

Also In This Issue

Financial Advice for Younger Family Members	2
Cybersecurity Tips for your Financial Information	3
Why You Should Garden & How to Get Started	3
Our Family is Growing!	4
Out and About	4
HCM Welcomes Maureen Everhart to the Team	4
Power Generated/Trees Saved	4

HCM's Toolkit is Designed for Conditions Like These

The coronavirus pandemic is forcing the world into an economic slowdown. How long it lasts and how effective the stimulus measure proves to be will determine the extent of the fiscal damage and how long it will take to repair.

Without downplaying the health risks to our loved ones, the current financial crisis carries with it the seeds of opportunity for those who have planned well. The markets have always been cyclical. Unfortunately, it is impossible to know in advance when or why the cycle will change direction. The current environment is a perfect example. A little over a month ago the US economy was humming right along; now it's at a virtual standstill. Because of this unpredictability, it is prudent to always be prepared for surprises and be willing to take steps during times of market turbulence to manage financial risk and improve our long-term financial prospects.

HCM's toolkit for these types of conditions is extensive.

- ♦ We perform both a risk capacity and risk tolerance assessment before the first dollar is invested to be certain clients can "live with" the market's inevitable volatility.
- ♦ We perform financial studies as part of the plan design process to determine how your nest egg should be positioned to meet your goals and weather the market's storms.
- ♦ Strategic portfolios are rebalanced regularly as the market fluctuates. Advance and Defend™ portfolios are adjusted as the outlook worsens by reducing equity exposure as the market declines and increasing equity



exposure by repurchasing equities as the outlook improves.

- ♦ We design flexible retirement plans to allow for an affluent retirement lifestyle while still maintaining a high margin of safety. Every HCM plan has an existing distribution policy, under which, in extreme conditions, prescribed spending modifications may be made. The process of creating distribution policies during the plan design phase allows everyone to understand when adjustments may be needed.
- ♦ As part of the planning process, HCM establishes structured cash reserves for clients lasting up to five years, to allow clients to live through difficult markets while markets "do their thing."

Although recent events are enough to make anyone nervous, HCM remains even-keeled. This is because we give our plan designs and investment process diligent forethought, so we know what we'll do in both good and difficult situations. We evaluate our clients' portfolios regularly and rebalance according to our prescribed discipline. When tactical decisions are necessary, they are made and executed without emotion. We do all of this to provide you with a financially secure retirement, which we will continue to do to the very best of our ability, long into the future.

Market conditions are rapidly changing. Stay up to date with our analysis and strategies by plugging into our calls, blogs, etc. that we email out regularly. Not receiving our emails? Contact the office (513-598-5120), and we'll update your information in our records. Or visit www.hcmwealthadvisors.com and go to the Communications tab.

Financial Advice for Younger Family Members



You've worked hard, saved well, and sacrificed when needed, which has put you on a great path to financial security. Now that your children or grandchildren are getting older, are they ready to take on the world as you did? "From shirt-sleeves to shirtsleeves in three generations," as the saying goes; teach your family members these five guidelines and empower them to be the exception to that rule.

- 1. Budget.** Encourage them to keep track of their money to make sure it is building wealth for them. There are several apps they can use for this purpose, but keeping track in a spreadsheet, just like we did in the "old days" is still the best way for them to get a good feel for where their money is going. A rule to implement when budgeting is what's known as the 50/30/20 rule, where 50% of their after-tax income goes toward essentials, like rent/mortgage, utilities, groceries, etc. Thirty percent is allocated to lifestyle expenses, like entertainment, dining out, clothes shopping. Finally, 20% should be invested in your future – saving for retirement, paying down consumer debt, emergencies, etc.
- 2. Emergency Fund.** An important part of their budget should account for building an emergency fund. It should be large enough to cover at least six months of living expenses. This will provide them with a safety net in case the unexpected should happen.
- 3. Avoid consumer debt.** The same way that investments compound, so too does debt. If they make a small purchase, of say \$1,000, on their credit card and only make a minimum payment of \$35, at 12% APR it will take almost three years to pay off and cost an extra \$184. Those are dollars that could have been saved, invested or earned dividends and then used to make the purchase directly with cash, which would put them in a better financial situation. Delayed gratification works. As a rule, suggest they don't borrow money to purchase a depreciating asset – that includes cars, too. Not only are you paying interest on the debt, but the asset is losing value as time moves on, further exacerbating their financial condition.
- 4. Plan for retirement.** The hard truth is, if they don't get their money to work by investing, they will **NEVER** be

able to stop working. With this in mind, it's never too soon for them to start compounding assets to build a nest egg for their retirement. For example, if a 20-year-old saved \$3,500 per year, less than \$300 per month, at a 7% return, by the time she's 65, she would have over \$1,000,000.

How should your children invest to maximize their returns over time? First, encourage them to pay attention to the tax environment in which they are investing to get the most help possible from Uncle Sam. It is important for them to take full advantage of employer provided retirement plans. Often, employers will provide a financial match to encourage employees to save. It's important to max that out on these plans in order to get the full match as it's essentially free money being added to your portfolio to compound for many years to come. Fortunately, there are many types of tax-advantaged accounts, such as IRAs, 401(k)s, and special retirement plans for the self-employed as well.

