SCOTT SCHECHTER'S FINANCIAL NEWS DIGEST

MONEYLINE

Money Habits Shifting For Millennials

Courtesy of Scott Schechter, CFP®, MBA, AEP®, CAP®

Many baby boomers have done well for themselves financially. An Allianz global wealth report found that boomers — born from 1946 to 1964 — have become the wealthiest generation in history.

But millennials are rewriting the playbook boomers used. Not because the old rules were "wrong," but because the math, the market and the workplace have all changed.

Here are two money habits millennials are moving away from...

Renting, not buying, their home.

For boomers, owning a home was the default wealth plan and a cornerstone of the American dream. Today, higher prices and elevated mortgage rates make the buy-vs-rent decision less clear — especially for millennials and younger generations.

Planning for retirement without pensions or Social Security

Private-sector pensions that once guaranteed lifetime income have largely disappeared. That shift has pushed millennials toward self-funded retirement vehicles such as 401(k)s and IRAs.

On the Social Security side, trustees project the Old-Age and Survivors Insurance (OASI) trust fund will be depleted by 2033 under current law. After that, payroll taxes would still cover most benefits, but uncertainty around the program is nudging millennials to save more on their own.

Millennials aren't rejecting wealth-building; they're updating it to fit the times. In the end, money is personal. Your choices should reflect your unique situation, values and goals.

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Watch out for finfluencers. Social media financial influencers - aka, finfluencers - have amassed millions via sales of books, sponsorships, consulting fees and advertising. Some give sound financial advice... but some promote investment strategies that might not be appropriate for your own particular financial situation… and some are outright scammers. Federal regulations govern giving financial advice, including a requirement to clearly label when an influencer is being paid for a post... and bar misleading statements and fraud. In spite of the SEC's best efforts to monitor social media finfluencers, pump and dump schemes and other shady practices invariably slip under the radar. In the UK, Australia, Canada, Hong Kong, Italy and the United Arab Emirates, recent crackdowns on finfluencers have included forced deletion of websites and social media posts and, in some cases, arrests. In the US, high profile finfluencers have had to pay millions to settle lawsuits for not disclosing that they were being paid. Self-defense: Be wary of promises or guarantees that you'll make a lot of money or get above average returns... stocks that are thinly traded or have a small number to trade, (Continued on page 3)

"I always make sure I hire people smarter than me."

– Aliko Dangote

Maximizing The HSA Advantages

By Elliot Raphaelson, Tribune Content Agency

In IRA expert Ed Slott's recent monthly newsletter, Ryan McKeown, CPA, CFP, a senior vice president and financial adviser with Wealth Enhancement, wrote an excellent article summarizing the advantages of using health savings accounts (HSAs) as a long-term investment. I will summarize some of its points.

There are several tax advantages associated with these accounts. However, in order to establish an HSA, owners are required to purchase insurance in a high-deductible health plan (HDHP). Owners can make contributions to their HSA up to age 65. Account owners can make withdrawals to cover medical and dental expenses at any time. And those withdrawals are tax free — as long as withdrawals are made for medical expenses.

Once you establish an HSA, you can make yearly tax-deductible contributions up to $4,400 as an individual, and for the family option, yearly tax-deductible contributions up to $8,750. Those 55 and over can make a $1,000 annual catch-up contribution.

You can use the contributions and earned income in the account to pay your medical and dental expenses. However, it may make sense to pay for those expenses from sources other than your HSA accounts in order to preserve the tax advantages.

The tax advantages of HSAs are three-fold:

1. All contributions are tax-deductible, whether they are made through payroll deductions or direct contributions. If contributions are made through payroll deductions, they avoid Social Security and Medicare tax in addition to income tax.

2. All investment gains grow tax-free even after age 65, when you can no longer make additional contributions.

3. Whenever you withdraw funds from your HSA account, your withdrawals are tax-free as long as they are used for qualifying medical expenses.

These accounts become much more valuable, McKeown argues, if you avoid withdrawals until well after retirement, when most people face larger medical and dental expenses. As long as you have documentation for medical expenses, even for expenses incurred prior to your retirement, your withdrawals are tax-free.

McKeown offered two examples to illustrate the potential tax savings of using HSAs, one for an individual and one for a family. In these examples, he assumed that the individual/family made contributions for 30 years using current limits with a 6% return and a marginal tax rate of 33%. It was further assumed that none of contributions made were withdrawn to pay medical expenses prior to reaching retirement.

These examples showed a tax saving of over $115,000 for an individual, and a tax saving of over $223,000 for a family.

McKeown makes a good case for an HSA. However, to take full advantage of the potential benefits, the owner must be able to pay the additional yearly cost associated with having a high-deductible health plan, make the maximum allowable HSA contribution, and minimize withdrawals so that the account can increase substantially in value prior to retirement. That's not easy for everybody. But if your income makes it possible, you should seriously consider it.

