

Are your finances prepared for the *ebbs* and *flows* of life?

Fred Dunbar
CLU[®], ChFC[®], RFC[®], AIF[®]

We bring quality services to the shore, providing a "common sense" approach to pursuing our clients' financial goals for over thirty years.

Financial Planning* Asset Management* Investment Planning* Retirement Planning



COMMON CENTS
P L A N N I N G

1-800-647-0762

239 Baltimore Pike Glen Mills, PA • 6606 Central Ave. N. Sea Isle City, NJ
fdunbar@commoncentsplanning.com • www.commoncentsplanning.com

Securities offered through Commonwealth Financial Network, Member FINRA/SIPC. *Advisory services offered through Planning Directions Inc., a Registered Investment Adviser, are separate and unrelated to Commonwealth.

EBB AND FLOW

By Fred Dunbar

An ebb and flow is a recurrent or rhythmical pattern of coming and going, or decline and regrowth. To me, that is what life feels like this year. Whether it is the coronavirus cases that were starting to decrease in number earlier this summer, then starting to spike again in July, or perhaps it is a 401(k) plan moving up and then down, life does go on.

Perhaps when you hear the words ebb and flow, your mind wanders back to that musical duo from the mid-'60s, Flo and Eddie, the lead singers of The Turtles. Those of you who are old enough to remember the 1960s might think of that decade as a simpler time, but was it? Every decade has its challenges.

The ebb and flow of life. There are so many questions, which change and evolve as you age.

When you are young, your concerns are simple. You're focusing on graduating from college, paying off college debt, getting a job, starting a career, finding that perfect apartment or first home, or maybe finding your soul mate amidst it all. When you are in your 30s, maybe your goals are starting a family, moving up the corporate ladder, starting your own business, making more money, and paying off debt. When you are middle-aged, you could be worrying about saving for your children's educations, buying a bigger home and/or a second home at the shore, getting a better job or promotion, getting back in shape, or making more money. At this time, you start to focus on retirement (will I ever be able to retire?), taking care of your parents, watching your adult children begin their lives, and the cycle continues. In your 60s, hopefully you are accepting that you are finally where you should be. Life seems to always have an ebb and flow.

Today, a major ebb is COVID-19. Will we ever be able to get back to normal? In July, there were nine pharmaceutical companies racing to find a vaccine. Maybe by the time you read this, there will be more positive news on a vaccine or maybe even a cure. We can only hope that by the year's end, a COVID-19 shot similar to the annual flu shot will become readily available.

As I write this on Aug. 10, the headlines are about Congress and another round of stimulus money. Do we continue to provide federal unemployment benefits of \$600 per week or a lesser amount? Can you say political football? Oh, by the way, there is an election on Nov. 3 that will change the way many view Washington. Will the country continue to be divided? Only time will tell.

Nothing is as constant as change! Your life will continue to have ebbs and flows. Get used to it, but you can plan ahead and try to be prepared. Figure out where you are in your life and where you want to be. Most of us want to provide a better life for our children and grandchildren, which has been going on for generations.

How do you do it? One of the trade secrets to success, or wealth, is spending less than you earn. Try reining in your expenses by looking at what you are spending each month and what changes you can make.

Perhaps one area that can be eliminated is the use of a shopping service, which may charge a monthly fee or per-order fee. A recent experience opened my eyes to the convenience of the service but made me aware that it might add a service fee and will encourage tipping — the service suggests a range from 5% to 20% per order, similar to tipping at a restaurant.

In mid-May, my family went into a 14-day quarantine after we found out that the celebrant of my father's funeral Mass had tested positive for COVID-19. Since we needed food and couldn't head to the local grocery store, we used one of the delivery services. We were thankful it was available because it wasn't a matter of wanting to use it, but a necessity. The service charged a delivery fee of \$3.99, a service fee of \$9.91, and automatically added a tip of \$9.91. That was an additional \$23.81 for a grocery order of \$198.12, which added a cost of 12%. Besides the higher cost, we didn't get all of the items we ordered, and some things like the produce were not in the best condition.

There are many who use these services for convenience. Think about it — if you shop weekly, this convenience could cost you an additional \$1,238 annually based on my experience. Unless you are a shut-in, have an injury, or have to quarantine temporarily due to the virus, consider this. These additional service convenience fees add up over your lifetime. If you are age 30 and spend approximately \$200 on weekly groceries, you could save more than \$117,000 between now and age 65, based on the savings example above, invested at 5%. So, make a list of things you normally need, and place it on the fridge. Add to it during the week, and then go shopping yourself if you are able. If you make a list and stick to it, your grocery bill should go down.

Based on a 2019 Vanguard analysis of its 5 million 401(k) plans, the average 401(k) balance is \$92,148. The average 401(k) balance at Fidelity, which holds 16.2 million 401(k) accounts, was \$103,700 as of March 2019. If you are 30 and cut some of those convenience costs, you could put them in your company retirement plan, and it could compound to more than the average 401(k) balance per Fidelity and Vanguard.

Small changes to your lifestyle can add up to big savings over your lifetime. Remember, there are things you might want, but are they necessary? Everyone is different. Review your monthly expenses, and look at what else you can change. Maybe you are paying monthly subscription fees that no longer make sense, whether it be for a gym, magazine, newspaper, etc. These savings add up over time.

There will be many ebbs and flows you experience at different stages of your life. The only ebb and flow that I hope you experience is that of the Atlantic Ocean tides during your endless summer. So now that you have made some small changes that can help you move toward your retirement goals, grab your chair, favorite beverage and book, and head to the beach. Don't forget the sunscreen.

Fred Dunbar, CLU®, ChFC®, RFC®, AIF®, is President of Planning Directions, Inc., a registered investment adviser, and Common Cents Planning, Inc. He also offers securities through Commonwealth Financial Network, member FINRA/SIPC. Advisory services offered through Planning Directions, and fixed insurance products and services offered by Common Cents Planning, are separate and unrelated to Commonwealth. Fred may be contacted at 800-647-0762, by e-mail at fdunbar@commoncentsplanning.com or by mail at 239 Baltimore Pike, Glen Mills, PA, 19342. He's always happy to meet with you "down the shore" at 6606 Central Avenue N. Sea Isle City, NJ. 08243.