NELSONCORPNEWS

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YOUR NELSONCORP TEAM


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HAPPY LABOR DAY!

Most of us associate Labor Day with BBQs, parades, and weekend camping trips. Since Labor Day was declared a holiday, the purpose has been to take a day to celebrate the great workers across America who contribute to our country's strength, prosperity, and well-being.

In fact, it's often when we are in our most dire situations these great workers step in to help. They lift you back up to health. They help you find stable ground to stand on. In truth, they save lives.

We have celebrated those who have worked in healthcare. Social workers. First responders.

But the more I learn about the holiday, the more I realize that it's really a celebration of things we take for granted yet couldn't imagine living without. And it's a commemoration of the men and women who risked their lives, liberty, and reputations to secure them for us.

For instance, take the eight-hour workday, the current standard in the United States. We have a great article about this very thing, something that most people don't give a second thought about, later in this newsletter.

So, this Labor Day, I am grateful. We live in a great country where every single day individuals, often receiving no recognition, provide strength, prosperity, and well-being to me and you. But we can't forget those that came before and helped pave the way for us today.

David Nelson

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THINGS TO NOTE

Eligible educators may qualify for the educator expense deduction. Eligible educators include kindergarten through grade 12 teachers, instructors, counselors, principals or aides who worked in the school for at least 900 hours during the school year in a private or public school that provides elementary or secondary education as determined under state law. To get more details, call our team of tax professionals.

SUPPORT OUR LOCAL CHARITIES & BUSINESSES

Check out what's happening at our area charities, businesses, and communities:

- *Walk to End Alzheimer's – Clinton*
- *Visit Clinton www.clintoniowatourism.com*
- *Visit Quad Cities www.visitquadcities.com*

NelsonCorp Nuggets

Most people expect to have their mortgage paid off by the age of 75. However, 21% of Americans still carry a mortgage debt at that age.

Source: financiallysimple.com: 24 Investing Statistics You Must Know

GOLF BALLS AND EGGS

Recent fluctuations in the stock market may have caught your attention. It's important to remember that we've navigated these turbulent days before. Such moments present opportunities for us, as investors, to acquire valued companies at significantly lower prices than just a few weeks ago.

Speaking of opportunities, consider the analogy of golf balls and eggs. Imagine a basket filled with both; it's hard to tell them apart from a distance. If you were to turn the basket upside down, the eggs would break, but the golf balls would bounce back. This is a time to identify the "golf balls"—opportunities that can bounce back.

For instance, do you remember Pets.com, the (in)famous online company during the dotcom bubble? It crashed and burned, like so many online companies did, whereas Amazon, which got its start around the same time, initially flew under the radar but later emerged as a retail giant. That's an example of looking for "golf balls" amid all the eggs.

Is today's market movement indicative of a recession? Not necessarily. Economists define a recession as two consecutive quarters of GDP decline—which we haven't yet seen. Even the prospect of a recession does not spell financial doom. We've weathered recessions before, like those in 2022 and 2020, which, although challenging, paved the way for subsequent growth.

Could this simply be a market correction? It's likely. Since World War II, the market has corrected by 10% or more approximately every 14 months, and it's been about that long since the last market blip. Remember, market trajectories are never relentlessly upward; they fluctuate, historically rising and falling on their way up.

Given this perspective, what should we do? We firmly believe that now, more than ever, is the time to stick to the well-considered plans we have in place for your accounts. Our team has always planned for fluctuations—there's no way to avoid them entirely. We have great confidence in our investment partners and the strategies we've chosen.

Lastly, we are less than 100 days away from the next presidential election. Both candidates are only going to get louder in their tone and voice about how the sky is falling and will continue to fall if we do not elect/re-elect them to office. They will try their hardest to strike our fight-or-flight instincts to get our votes. Political theater at its finest, I'm afraid we will witness. But this is just additional noise to an already noisy environment.

