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CONCISE
FINANCIAL ADVISEMENT

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Investment Advisor
Representative & Insurance Professional with over two decades of planning experience. He strongly believes being an independent advisor gives him the best opportunity to serve clients.

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SIPC - Securities Investor Protection Corporation www.sipc.org

SPECIAL ANNOUNCEMENT

Offer to Review End of Second Quarter 2021

Welcome to give me a call at 717 208-3941

or

Email me at MyPlan@ConciseFinancialadv.com

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Lets engage !

HEALTH - IT MATTERS!

Introducing another voice here for the important topic of health and wellness - not just financially, but for your whole body and life! Brought to you from Dawn Cutillo, the Founder and Developer of BeBalanced Hormone Weight Loss Centers.

Honoring your why amidst the barrage of "shoulds."

Keeping mindful awareness of your "why" focuses your attention where it matters to enable you to bring your highest purpose into fruition. However, all too often many of us find ourselves feeling obligated to do things because we believe we *should*. "I *should* go to the gym five times a week, I *should* make an extravagant dinner for the neighbors who just had a baby, I *should* use all of my fingers to wave to the neighbor whose trash blew in my yard again last night." We also limit ourselves with what we believe she *shouldn't* do: "I guess I *shouldn't* wear that orange dress because I'm 'a winter'," or "I probably *shouldn't* go to that class if I don't know that I can keep up."

Shoulds come at us all day long and hit us from all directions. They can spring forth from within ourselves based on our perceived expectations of others, seep into our minds from passive media exposure, underlie interactions with our close friends and family, and lavishly flow from the lips of mere acquaintances. Often, receiving a list of unwelcomed shoulds is the first indicator that we've regrettably shared our vulnerability with someone who has yet to earn the relationship cred which qualifies them to receive it. "Oh, you're not happy with your weight? You should try _____ (insert method you've already researched here)."

Unless these self-appointed advisors are also your arch-nemesis, they're probably well intended – but either way their advice is likely more about them than it is about you. People love the way they feel when they help others, and if they believe that bestowing their knowledge on you will make a difference in your life, sharing in your victory over a struggle will validate their own sense of self-worth, or at least ensure that they're not the only one drinking vinegar with lemon and hot sauce when everyone meets for happy hour.

You are not obligated to meet the expectations that others' shoulds lay at your feet. Others do not have the power to make you feel guilty for not taking their advice *unless* you choose to reinforce this relational dynamic by agreeing to do something that you don't want to do. You contribute to this if your fear of hurting the should-er's feelings causes you to say something like, "You're right, I *should* try goat yoga," when honestly the idea of being soaked by an un-potty trained goat standing atop your back doesn't really float your boat. You still might hear yourself saying "Namaste" instead of, "*Na, Ima stay* clean and dry at home." In the moment, being dishonest about your desires and committing to meeting others' expectations of you can seem like the path of least resistance, but this can only end in misery.

Even though just doing the thing you don't want to do seems like the easiest strategy, it's unlikely that doing it once will be sufficient. If you have a pattern of succumbing to shoulds, you'll find yourself routinely prioritizing others' expectations of you over the pursuit of your own desires. Before responding, give your logical brain time to consider that while you might hurt someone's feelings in the short term, denying your truth now will hurt you *and them* even more over a longer period of time.

Most of us seek to do what's right, but if you've ever found yourself approaching burnout, its likely that a review of your burdensome to-do list revealed that it was overwhelmed with shoulds. While well-intended, when you become overly caught up in doing what's right by others, it can be easy to lose touch with what we really want for ourselves. When your true "why" becomes unclear you are susceptible to indiscriminately taking on responsibilities that aren't yours to own. When we're overly invested in meeting others' expectations of us, our desire is their approval, and consequently your natural desires become buried under Mount Obligation. Sadly, buried alongside your natural desires are all of the skills you would be inclined to acquire and grow in pursuit of your aligned goals. The tragedy occurs when the greatest gift you could give the world goes unrealized because the desire to meet others' expectations has you striving to achieve someone else's dream using underdeveloped tools that were meant for something else. Meanwhile, across town, another person could be feeling ill-equipped while over-striving on a path that was meant to be yours to walk, but obligation keeps them where they are as well.

If you're living to satisfy other people's shoulds as opposed to your own heartfelt desires, your creative spirit will not work to produce the results you're striving for. This can leave you feeling like a disappointment or failure, when the reality is that you aren't properly equipped with the passion to develop what's needed to fulfill those goals anyway – they belong to someone else.