Most folks scramble to do their tax return in late March and then forget about taxes for the rest of the year. It's never too early for your children to understand how good decisions surrounding taxes can positively affect their lifetime wealth accumulation. HCM encourages taking a comprehensive approach to tax planning. Remember, for most people, taxes are the single biggest controllable financial factor in their lives. By performing multi-year tax planning and making tax-smart decisions throughout all segments of their financial planning, your children will be set up to leave as little money as possible on the table, while giving them an ideal path to financial stability and security.

- 5. Talk to a planner.** HCM Advisors are happy to sit down with your children and grandchildren to discuss sound financial principles to get them off to a good financial start in life.

Cybersecurity Tips for your Financial Information



Cybersecurity threats are real, and they are on the rise. From 2015 to 2018, data breaches went up from 781 million to 1.24 billion. At the same time, the number of records exposed went from 169 million to 447 million. What can you do to best protect yourself from these breaches?

First, make sure to keep your secrets secret. That means not sharing your social security number with anyone online or over the phone, and never sharing your PINs or passwords. This includes shredding sensitive papers, such as bank statements, unused credit card offers, etc.

Use electronic resources to protect yourself. You can sign up for text or email alerts from your bank if certain transactions happen over a given amount. Also, consider switching to electronic banking if you haven't already; thieves often steal paper statements from the mail or trash, so if you go with electronic statements, that security hole becomes filled.

It's good to be cognizant of online security flaws. If you're entering personal information (such as a credit card), make sure your browser's padlock or key icon is active, and make sure that the URL starts with "https," not just "http."

Talk to your family about this. Children and elderly parents are the most susceptible to cyber threats. And look around for any Internet of Things devices, like televisions, gaming systems, thermostats, and smart personal assistants. These devices are vulnerable to attacks, so unplug them when not in use, set them to the highest possible privacy setting, and segment them from your home network if possible.

Finally, we know that it is a pain, but start using dual authentication. This process makes it more difficult for cyber thieves to hack your on-line activity.

Why You Should Garden & How to Get Started

Spring has sprung, and that means it's time to venture outside again. One great pastime you can take up, or may already participate in, is gardening. Are you an avid gardener? Maybe you've always wanted to garden, but just needed a push to get going? Well, consider this that push. Not only is gardening a fun hobby, but it comes with several health benefits. It burns calories, it can help lower your blood pressure, improve bone health, and growing your own food can help you eat healthier. For those in retirement, it can be a fun way to socialize, especially if you have a community garden. Plus, gardening may decrease the risk of dementia by up to 36%.



So, now that you're interested, how do you get started? The good news is anyone can do it. First, consider your resources and figure out what you want to grow. Most vegetables and flowers need 6-8 hours of full sun daily, but if that's not an option, there are plenty of shade-loving plants you can grow. Of course, if your yard isn't conducive to growing, or maybe you don't have a yard, you can either look for a plot at a local community garden or garden indoors. It's perfectly doable to grow delicious vegetables and herbs right inside your home. Check out your local home and gardening store to see what sort of seeds are available and have fun getting your hands dirty!

Our Family is Growing



We are excited to announce our family has gotten a little bigger recently. In the last few months, we've welcomed two new members into the fold: Conrad, Diane's grandson, and Fiona, Kimberly's granddaughter. They are joining the other 13 grandchildren HCM Wealth Advisors and HG CPAs members have, including Kevin and Steve Hengehold, Don's grandsons, who also work with HCM and HG. Please congratulate Kimberly and Diane on their new family additions!



Out and About

This quarter, we were the Presenting Sponsor for the Literacy Network's Handbags for Hope 2020 Event which **raised \$128,000** for their literacy programs! The Literacy Network of Greater Cincinnati champions the development of literacy in the individual, the family, the workplace, the school, and the community by raising awareness, improving access, and serving as a catalyst for literacy efforts. They work with a coalition of more than 100 provider agencies and more than 40 schools to improve lives throughout the region.



HCM Welcomes Maureen Everhart to the Team



Maureen joined HCM Wealth Advisors in November of 2019, after being an independent sales rep for 17 years and working part time in the financial industry. She has a Master's in Education from Xavier University. Maureen supports the HCM Team as the Business Manager, coordinating the efforts of all our business partners, vendors, and contractors. She also assists with client communications and events.

Maureen and her daughter Jade live in the West Chester area. She loves the outdoors and enjoys hiking, watching football, and hanging out with friends.

Power Generated/Trees Saved

Since we installed our solar power system, it has generated: 24,450 kilowatt-hours, the emissions equivalent of 1,048 pounds of coal burned.

We've avoided over 17 tons of carbon dioxide emissions and saved the equivalent of 953 trees planted.



This newsletter provides financial and tax information to clients and friends of HCM Wealth Advisors. This information should not be acted upon without first determining its application to your specific situation. For further details on any article, please contact us.