As I have reiterated in past communications, the foundations for future growth are often laid on days like these. It's essential that we set aside emotions and focus on the long-term plan designed around your dreams and goals.

Please remember we are here for you. When times get tough, we don't hide; we stand ready to support you. We understand the impulse to react can be strong, and we're here to provide guidance and reassurance.

THE EIGHT-HOUR WORK DAY

Everyone has different careers and work schedules. Some are incredibly demanding and long. Others are on swing shifts. But for many Americans, the day looks like this: get up, eat breakfast, and see children off to school. Go to work, break for lunch, work through the afternoon, and then head home in time for dinner. It's a simple thing, this schedule. But it's a schedule that enables us to keep our bodies fueled, hydrated, and rested. A schedule that allows for time to attend our loved ones' school plays and soccer games. A schedule that affords more time for recreation, relaxation, and self-improvement.

But it wasn't always this way.

The year was 1835. The location: Philadelphia. Throughout this enormous city – indeed all throughout the country – workers knew only one sort of workday.

They called it "sun to sun."

The moment the sun crested over the horizon each day, tens of thousands of laborers were already at work. Shoveling coal. Laying bricks. Painting houses, driving carts, unloading boats, and a hundred other tasks. They would work, often under hazardous conditions and for little pay until the sun finally went down. During the summer, this could mean up to 15 hours per day, leaving them no opportunity to see their families or do much of anything. The winter workday, in contrast, was comparatively short – at around 9 hours per day – but it also meant an enormous drop in pay or routine unemployment.

Neither situation was acceptable for someone trying to feed their family. To make matters worse, the toil of a sun-to-sun day led to a laundry list of physical ailments. Workers routinely suffered "swollen ankles, nervous headaches, lung disease, stomach problems," and much, much more.

Then, one day, a letter arrived from Boston. The city that helped launch the American Revolution was requesting help from the city that had declared American Independence. Laborers there – primarily carpenters, but soon masons and stone-cutters, too – were done with this unfair system. They were demanding their rights as workers, citizens, and human beings for something better.

We have been too long subjected to the odious, cruel, unjust and tyrannical system which compels the operative mechanic to exhaust his physical and mental powers. We have rights and duties to perform as American citizens and members of our society, which forbid us to dispose of more than ten hours for a day's work.

Essentially, Boston workers were calling for a citywide guarantee of a 10-hour workday regardless of the season. And they were asking laborers in other cities to call for the same thing.

The letter quickly gained traction in Philadelphia, circulating from worker to worker with astonishing speed. For them, the demands in the letter were not just about having more time off. They were about ensuring the means to become better citizens and more productive members of society. As the letter from Boston had proclaimed — and as the Philadelphia workers then repeated — *"We have taken a firm and decided stand to obtain the acknowledgement of those rights to enable us to perform our duties to God, our country, and ourselves."* So, in May, three hundred coal workers decided to go on strike. Together, they marched on the coal wharves and announced that no coal would be unloaded until a 10-hour workday was established.

This was not an easy decision. For any worker to go on strike was to risk not just their current job, but their entire future. Livelihoods and reputations could be ruined forever if the strike was not successful – and up to that point in American history, few strikes had been. In many cases, strikes could lead to injuries and even death. Nevertheless, the coal workers were quickly joined by almost every other laborer and tradesman in the city. The words in the Boston letter became a topic discussion in every tavern and meeting house. Altogether, over *twenty thousand* workers began marching around the city, carrying banners that said, "*From 6 to 6, ten hours work and two hours for meals.*"

The movement was so organized, united, and swift that within three weeks, the old sun-to-sun system was out. The ten-hour day became standard throughout the city. In addition, many workers also gained an increase in their wages. But the movement didn't stop there. The news quickly spread to every corner of the country, and by the end of the year, workers from New England to the Carolinas had conquered the old system. A system that "left no time for mental cultivation and kept people ignorant by keeping them always at work." A system that was "destructive of social happiness and degrading to the name of freemen." In its place was a new system. One that had "broken [people's] shackles, loosened their chains, and made them free from the galling yoke of excessive labor."