When we're living within our why and others are living within theirs, our families, our workplaces, and ultimately our communities become a harmonious exchange of authentic contributions based on everyone's unique skills exercised within their values. People are free to explore their own creativity and embrace innovative ideas that drive them closer to their purpose. By honoring our real obligation to show up every day as the best version of ourselves, we free up others to do the same in their lives, which makes room for everyone to fall into what's "right" for them.

Should-ers are the darndest, and their ability to stealthily show up at family gatherings, business meetings, around the corner of any grocery aisle – even in our own minds makes them nearly impossible to avoid. Prepare yourself ahead of time with the tools to face these shoulders head on while maintaining your resolve.

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INVESTMENT PLANNING

Forces That Move Stock Prices

Stock prices are determined in the marketplace, where seller supply meets buyer demand. But have you ever wondered about what drives the stock market—that is, what factors affect a stock's price? Unfortunately, there is no clean equation that tells us exactly how a stock price will behave. That said, we do know a few things about the forces that move a stock up or down. These forces fall into three categories: fundamental factors, technical factors, and market sentiment.

Fundamental Factors

In an efficient market, stock prices would be determined primarily by fundamentals, which, at the basic level, refer to a combination of two things:

1. An earnings base, such as earnings per share (EPS)
2. A valuation multiple, such as a P/E ratio

An owner of common stock has a claim on earnings, and earnings per share (EPS) is the owner's return on their investment. When you buy a stock, you are purchasing a proportional share of an entire future stream of earnings. That's the reason for the valuation multiple: It is the price you are willing to pay for the future stream of earnings.

Part of these earnings may be distributed as dividends, while the remainder will be retained by the company (on your behalf) for reinvestment. We can think of the future earnings stream as a function of both the current level of earnings and the expected growth in this earnings base.

As shown in the diagram, the valuation multiple (P/E), or the stock price as some multiple of EPS, is a way of representing the discounted present value of the anticipated future earnings stream.

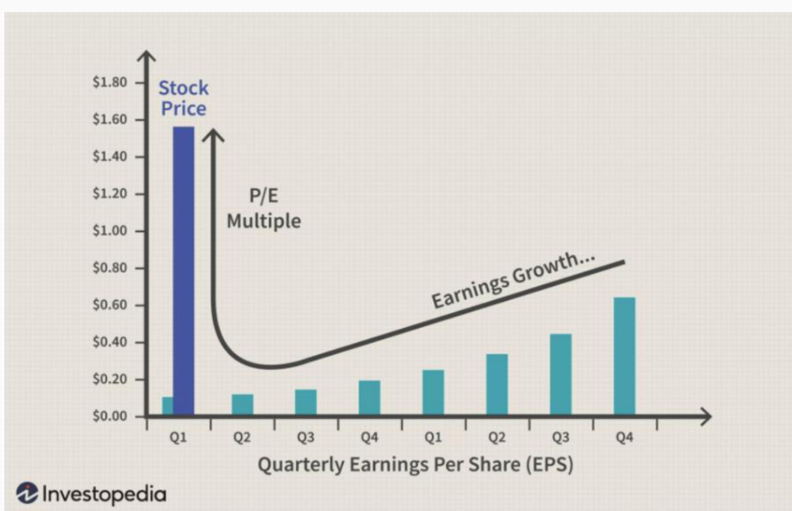

Image by Julie Bang © Investopedia 2019

The Earnings Base

Although we are using EPS, an accounting measure, to illustrate the concept of earnings base, there are other measures of earnings power. Many argue that cash-flow-based measures are superior. For example, free cash flow per share is used as an alternative measure of earnings power.

The way earnings power is measured may also depend on the type of company being analyzed. Many industries have their own tailored metrics. Real estate investment trusts (REITs), for example, use a special measure of earnings power called funds from operations (FFO). Relatively mature companies are often measured by dividends per share, which represents what the shareholder actually receives.

The Valuation Multiple

The valuation multiple expresses expectations about the future. As we already explained, it is fundamentally based on the discounted present value of the future earnings stream. Therefore, the two key factors here are:

1. The expected growth in the earnings base
2. The discount rate, which is used to calculate the present value of the future stream of earnings

A higher growth rate will earn the stock a higher multiple, but a higher discount rate will earn a lower multiple.

What determines the discount rate? First, it is a function of perceived risk. A riskier stock earns a higher discount rate, which, in turn, earns a lower multiple. Second, it is a function of inflation (or interest rates, arguably). Higher inflation earns a higher discount rate, which earns a lower multiple (meaning the future earnings are going to be worth less in inflationary environments).

