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Research suggests young people are developing good habits.

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The Market in a Minute

A recap of the last three months in one minute or less.

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FALL 2018

NOTABLE QUOTE:

"Dreams come true. Without that possibility, nature would not incite us to have them"

- John Updike

QUICK TIP:

If you raise the deductible on your auto insurance, that could lower your yearly premium by 10% or more. However, you must be able to handle the larger deductible if damage occurs.



Are millennials better with money?

Schwab's 2018 Modern Wealth Index takes a closer look at financial practices of Americans and it finds that the millennial generation has developed some good habits. These habits include a tendency to ask questions and avoiding overconfidence. One high mark was that 31% of millennials have a written budget, compared with 22% of the boomer generation and 20% of Gen X. It may seem like common sense on the face of it, but these practices and attitudes could give your life and finances structure that might make a big difference, both month to month and in the long run.



Other good news comes in the form of millennial culture itself – a culture that informs and reinforces wise financial practices. Part of that culture is a tendency toward using debit cards rather than credit cards – 28% of millennials prefer that practice. They also automate payments when possible, helping them keep up to date. Another great practice is taking part in groups on social media which allows them to share tips, information, and other general support of their financial education – sharing information while learning from others. While these practices are probably not enough on their own, they do offer a step up for people beginning their financial lives.¹



Taking the confusion out of life insurance



Life insurance might seem perplexing at first. There are many offerings, each of which have different functions and attributes. Here are some frequently asked questions:

1. *What is the purpose of life insurance?* The primary purpose of life insurance is to offset risk and to create a financial cushion for your spouse and/or family and loved ones if you were to die. It's meant to help with household finances, final expenses, and offset the loss of your income.
2. *Isn't life insurance expensive?* Many young adults overestimate the cost of term life insurance. A \$250,000 term policy could cost around \$335 per year, while as many as 44% of young adults believe the cost is hundreds more.
3. *How do I know how much coverage I need?* Important question! Tally up what you owe on your mortgage, student loans, credit card debt, and any other big obligations. Add funeral expenses, which can be in the neighborhood of \$10,000. Figure in your income and how much you could earn over three to five years. Do you need more than that? You may want to be covered for more, and that's certainly possible, but it's also important to remember that more coverage often means a higher payment.

The good news is that with a bit of information, you can locate coverage that may make the most sense for you and your household.²



The Market in a Minute



The important U.S. equity indices continued advancing last month, maintaining a sequence of high summer performance for stocks. The Nasdaq Composite rose 5.71%; the Russell 2000, 4.19%; the S&P 500, 3.03%; the Dow Jones Industrial Average, 2.16%. The so-called “misery index” seemed to be keeping cool this summer: the CBOE VIX volatility index added only 0.23% for the month. Investors observed the following August end-of-month settlements: DJIA, 25,964.82; COMP, 8,109.54; S&P, 2,901.52; RUT, 1,740.75; VIX, 12.86. The Nasdaq finished August at +17.47% YTD, and everything else was positive for 2018 as the month came to a close: DJIA, +5.04%; S&P, +8.52%; RUT, +13.37%; VIX, +16.49%.^{3,4}

The July report from the Department of Labor showed a net 157,000 payroll expansion, despite a much grander forecasted increase of 190,000, according to economists polled by Reuters. The main jobless rate moved down 0.1% to 3.9%, while the more expansive U-6 rate, incorporating underemployed Americans, waned 0.3% to a 17-year-low of 7.5%. Annual wage growth didn’t move, remaining at 2.7%.⁵



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Citations.

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