The rights won in 1835 laid the foundation for the rights we enjoy today. An eight-hour workday. The right to take vacations or medical leave. To care for our bodies properly. To see our families. To learn, live, and worship however we see fit. Rights we cannot live without...and which were secured for us by people who simply wanted a better future for themselves and their children.

And that, to me, is what this holiday is all about. I hope you had a happy Labor Day!

DON'T NEGLECT YOUR ESTATE PLAN

We've all read or heard the stories. Someone passes away without a will, and potential heirs sharpen their knives in a free-for-all that can take years to play out in court. The emotional toll is immeasurable, with relationships incurring irreparable harm that can last generations.

Or, as highlighted in the *Wall Street Journal*, "The Brady Bunch Breaks Down: Estate Fights Tear Stepfamilies Apart—In Standard Estate Plans, a Surviving Spouse Often Has No Legal Obligation to Stepchildren,"[1] failure to adequately plan can lead to devastating consequences for blended families.

"The default rules are out of touch with today's family structures," according to Danaya Wright,[2] a University of Florida law professor.

In T.V. land, Carol would not forsake Mike's three boys if her beloved husband passed first. Even their housekeeper Alice, who became part of the family, would have been taken care of.

But T.V. and real life don't always line up. In today's world, Greg, Peter, and Bobby could be left high and dry without a concrete written plan. The implications are real and immediate.

Without a will or trust, the state chooses how your estate is divided and who will take care of your minor children.

Only one-third of Americans have a will or a plan to distribute their assets after they die, according to a new survey[3] from Senior Living Referral Service Caring.com.

According to a survey by USLegalWills.com,[4] almost 9% had an out-of-date will, while a staggering 63% had no plan in place. Put another way, over two-thirds of Americans have a big hole in their financial plan. It's crucial not to be part of this statistic!

But, you may ask, the wealthy make up a small percentage of those with significant assets, right? The wealthy hire the best and brightest to manage their affairs, right?

Well, not always. One in five Americans with investible assets of $1 million or more don't have a will, according to a recent Charles Schwab survey.

Legendary talk show host Larry King used a short, handwritten note, with typos, to update his will.

"This is my Last Will & Testament. It should replace all previous writings," said the letter.[5] "In the event of my death, any day after the above date, I want 100% of my funds to be divided equally among my children Andy, Chaia, Lary Jr Chance & Cannon."

That's a recipe for a long and drawn-out court battle.

Whether young or old, the famous have passed on without written plans, including Aretha Franklin, Prince, Michael Jackson, Bob Marley, Jimi Hendrix, Sonny Bono, Kurt Cobain, and Amy Winehouse. Even Abraham Lincoln, who was a lawyer, didn't have a will.

Valued at $80 million, the fight over Hendrix's estate lasted over 30 years. Without a clear plan, your heirs could quickly turn to lawyers and the court.

But let's be clear. Estate planning isn't only for the wealthy.

Dying intestate—without a will—will have consequences no matter where you live. How your affairs are settled depends on the state in which you reside.

But it is especially painful if there are unmarried partners, stepchildren, and even a parent's own child who may lose an inheritance.

Stop procrastinating

If you have recently crafted an estate plan with an estate attorney or have updated your will, a hearty congratulations goes out to you. A holistic financial plan includes a plan of succession.

If not, let's get started.

Estate planning requires us to do something today that hasn't happened yet.
Without a plan, your loved ones will be forced to guess your intentions against the backdrop of an already difficult situation. Even if potential heirs are on good terms, money has a way of creating divisions.

Key takeaways

- Common estate planning documents include wills, trusts, powers of attorney, and living wills.
- Everyone can benefit from having a will, no matter how small their estate.
- Online estate planning services offer basic packages for less than $200 (more in a moment).
- Estate planning attorneys can cost several hundred dollars per hour.
- Estate plans must be updated after significant life events.