In summary, the key fundamental factors are:

- The level of the earnings base (represented by measures such as EPS, cash flow per share, dividends per share)
- The expected growth in the earnings base

- The discount rate, which is itself a function of inflation
- The perceived risk of the stock

Technical Factors

Things would be easier if only fundamental factors set stock prices. Technical factors are the mix of external conditions that alter the supply of and demand for a company's stock. Some of these indirectly affect fundamentals. For example, economic growth indirectly contributes to earnings growth.

Technical factors include the following:

Inflation

We mentioned it earlier as an input into the valuation multiple, but inflation is a huge driver from a technical perspective as well. Historically, low inflation has had a strong inverse correlation with valuations (low inflation drives high multiples and high inflation drives low multiples). Deflation, on the other hand, is generally bad for stocks because it signifies a loss in pricing power for companies.

Economic Strength of Market and Peers

Company stocks tend to track with the market and with their sector or industry peers. Some prominent investment firms argue that the combination of overall market and sector movements—as opposed to a company's individual performance—determines a majority of a stock's movement. (Research has suggested the economic/market factors account for 90 percent of it.) For example, a suddenly negative outlook for one retail stock often hurts other retail stocks as "guilt by association" drags down demand for the whole sector.

Substitutes

Companies compete for investment dollars with other asset classes on a global stage. These include corporate bonds, government bonds, commodities, real estate, and foreign equities. The relationship between demand for U.S. equities and their substitutes is hard to figure, but it plays an important role.

Incidental Transactions

Incidental transactions are purchases or sales of a stock that are motivated by something other than belief in the intrinsic value of the stock. These transactions include executive insider transactions, which are often pre-scheduled or driven by portfolio objectives. Another example is an institution buying or shorting a stock to hedge some other investment. Although these transactions may not represent official "votes cast" for or against the stock, they do impact supply and demand and, therefore, can move the price.

Demographics

Some important research has been done about the demographics of investors. Much of it concerns these two dynamics:

1. Middle-aged investors, peak earners who tend to invest in the stock market
2. Older investors, who tend to pull out of the market in order to meet the demands of retirement

The hypothesis is that the greater the proportion of middle-aged investors among the investing population, the greater the demand for equities and the higher the valuation multiples.

Trends

Often a stock simply moves according to a short-term trend. On the one hand, a stock that is moving up can gather momentum, as "success breeds success" and popularity buoys the stock higher. On the other hand, a stock sometimes behaves the opposite way in a trend and does what is called reverting to the mean. Unfortunately, because trends cut both ways and are more obvious in hindsight, knowing that stocks are "trendy" does not help us predict the future.

Liquidity

Liquidity is an important and sometimes under-appreciated factor. It refers to how much interest from investors a specific stock attracts. Wal-Mart's stock, for example, is highly liquid and therefore highly responsive to material news; the average small-cap company is less so. Trading volume is not only a proxy for liquidity, but it is also a function of corporate communications (that is, the degree to which the company is getting attention from the investor community). Large-cap stocks have high liquidity—they are well followed and heavily transacted. Many small-cap stocks suffer from an almost permanent "liquidity discount" because they simply are not on investors' radar screens.

News

While it is hard to quantify the impact of news or unexpected developments inside a company, industry or the global economy, you can't argue that it does influence investor sentiment. The political situation, negotiations between countries or companies, product breakthroughs, mergers and acquisitions and other unforeseen events can impact stocks and the stock market. Since securities trading happens across the world and markets and economies are interconnected, news in one country can impact investors in another, almost instantly.

Market Sentiment

Market sentiment refers to the psychology of market participants, individually and collectively. This is perhaps the most vexing category. Market sentiment is often subjective, biased, and obstinate. For example, you can make a solid judgment about a stock's future growth prospects, and the future may even confirm your projections, but in the meantime, the market may myopically dwell on a single piece of news that keeps the stock artificially high or low. And you can sometimes wait a long time in the hope that other investors will notice the fundamentals.

Market sentiment is being explored by the relatively new field of behavioral finance. It starts with the assumption that markets are apparently not efficient much of the time, and this inefficiency can be explained by psychology and other social science disciplines. The idea of applying social science to finance was fully legitimized when Daniel Kahneman, PhD, a psychologist, won the 2002 Nobel Memorial Prize in Economic Sciences (the first psychologist to do so). Many of the ideas in behavioral finance confirm observable suspicions: that investors tend to overemphasize data that come easily to mind; that many investors react with greater pain to losses than with pleasure to equivalent gains; and that investors tend to persist in a mistake.

