

KNOWLEDGE IS POWER

Many successful partnerships work as well as they do because both partners are able to focus on the tasks they most enjoy and are best suited to; their talents are complimentary. And yet, there are some tasks and processes all adults should be familiar with, even if it seems duplicative. Although I haven't had to turn off the water to our house yet, if my husband were out of town, I wouldn't want to be frantically googling (or calling dad!) in an emergency. Similarly, there are some financial items everyone should know - here are the basics:

1) How much are your basic living expenses each month, and what is your discretionary spend each month? Everyone should have a general idea of how much it costs them to maintain their standard of living. It's not critical for every penny to be accounted for, but it's next to impossible to make any financial decisions (can we retire, can we afford a bigger house, can we survive on one income) without knowing how much you are currently spending, and what you are spending it on.

2) What financial accounts do you own, and where are they held? It can be easy to lose track of old 401(k) retirement plans when we leave a job, or if we are not the individual

contributing to a retirement plan, we may not know the value of those plans, or at which custodian those assets are held. In an emergency, it's helpful to know what assets are available to support your expenses, and if you are unaware of accounts, there may be adverse tax consequences for failing to take some necessary actions (such as required minimum distributions from pre-tax retirement accounts for individuals ages 73+).

3) The basics of investing. It's not necessary for everyone to be able to read a company's balance sheet or to understand the dividend discount model of asset pricing, but it's important to understand how you are invested and why you are invested that way. If you have a large upcoming expense that cannot be covered out of employment income, you should not be invested entirely in GameStop stock, and if you are retiring and hoping your spend will be able to keep pace with inflation, you should not be invested entirely in cash. Knowing the difference between stocks, bonds and cash and when you should be invested in each allows investors to navigate the ups and downs of the stock market more easily.

4) Which income sources are coming into the household, and how frequently are they

local independent personal accessible

interactive creative local independent personal

knowledgeable thoughtful ethical experienced

paid? Most people are aware of employment income, but if there is annuity income, is the annuity pay out based on one life expectancy, a certain period of time, or joint life expectancy? Is rental income fairly consistent (like with large multi family units) or is it an AirBnb or single family home which may not be constantly rented?

5) What are the different types of insurance, when do you need them, and how are they priced and paid? Every homeowner should have property insurance (and renters should have renter's insurance), but the necessity of life insurance and disability insurance is dependent on your circumstances.

6) Who are your key financial contacts? You should know your investment advisor, your tax preparer, your estate planning attorney and your

insurance agent(s) and how to contact them. These people will be able to help you determine what income streams (pension, social security, investment assets, rental income) are available to you, help you navigate insurance benefits, and provide you with any existing powers of attorney or trust documents that were previously drafted.

Although many household tasks can be easily handled by one person, nobody should be completely in the dark about their finances. If you're interested in learning more about your financial plan and investments, please reach out and your advisor will be happy to review with you. As for me, this weekend, I'm going to learn how to reset the router.

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