What is a will? It is a legal document stating how you want your executor (the person legally obligated to administer your estate) to distribute your assets after you die.

Your estate will go through probate, the legal process for reviewing the assets of a deceased person and determining who inherits what, whether you have a will or not.

If you have a will, it ensures the executor will honor your wishes.

A will lists your assets, bank and brokerage accounts, property, and more. Without a detailed document, potential heirs may be forced to search for assets spread across states and even countries.

Do you have designated beneficiaries for various accounts, such as IRAs? The beneficiary designation trumps the will.

What is a living will? It is written, legal instructions stating your preferences for medical care if you are unable to make decisions.

What is a trust? A trust is a legal contract that allows another person (the trustee) to hold property for you (the grantor).

This is typically so the beneficiaries (individuals or institutions who stand to inherit something) can use the property at some point in the future.

What is a living trust? You create a living trust to hold assets before and after your death.

What is a testamentary trust? It is a trust created by the will and only becomes effective after the grantor's death.

Powers of attorney

A durable power of attorney enables your agent to act on your behalf if you become ill or are unable to make decisions.

For example, a durable financial power of attorney allows your agent to manage your financial affairs if you become incapacitated or are unable to make decisions on your own.

A durable medical power of attorney allows you to appoint someone to make decisions about life-prolonging care, treatment, services and procedures.

DIY hazards

Talking to a representative at Home Depot about your next painting project is commendable. Do-it-yourself (DIY) estate planning is cheap. It's hard to argue against cheap unless you make unwanted mistakes that invalidate your wishes.

Estate planning is complex, and it helps to have professional advice. Saving a few dollars today can cost your heirs pain and anguish that could have easily been avoided.

Prepare your heirs

You don't have to divulge the details, but informing beneficiaries opens the financial lines of communication, reducing the odds of a contested will. In addition, it promotes family unity at a time that can be exceedingly difficult.

Surprises breed resentment, and resentment may lead to unwanted consequences.

We recognize that estate planning is a personal process. In some cases, you may feel overwhelmed, especially if you have a large family, a blended family, or a family that has gone through separations and divorce.

Our objective is to initiate a dialogue, assist you in developing a plan, or motivate you to revise an existing one if the need has arisen.

We are always available to address any questions you may have.

Failure to act puts your legacy at risk.

1 https://www.wsj.com/personal-finance/blended-family-estate-planning-352a9788

2 https://www.wsj.com/articles/dying-without-will-what-happens-6cc4674b

3 https://www.caring.com/caregivers/estate-planning/wills-survey/

4 https://www.uslegalwills.com/blog/americans-without-wills/

5 https://www.latimes.com/entertainment-arts/tv/story/2021-02-16/larry-king-estate-shawn-king-will

NELSONCORP MEDIA APPEARANCES

Be sure to catch our weekly educational content featured locally on television, radio, and the newspaper. You can get this and more at www.nelsoncorp.com/blog.

This month on 4 Your Money, David Nelson was on discussing shipping costs and how they have increased dramatically. He cautioned if this increase causes a ripple effect, inflation could start ticking back up and would limit the Fed's future actions. John Nelson came on another time with a look at how presidential parties have little effect on markets. History shows going back to 1948 that the S&P 500 has continued to trend up regardless of what party was in office and that investors should focus on economic factors, the Fed, and other investor behaviors to get a sense of where we may be headed. David was back another time to talk about mortgage rates and what the recent rates could mean for homeowners or those looking to purchase a home.

On Financial Focus, David Nelson went into detail on the AI craze and the volatility we saw in July and early August. He also looked at the U.S. markets in comparison to some of the worldwide markets. He stressed the importance of having a plan and being disciplined enough to stick to it when investing. Nate Kreinbrink was on another episode to answer a question he gets often: Where should I save? He explained the importance of making saving a habit and how to decide how much to save. He also talked about the different vehicles that listeners could start using to save for the future. Andy Fergurson joined Nate another time to offer some tax-saving strategies with Roth Conversions and Qualified Charitable Contributions.