Some investors claim to be able to capitalize on the theory of behavioral finance. For the majority, however, the field is new enough to serve as the "catch-all" category, where everything we cannot explain is deposited.

The Bottom Line

Different types of investors depend on different factors. Short-term investors and traders tend to incorporate and may even prioritize technical factors. Long-term investors prioritize fundamentals and recognize that technical factors play an important role. Investors who believe strongly in fundamentals can reconcile themselves to technical forces with the following popular argument: technical factors and market sentiment often overwhelm the short run, but fundamentals will set the stock price in the long-run. In the meantime, we can expect more exciting developments in the area of behavioral finance, especially since traditional financial theories cannot seem to explain everything that happens in the market.

Source: Investopedia

INSURANCE PLANNING

What is return of premium life insurance?

Naysayers of term life insurance often complain that paying for this type of protection can be a waste of money because if you don't die, there's no way to recoup the money that you paid into the policy. However, there is a type of term life insurance that does just that. Enter, return of premium life insurance.

Return of premium life insurance explained

Return of premium (ROP) life insurance, is a type of term policy that refunds all your premiums at the end of the policy period if you are still alive. So if you were to make all of your premium payments and live through the entire term of the policy, the life insurance company would refund you the amount you paid in premiums. For example, if you paid $20,000 in premiums over the life of your 30-year term policy, the company would return $20,000 back to you at the end of the term as stated in your policy.

But what if something happens to you during the term while your policy is still active? If you were to die during the policy's term, your beneficiaries will receive the full death benefit of your policy. However, there are some companies that may only pay a partial return of premium if you were to cancel your policy before the end of the term, while others will pay nothing.

How return of premium life insurance works

While the idea of getting a refund on your premium dollars may sound attractive, ROP life insurance works a bit differently than a typical term life policy. First of all, you'll pay for this added protection by way of more expensive premiums. Some life insurance companies offer stand alone ROP policies, while others provide this type of coverage by way of a policy rider.

The main benefits of ROP life insurance include:

- Term life insurance coverage with the ability to get a refund of your premiums
- A lump sum payout that is not taxed

The main drawbacks of ROP life insurance include:

- It typically costs much more than traditional term life insurance

- Because coverage costs more, you may not be able to afford as much life insurance to cover your needs
- Cancelling your policy or failing to make payments before the term expires, could result in losing your refund
- Having a temporary policy means that when the term is up, you'll need to buy additional life insurance based on your current age and health status (versus locking into a permanent* life insurance policy)

Life insurance is one of those things you pay for and hope to never have to use. And for this reason, ROP life insurance may seem like a good way to go. However, if you're considering ROP life insurance, talk with a qualified life insurance professional to learn more about this type of policy and determine if it's right for you. You might discover that having a permanent policy, such as a universal life or whole life, is a better choice with its cash-value earning potential and lifetime of coverage.

Because life insurance is a long term investment and commitment, it's important to take the time to understand how different policies work before making a decision.

**As long as required premium payments are timely made.*

Source: Protective

RETIREMENT PLANNING

Starting a Retirement Fund: How to Start Saving

The most important thing is simply to begin

Unless you are independently wealthy, setting aside money today to see that you have enough for the years down the road by starting a retirement fund is not an option—it's mandatory.

Unfortunately, inertia can be a powerful force, and going from not saving to saving can be daunting to most people. So much investment and financial advice are designed for people who have already begun saving and investing for the future. Below are some strategies for those looking to start the process.

Starting a Retirement Fund

If you earn money, you pay Social Security taxes, but the funds used to pay Social Security benefits are expected to become depleted in 2034, according to the Social Security Administration. Thus, it is unclear how well its benefits will cover the actual cost of living. Simply consider the debate today over chained CPI, a newer way of measuring inflation, and what that could mean to the value of future benefits.

It is also important to note that the government (and many businesses) offers incentives to save. Putting aside money into an appropriate qualified retirement plan, such as an individual retirement account (IRA) or a 401(k), lowers a tax bill in the year that the money was saved and can accumulate tax-free for decades. Similarly, many companies will also contribute funds if an employee contributes to a retirement account. An employer's contribution amounts to free money, and most financial advisors would encourage their clients to maximize this opportunity.

Challenges at the Start

Most people who are not already saving believe that they do not have enough money to meet day-to-day expenses, let alone have any leftover to save. However, paying yourself should be every bit as much of a priority as paying other people. Of course, it is unwise to default on loans or allow bills to go past due, but if you don't take care of yourself, who will?