Microvacations Can Actually Be Restful

By Choncé Maddox, Kiplinger's Personal Finance

A microvacation usually lasts one to four days. It doesn't require long flights, complicated itineraries or a big chunk of time off work. Instead, it's about stepping away from your normal routine, even briefly.

That might mean driving a few hours to a nearby town, booking a one-night stay at a hotel close to home or spending a long weekend focused on rest and enjoyment. The point isn't how far you go. It's the mental shift that comes from doing something different on purpose.

Why short getaways actually help

Medical experts say that even short breaks from daily stress can be good for your health. According to the Cleveland Clinic, time away from work and routine stressors can help lower cortisol levels, improve mood and sharpen focus.

Other health experts, including those at the Mayo Clinic, note that stepping out of your usual environment (even briefly) can help reset your brain. Getting outside, changing scenery or simply slowing down gives your mind a break from constant stimulation.

You don't need a plane ticket to experience this. A well-planned long weekend can still help you come back feeling clearer and more refreshed.

Choosing your motivation style

One of the best parts of microvacations is how flexible they are. You can shape them around what you actually need right now: rest, connection, fun or simply a change of scenery.

A weekend road trip is often the easiest option, especially if you live near small towns, scenic areas or beaches. A nearby city stay can be perfect if you're craving good food, museums or live entertainment without committing to long travel days.

Nature-focused getaways, like cabins, national parks or lakeside towns, can be especially refreshing if you want quiet time to unplug. Others prefer themed escapes, such as a food-and-wine weekend, a spa stay or an arts-focused trip built around galleries, shows or festivals.

Microvacations don't always have to revolve around a destination, either. Visiting friends or relatives who live out of town can be just as restorative. A short weekend trip to see a sibling in another state for a birthday, or a long weekend spent catching up with a close friend who lives a few hours away, can provide both a mental break and a meaningful connection.

Because you're stepping out of your normal environment and routines, the time away can still feel like a true getaway, even if you're sleeping in a guest room instead of a hotel.

For many people, these kinds of trips are easier to plan, less expensive and emotionally rewarding. They offer a reminder that a microvacation doesn't have to look like a postcard to do its job. It just has to give you space to reset.

"You told me to look for sound investments, so I bought an expensive stereo."

(Continued from page 2)
promoters flaunting signs of wealth or urging quick action. If you spot an investment related site that seems deceptive, report it at SEC.gov (search for "report suspected securities fraud or wrongdoing").
Source: Kiplingers.com

Estate plans should include non-financial "assets". Besides making sure financial property is passed on as you wish, also pass on less tangible, but just as important, legacies. Consider leaving a written, recorded or videotaped message: a personal statement about your beliefs, values and how you tried to live your life... master stories - significant events in your life and how you handled them... important experiences and traditions that you remember fondly... basic research on your family history... and causes that you believe in and activities for which you would like to be remembered.
Source: BottomLine Personal

> ***"A bank is a place that will lend you money if you can prove that you don't need it."***
>
> – Bob Hope

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Creating A Family CFO Checklist

By Jill Schlesinger, Jill on Money, Tribune Media Services

My mother recently called me to discuss a "strange" call she had received from Medicare. From the basic details she provided, I was worried that she was a victim of a scam. After all, there is ample evidence of elder fraud, a fact underscored by a recent analysis from the Federal Trade Commission.

The FTC report shows a huge jump in scam-related losses reported by people 60 and over. "From 2020 to 2024, the number of reports from older adults who lost $10,000 or more to imposter scams increased more than fourfold, and the losses of more than $100,000 from imposter scams increased eightfold... to $445 million in 2024."

Although my mother was not a victim, her call prompted an all hands-on-deck meeting with her, me, and my sister. Our goal was to create a Family CFO — Chief Financial Officer — checklist, which would allow the three of us to get on the same page with information.

The most powerful protection against most financial fraud isn't a sophisticated security system or an expensive monitoring service. It's a conversation among family members who can flag issues before they become problems.

The Consumer Financial Protection Bureau (CFPB) recommends that you ask three essential questions as part of this process:

1. Do you know all your family's account numbers and how to access them? This includes banks, credit unions, investment accounts, credit cards and retirement funds. Without this information, it is difficult to monitor for suspicious activity or assist during emergencies.

2. Do you understand what property and investments your loved ones own, and who the beneficiaries are?

3. Do you know where all household income is deposited? Understanding the flow of Social Security, pensions, and other income sources helps identify when something goes wrong.

Once you have gathered your Family CFO Checklist, it should be locked away or stored digitally with strong password protection.