payment, insurance, utilities, maintenance, and taxes.
2. **Save up!** Most people will save for 3-10 years before buying a house. Setting up a separate savings account and gradually building up enough for a down payment is a great way to start.

3. **Down Payment.** Depending on where you get your mortgage loan, you can put down as little as 3% on your new home, but don't be fooled, it can come with a price. PMI or Private Mortgage Insurance is usually required if less than a 20% down payment is put down. PMI typically has a higher interest rate, and you end up paying more per month than you would if you were to put down 20% and avoid PMI all together. Talk with your realtor and bank about your down payment options.

STARTING A FAMILY

Starting a family is an exciting and emotional time for parents. The air is filled with love and nerves. Financial stress can steal some joy of the exciting news of having a baby. We've listed some ideas below to help reduce that stress.

1. **Create a budget.** The average cost of having a baby in America can range from \$5,000 up to \$14,500 depending on any birth complications that may occur. Creating a budget and sticking to it will be key in saving for the new addition to your family.
2. **Build an emergency fund. Life happens.** We don't always like to think about what could go wrong, but when it comes to preparing financially for your future child, it's a good idea to start saving for a potential unexpectant lifestyle change.
3. **Life insurance.** Consider finding a life insurance policy that works for you. Having the assurance that your child will be covered financially in the event of loss can bring peace of mind to new parents. For new parents, it's recommended to get Term Life insurance and to avoid more costly insurances such as whole life, cash value or permanent life insurance. Not sure how much to take out? It's recommended to get 10-12 times your annual salary.
4. **Saving for Education.** Starting a family means looking towards the future. Part of the future cost of a child is education. Start thinking about a savings vehicle that you can use for this future expense.

Some employers will offer a Dependent Care Flexible Spending Account (FSA), if available, this is a great tool to use to save tax-deferred dollars for eligible dependent care services, such as daycare, preschool, before and after school care, etc.

The IRS has a **Child and Dependent Care Tax Credit** that can be used to help offset some childcare expenses. To see if you qualify, we encourage you to visit the IRS' website and learn more, <https://www.irs.gov/newsroom/understanding-the-child-and-dependent-care-tax-credit>.

Custodial accounts under the **Uniform Gifts to Minor Act (UGMA)** or **Uniform Transfers to Minor Act (UTMA)** allows savings on behalf of your child's education. Both of these options allow unlimited contributions, but above a certain threshold, contributions may incur the federal gift tax (\$15,000 for individuals, \$30,000 for married couples filing jointly).

Coverdell Education Savings Accounts is another option available for saving towards your child's education. Contributions made to a beneficiary cannot exceed \$2,000 any year.

5. **Supplemental Insurance.** Having insurance is a great perk for most employees, but what if it's not enough to cover the medical expenses of bringing home a new child or an unexpected lifestyle change? Supplemental insurance is designed to accompany your main insurance policy by filling in the gaps. Often, your insurance policy will take most of your medical expenses, but you're often times left paying co-pays, deductibles, and other expenses that supplemental insurance could help cover. Ask your Human Resources about the supplemental insurance that they may offer.

CONTINUING EDUCATION

Continuing education after high school is becoming more the norm, but with costs associated with college and trade schools ever increasing, it can become overwhelming to even consider. Whether you're saving for a child's future education or you're considering furthering your own, below are some outlets that can help reduce the financial burden that is associated with college and trade schools.

1. **Savings Vehicles.** If you're starting to save for the future education of a loved one, consider opening a 529 Plan in their name. 529 Plans can be used for college, trade schools, or even K-12 tuition. A 529 Plan can be used to help offset the cost of room and board, computers, books, and even tools if required by the program. One of the greatest benefits of a 529 Plan is the tax-deferred growth potential with tax-free withdrawals for qualified expenses.

2. **Financial Aid.** 529 Plans are a great opportunity if you're able to save towards a loved one's future education, but this isn't always a feasible option. Like many Americans, student loans may be necessary to get through college and vocational schools and leave you repaying student loan debt for years to come. While planning out next steps, think about some options that are available to help minimize the burden of student loans.

Consider **athletic and academic scholarships and grants**. Scholarships are a great chance to receive money towards education. A full-ride scholarship will always be the American dream, but don't write off smaller scholarships available. Even the smallest amount can and will make a difference in the long run. Scholarships are free to apply to, so there is no adverse reaction to applying. If there was a chance at free money, would you take it?

Need another way to help pay down student debt? Check out **work-study programs** available. Work-study programs are offered for students with financial need and allows them to work either part-time or full-time to help pay education expenses. Talk to your school's financial aid office to learn more about the programs they may offer and their policies for application.

If the above don't apply to your situation, talk with **your school's financial aid** and be sure to check out **FAFSA's** website to learn more about how they may be able help.

1<https://www.wedinsights.com/report/the-knot-real-weddings>
2<https://www.newyorkfed.org/newsevents/news/research/2020/20200211>
3<https://www.quickenloans.com/learn/percentage-income-mortgage#:~:text=Think%20of%2028%25%20as%20the,you%20sign%20on%20a%20loan.>
4<https://smartasset.com/financial-advisor/cost-of-having-a-baby>
5<https://www.daveramsey.com/recommends/life-insurance-for-new-parents>
6<https://www.daveramsey.com/recommends/life-insurance-for-new-parents>

IMPORTANT DISCLOSURE INFORMATION

MCF Advisors, LLC ("MCF") is an SEC-registered investment adviser. Please remember that past performance may not be indicative of future results. Different types of investments involve varying degrees of risk, and there can be no assurance that the future performance of any specific investment, investment strategy, or product (including the investments and/or investment strategies recommended or undertaken by MCF), or any non-investment related content, made reference to directly or indirectly in this presentation will be profitable, equal any corresponding indicated historical performance level(s), be suitable for your portfolio or individual situation, or prove successful. Due to various factors, including changing market conditions and/or applicable laws, the content may no longer be reflective of current opinions or positions. Moreover, you should not assume that any discussion or information contained in this presentation serves as the receipt of, or as a substitute for, personalized investment advice from MCF. To the extent that a reader has any questions regarding the applicability of any specific issue discussed herein to his/her/its individual situation, he/she/it is encouraged to consult with the professional advisor of his/her/its choosing. MCF is neither a law firm nor a certified public accounting firm and no portion of the presentation content should be construed as legal or accounting advice. A copy of MCF's current written disclosure statement discussing our advisory services and fees is available upon request. If you are an MCF client, please remember to contact MCF in writing, if there are any changes in your personal/financial situation or investment objectives for the purpose of reviewing / evaluating / revising our previous recommendations and/or services. The scope of the services to be provided depends upon the needs of the client and the terms of the engagement.