4 Your Money airs Tuesday mornings on FOX 18 News at 8am and on WHBF CBS Local 4 News at around 6:10pm.

Financial Focus airs every Wednesday at 9:00 am on KROS FM 105.9 and AM 1340.

CLINTON HERALD

David Nelson is a guest columnist every 1st and 3rd Saturday in the Clinton Herald.

YOUR DREAM DESTINATION

Have you ever gone on a trip where it took you a lot of effort – and a lot of miles – to get to your destination? Maybe you were trying to make the finals of a sporting event. Maybe you were flying halfway across the world via multiple layovers and connecting flights. Maybe you were driving for hours and hours to get to that national park you always wanted to see.

But when you finally reached your journey's end, you realized you spent so much time thinking about how to get there, you didn't plan what to do when you arrived. You thought, *What do you mean I still need tickets to get in?* Or: *Nobody told me it would be this rainy, and I didn't pack a poncho.* Or maybe, s*o what is there to eat around here anyway?*

In other words, you got there, looked around, and asked yourself: *Now what?*

As a financial advisor, I've seen many investors ask this question after reaching the destination they've planned for more than any other: Retirement. We're exploring the question of "Now what?" and are looking at the decisions and opportunities that ensure a smooth transition and a high quality of life in the immediate aftermath of retirement.

What's Around the Bend: Dream Destinations vs. Dead Ends

Let's start this issue by continuing with the idea of destinations. Because one of the most common goals that almost every retiree has is to travel more.

Retirement will certainly bring you more time to travel, while a good retirement plan can help you secure the means. One thing it will not necessarily do, however, is make travel easier.

Let's face it: As fun as travel can be, it can be taxing on the body, stressful on the mind, and hard on even the fattest of wallets. Most retirees dream of jetting off to the four corners of the world or taking endless road trips in an RV…only to find that such a lifestyle can be more exhausting and expensive than they expected.

As a result, many retirees end up traveling *much less* than they expected. Others begin retirement with the intention to travel, but no clear idea of where to go first. Some retirees realize they no longer have the health to do much at their dream destination. And some use so much energy and savings on their first trip that they find they have nothing left after that.

For these reasons, it's important that you begin deciding *now* which places you most want to see in retirement. I recommend going about it like this:

1. Create your initial list of ideas. Scour travel magazines, read guidebooks, and scroll through your favorite adventurer's Instagram feed. Write down everything that looks or sounds appealing. Have your spouse or partner do the same.
2. Next, winnow your list down. Research things like cost, travel time, weather, and potential activities for each destination. Then, decide what you really want to see versus what sounds like it *might* be fun. What sights and experiences does your *soul* need in order to feel fulfilled? Write those down and try to keep the list on the shorter side. (This doesn't mean you can't see other places in retirement! It just means that these destinations come first.)
3. Prioritize your final list. Have you always wanted to visit your elderly relatives in South America? That should probably happen as soon as possible. Have you dreamed of hiking down to the bottom of the Grand Canyon? It's probably best if that took place earlier in retirement, so you can visit less physically demanding locations as you age.
4. Determine the final requirements for each destination and be sure to factor those requirements into your overall retirement plan. Your savings and investments should be structured specifically to help you meet those requirements.

The point of all this is to make your goal of *travel in retirement* a reality by being as specific as possible rather than vague and nebulous. You may actually get to see all of the world you most want to see without causing undue wear and tear on your body or your bottom line.

And, best of all, it's the most enjoyable part of planning for retirement!

What's Over the Next Hill: Setting Your Withdrawal Strategy

Travel is expensive – and nobody wants to dip into their savings to do it more than they absolutely have to.