There will be months when you come up short and have little to save. You will also find that your investment choices may be limited. It is important not to become discouraged, but to save as much as you can, as often as you can.

Start Small

The personal-finance industry is set up to cater to those who have considerable wealth—virtually every bank and brokerage would rather deal with 10 millionaires than 10,000 people with $1,000 each. Nevertheless, your savings and retirement plans should be based on what meets your needs, not those of the financiers.

To that end, even $250 or $500 in retirement savings is a worthwhile start. Any savings establishes a habit and the process. There are multiple brokers now that offer no-minimum, no-fee retirement accounts. The key to saving for retirement is to be consistent. It should be a continuous, lifelong habit.

Thus, it helps to set yourself up for success. For example, don't attempt to scrape together the cash for a last-minute contribution to an IRA in April right before you file your tax return. Instead, save a little each month, ideally using an online savings account, and only tap into it in extreme emergencies.

Most of these online accounts will allow you to automatically deduct a set amount every month from your regular account. If your employer offers a 401(k) program, you can have deductions made automatically from every paycheck.

Selecting a Brokerage Firm

An increasing number of large, national, well-known (they advertise on TV) brokerage and mutual fund firms are willing to open small accounts without fees or minimums. Opening accounts with these larger firms is a good idea. They often have a wide selection of investment options (mutual funds, exchange-traded funds, or ETFs) and the most transparent and reasonable fees.

Also, these large firms have the infrastructure to offer you additional services (including personal investment advisors) as your needs change over time.

It is important to take the time to make a good selection. Most, if not all, firms charge fees for transferring accounts, and switching firms repeatedly will reduce your savings. Focus on fees and the range of ETFs and mutual funds that they offer. Don’t be too concerned with the trading tools and services they provide, because trading is not wise when you are saving and have limited funds.

Be Realistic About Risk

Those who are just starting to save for retirement also need to consider investment risk. While academics and investment professionals struggle to define and measure risk, most ordinary people have a pretty clear understanding of it: What’s the likelihood that I’m going to lose a substantial portion of my money (with “substantial” varying from person to person)?

I suggest that novice savers and investors be realistic about risk. While any amount of savings is a good start, small amounts of money are not going to produce livable amounts of income in the future.

Other Options

Saving in organized retirement accounts is just one type of saving, but there are many more options. The government has specific rules and limits on how much you can save each year in tax-sheltered accounts. However, there are no limits on the savings you can put into ordinary taxable brokerage accounts. Although the dividends can be subject to taxation, and you will pay taxes on capital gains, you are still saving and building wealth.

The Bottom Line

The most important part of any savings or retirement plan is simply to start. There is no one right way to save money, nor one right way to invest. You will make mistakes along the way, and sooner or later you will see the value of some (if not all) of your holdings decline.

While this is not desirable, it is normal. What is important is that you keep saving, learning, and looking to build wealth for the future. If you establish the habit of saving money every month, take the time to place your money wisely, and patiently allow your wealth to build, you will be taking huge steps forward in making your financial future more secure.

Source: Investopedia

LOCAL BUSINESS SPOTLIGHT

Have you ever stepped foot into a room that immediately drew your attention? Was it the use of tasteful furnishings that caught your eye? Perhaps it was the use of color paired with bold accents. Maybe it was even the ingenious use of textures. Better yet, was it the fact that so many details, all very different in itself, somehow paired perfectly together? This is because behind every well-designed space is a talented designer.

My name is Kimberly Stromberg. I am a creative who has always held an unwavering passion for small-town country life. My design experience of more than 11 years has led me to establish a small, referral-based Interior Design business. I have worked with an array of clientele over the tri-state area for both residential and commercial spaces, specializing in creating and re-imagining interior spaces that reflect one’s lifestyle, vision, or brand.

Stepping into a well-designed space is exciting. Furthermore, it directly impacts our mood and productivity. I believe in creating living spaces that are comfortable and functional through meaningful details and thoughtful design. I have a well-trained eye for quality and craftsmanship, and I pride myself on attention to detail.

Whether you are looking for a seasonal refresh, color-palette redirection, or a completely re-imagined detailed design, I’d love to hear about your next interior design goal. I may be the perfect addition to your next project.

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ON A PERSONAL NOTE...

Hope everyone is enjoying the summer.
Stay safe , make good decisions.

Ava age 10 & Alexa age 6
Wish you well from Southwest Harbor Maine !

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