That's why every retiree should have a strategy for when they will withdraw money from their accounts, *which* accounts they will draw from first, and *how much* they should withdraw every month, quarter, and year. There are many potential strategies to choose from, and a near-infinite number of ways to customize each strategy for you. Over the next few editions of this newsletter, we'll break down a few of the more common. This month, let's look at:

4% Strategy. With this, "back-of-the-napkin" approach, you take out 4% of your portfolio in your first year of retirement. Then, every year afterward, you increase the amount you withdraw to be consistent with inflation. This helps ensure you continue drawing enough to maintain your lifestyle as prices go up. (Except in very rare circumstances, prices will always go up over time, even if the inflation rate isn't particularly high.)

Now, your needed withdrawal rate may not be 4% in that first year. It could be 3%, or 5%, or whatever. The point is that you establish a "just enough" baseline early on that you gradually add to year over year to keep up with inflation.

Every strategy comes with both benefits and downsides, and this one is no exception. The downside is that the 4%-plus-inflation strategy can sometimes be a little *too* rigid depending on what's going on in the markets. For example, in a bear market, you may want to dial back on your spending so you don't drain your investments too quickly. In a long-term bull market, on the other hand, you may find yourself *underspending*. That means leaving goals and dreams on the shelf that you should be enjoying.

However, if you expect both your spending and your expenses to remain fairly consistent year to year, then some variation on the 4% strategy may work well for you. As always, it's important that whatever strategy you choose be consistent with your overall financial plan. There is no such thing as a strategy that suits everyone. It will always require at least some customization!

What's On the Horizon: Choosing Your Toys

For adults like us, "toys" don't mean dolls, action figures, or miniature race cars. Typically, they mean the latest electronic gadgets, a new sound system, a boat...even a *real* race car.

Many people treat the early days of retirement as a shopping spree. All those toys they felt they couldn't afford or couldn't justify are now theirs for the taking. As a result, one of the first things many new retirees do is buy that antique hot rod, vintage Gibson guitar, vacation home in Key West, or even a shiny new boat.

On the surface, there's nothing wrong with this! Retirement should be spent doing the things you enjoy *with* the things you enjoy.

But buyer's remorse doesn't end when work does.

Sometimes, these mammoth purchases can come with a *lot* of unintended headaches. It's one thing to take a boat out onto the water...but what if you only have a chance to do so two times a year? How will you store it those other 363 days? What if you find you don't actually *like* all the hassle of maintaining your new RV, or feel particularly comfortable driving it on narrow mountain roads? What if that Gibson guitar is actually painful, because arthritis is setting in? What if Key West turns out to be a lot more expensive than you thought?

The point of saying this isn't to discourage you from buying any of these toys. The point is that you should start determining now what toys you *truly* want...because you *know* they'll get used.

Which means I have a little more homework for you. But guess what? This homework is fun!

Rather than waiting for retirement to buy these new toys, take time over the next few months or years to *rent* them instead. Go rent an RV for your next trip. Take it out for a week to see if you truly enjoy driving them. Go rent that Gibson guitar. Do you find yourself dying to play it every evening...or does it really just sit in the closet? Go rent a vacation property for a few days in Key West. Can you see yourself living there most of the year, or does the humidity quickly get old? You get the idea.

Think of the toys that sound most appealing in retirement. Give them a go *now*. By doing so, you'll cut down on impulse buys *and* buyer's remorse in retirement...saving your hard-earned money for the things you really want most.

Watching the Weather: Market Conditions on the Road to Retirement

You've heard the saying that the markets can be a rollercoaster ride? That old axiom was certainly proven in July. The month began with a long, fairly sustained climb, thanks to enthusiasm about declining inflation. The Consumer Price Index fell to 3% in June, meaning prices were up only 3% compared to the same period last year.[1] And the Personal Consumption Expenditures index — which also measures consumer prices, but in a broader way — fell to 2.5% in June compared to a year earlier.[2] Seeing this data prompted renewed speculation that the Federal Reserve would cut interest rates sometime in the summer...and the markets rose accordingly.

About halfway through the month, though, something unexpected happened: A worldwide IT outage. Financial services got interrupted, broadcast stations went offline, and planes were grounded as computer experts struggled to figure out what was going on.

The reason ended up being fairly mundane: A single faulty update from a single cybersecurity company caused havoc for computers running Microsoft Windows. Still, the IT crash was enough to inject volatility into the markets. That volatility continued throughout the rest of the month, before the markets recovered somewhat at the very end, thanks to hints from the Fed that a rate cut really may be on the cards in the near future.

What We're Keeping an Eye On

July's rollercoaster – up, then down, then up – shows why investors should not overreact to the weekly gyrations of the markets. Those gyrations may continue in the short term, though, as investors continue to wait with bated breath for a drop in interest rates. Another month of good inflation data – or signs of a continued slowdown in the labor market – may make such a market drop more likely.

1 "Inflation falls 0.1% in June from prior month," CNBC, https://www.cnbc.com/2024/07/11/cpi-inflation-report-june-2024.html

2 "Personal Income and Outlays, June 2024," *Bureau of Economic Analysis*, https://www.bea.gov/news/2024/personal-income-and-outlays-june-2024

NelsonCorp Nuggets

When asked how much they saved for retirement, 53% of American workers answered less than $25,000 (excluding the value of their home). In addition, 35% stated they saved less than $1,000.

Source: financiallysimple.com: 24 Investing Statistics You Must Know

WHAT ARE STOCK RATINGS?

I'd like to ask you a question: Have you ever seen an episode of *Star Trek*? If so, you know the writers often use something called "technobabble." You'll hear terms like *dilithium core, temporal convergence, tachyon fields,* and more.

The media has its own form of technobabble. If you've ever watched CNBC, for example, you've probably heard many instances of "financial jargon." Words that sound complicated and intimidating, and that you almost never hear in everyday conversation.

Many *do* have meanings, and some are very important – but they can often be bandied about by professionals in order to sound sophisticated.

Sophistication is all well and good, but not when it comes at the expense of *clarity*. So, I want to break down some common bits of financial jargon that you are likely to hear in the media, what they mean, and why they do — or do not — matter.

What do stock ratings mean?

Buy. Sell. Hold. Overweight. Outperform. Strong, weak, reduce, accumulate. These are just some of the ratings you'll often see attached to specific investments, usually stocks. Financial websites love to list them. Talking heads on TV love to recite them. But what are they?

A rating is an **analyst's** recommendation on what to do with a particular stock. Typically, an analyst will research a company by reviewing financial statements, talking with leadership, and surveying customers.

Some analysts will also study broader economic trends to try and estimate how the company will be affected by the overall economy.

Other analysts may rely heavily on algorithms and mathematical models. Whatever their method, these analysts then prepare a report that discusses how they see the company's stock performing in the near future.

Inside that report is a rating. Their advice, distilled down to a single word or phrase, on what their clients should do with the stock in question. The three most basic ratings are: **buy**, **sell**, and **hold**.

Buy and *sell* are fairly obvious. They are recommendations to buy the stock — or buy more of it — or to sell whatever shares you already own. "Hold" essentially means to sit tight. If you already own shares in the stock, don't buy any more, but don't sell, either.

So far, so simple. But here's where things can get a little tricky. Since there is no standardized way to rate stocks, pretty much every financial firm will have its own system. That's why you'll often see many variations and degrees of those three basic ratings.

For example, think of buy, sell, and hold as umbrella terms. Beneath the *buy* umbrella, you may sometimes hear terms like *moderate buy, overweight, outperform, market perform, add,* or *accumulate.* Under *sell*, you may see *reduce, underweight, underperform, weak hold, moderate sell.*

"Moderate" essentially means to buy or sell more shares of the stock, but not too much. Same for *add/reduce.* *Over/underweight* and *over/underperform* means the analyst believes the stock will perform somewhat

better or worse than the overall market. *Weak hold* is basically a push – it's probably fine to hold onto your shares, but you can sell if you want to.

Sometimes, if an analyst uses all these variations, then a simple *buy* or *sell* can then take on a new meaning. That's why you'll sometimes see the terms **strong buy** or **strong sell**. This indicates the analyst believes you should either buy or sell as much of the stock as you possibly can.

So, now you know what stock ratings mean. But do they matter?

Imagine you're shopping online for a new coffee maker. What's the first thing you'd see? Likely, it would be a list of coffee makers with some sort of numerical rating next to each based on all the customer reviews. Now, would you buy the first machine that has a good rating? Probably not. What you would do is *look* at the first machine with a good rating, and then go from there.

For regular investors, that's essentially what stock ratings are good for. They provide a handy place to start. A quick reference. A way to weed out the stocks you *don't* want to look at immediately versus those you do. But you shouldn't ever make decisions based solely on those ratings. Because, like the customer ratings online, they don't tell the whole story.

It's important to remember that a stock rating is just the opinion of one analyst. Others may have different opinions. Also, because there's no standardized rating system, one analyst's "buy" might be another's "hold." An "underperform" at one place might be a "strong sell" at another.

And while analysts can be very smart and experienced, rating is not an exact science and can be often used more as a marketing pitch than as a truly objective evaluation.

Finally, stock ratings are not specific to *you*. Consider the coffee maker analogy. One machine might have a rating of 4.3 stars; a second might be 4.0. But when you read the reviews closely, you might see the higher-rated machine is versatile but complicated. The lower-rated machine can't do as much, but it's fast and easy – perfect for that quick cup before work. If that's what *you* want, the "lower-rated" machine might be better. Stock ratings are similar. They don't address *your* goals, *your* risk tolerance, *your* timeline. And that's why they should never be used as a substitute for having your own customized investment plan.

So, that's the skinny on stock ratings.

TOP FOUR RETIREMENT CONCERNS

When it comes to retirement, there are many things to look forward to – but there are also things to take precautions against. Here are four of the top concerns pre-retirees often have. If any of them are causing YOU stress, please give me a call so we can do something about it!

PAYING FOR MEDICAL EXPENSES

According to a study*, the average retired couple may need approximately $285,000 in savings just to cover health care expenses after retirement.

OUTLIVING YOUR MONEY

People are living longer – which means their retirement savings need to last longer, too. Unfortunately, many people don't start saving early enough.

TOO MUCH DEBT

The average person aged 65-74 has $66,000 in debt, often due to paying off homes, cars, or paying for their child's college tuition.** That's $66,000 they won't have available for retirement.

NO PLAN

There are so many decisions to make before and after retirement. Do you have a plan for how to tackle them all?

* "How to plan for rising health care costs," *Fidelity*
** "This is How Much Debt the Average American Has Now," *Money*

THIS MONTH'S FEATURED CHARITY IS THE FOOD PANTRY AT INFORMATION, REFERRAL AND ASSISTANCE IN CLINTON

Information, Referral & Assistance Services

Information, Referral & Assistance helps those in need in Clinton County with emergency rent, shelter, utilities, medication, transportation, food and more.

IRAS has 35 to 40 families receiving food boxes each week, they used to have that many in a month. The need is real and increasing at a rapid pace.

They also provide meals to approximately 200 children each weekend throughout the school year with their "Weekend Food Packages" program. The children are identified by teachers and school counselors as individuals who would likely go without food over the weekend, if not for this program.

IRAS has 6 mobile food pantries each year to provide additional food to those experiencing hunger. In addition to the food pantry, they also have a store where people can shop 2 times a month for clothing, furniture, medical supplies, books, household goods and so much more at no cost to them.

To donate to this worthy cause, checks can be maybe payable to IRAS and can be mailed to 219 1st Ave, Clinton, IA 52732

JEANS FOR CHARITY

Every Friday, the team at NelsonCorp Wealth Management wears "Jeans for Charity". In exchange for getting to wear jeans to work, we each pay a $5 weekly fine. At the end of the month, the fines are donated to a charity. NelsonCorp will match the fines that are collected, up to $250.

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