



Financial Readiness for College Graduates

May 29, 2018

Have a new college graduate? Give your loved one the gift of financial readiness.

This is the time of year when college graduates prepare to make their career dreams and goals a reality. Despite their degrees, however, they may be ill equipped to face financial challenges. According to an ongoing study by the National Financial Educators Council, the average level of financial literacy in 19-24 year olds is 69%.¹

College graduates may not be as confident in their abilities to earn, save, and invest their money as you had hoped. Here are 3 tips that can help you prepare your new college graduate:

Tip 1: Consider buying them life insurance.

New graduates are typically excited about their independence and sense of accomplishment. You can help by buying life insurance policies in their names. Buying life insurance now also ensures you obtain the lowest, initial rates.²

College graduates are generally healthier now than they'll be in 10 years. Policies increase in cost over time and provide added financial security later in life.

Tip 2: Encourage your graduate to focus on college debt repayment.

College loans compel graduates to make repaying their debt a priority. Average per student college graduate debt is \$39,400, an increase of 6% from the previous year.³

Graduates may in rare cases, such as enlisting in the military, be granted a postponement in repaying their college debts.⁴

Encouraging graduates to work with financial professionals in creating debt-management plans is one of the best approaches. Developing a financial plan early in life helps create disciplined habits of responsible money management that will last a lifetime.

Tip 3: Discuss the importance of starting to prepare for retirement.

Millennials will need to save nearly \$1.2 million to sustain them over a 30-year retirement, which would generate an annual \$40,000 income. However, only 25% say they believe they'll need at least \$1 million to retire comfortably.⁵

While graduates have several decades of income earning potential, reinforcing the discipline of saving and investing for retirement will pay dividends in so many other areas of their life. By starting early in their careers, millennials will have more opportunities to build and meet their retirement goals.

The statistics are bleak: About two-thirds of Americans say they expect to outlive their retirement savings. Nearly a quarter of Americans have nothing saved. About 10% have less than \$5,000 saved for retirement.⁶

Helping today's college graduates avoid becoming part of that statistic will provide a lifetime of benefits.

All families, including college graduates, face financial challenges. If you would like to learn more about preparing financially for every stage in life, we're happy to help.

Stocks Up, Signals Mixed

Weekly Update

Geopolitical uncertainty affected stocks last week, as the historic summit between the U.S. and North Korea began to look less likely. On Thursday, May 24, President Trump announced that the summit was off, and stocks stumbled in reaction. The next day, Trump said the meeting might still occur next month, leaving investors questioning the eventual outcome.⁷

Also on the geopolitical front, an announcement that Saudi Arabia and Russia would consider easing back oil supply restrictions affected stocks. U.S. crude oil prices dropped in response, pulling energy stocks down with them.⁸

Despite these developments, major domestic indexes increased last week. The S&P 500 gained 0.31%, the Dow added 0.15%, and the NASDAQ grew by 1.08%.⁹ International stocks dropped, with the MSCI EAFE decreasing by 1.60%.¹⁰

What kept U.S. stocks in positive territory for the week?

Solid corporate earnings helped drive upward movement.

A number of companies experienced double-digit stock growth last week after releasing their latest data. This strong performance helped balance the declines and uncertainty that the week's geopolitical headlines created.¹¹

What other economic perspectives did we receive?

From durable goods to home sales, various data came out last week:¹²

- **The factory sector could drive economic growth**, as steel and aluminum tariffs are contributing to rising value of orders and inventories for metals.
- **Business confidence and 2nd-quarter investment could increase**, as strong core durable goods orders may indicate good news for companies.
- **Housing is underperforming**, as growth in home sales volume and prices have softened recently.

Overall, last week provided a mix of insight about the current economic strength and geopolitical environment. In this week's 4 trading days, we'll gain more perspectives on

consumer confidence, Gross Domestic Product, manufacturing, and employment. We will use this data to continue building our understanding of what may lie ahead in the markets—and how to prepare our clients for the future. If you have any questions, we are here to talk.

ECONOMIC CALENDAR

Monday: U.S. Markets Closed for Memorial Day

Tuesday: Consumer Confidence

Wednesday: GDP, ADP Employment Report

Thursday: Jobless Claims

Friday: Employment Situation, PMI Manufacturing Index, ISM Mfg Index, Construction Spending

DATA AS OF 5/25/2018	1 WEEK	SINCE 1/1/18	1 YEAR	5 YEAR	10 YEAR
STANDARD & POOR'S 500	0.31%	1.78%	12.68%	10.53%	7.06%
DOW	0.15%	0.14%	17.41%	10.10%	7.09%
NASDAQ	1.08%	7.68%	19.80%	16.53%	11.76%
INTERNATIONAL	-1.60%	-1.77%	6.45%	3.05%	-0.68%
DATA AS OF 5/25/2018	1 MONTH	6 MONTHS	1 YEAR	5 YEAR	10 YEAR
TREASURY YIELDS (CMT)	1.70%	2.07%	2.27%	2.76%	2.93%

Notes: All index returns (except S&P 500) exclude reinvested dividends, and the 5-year and 10-year returns are annualized. The total returns for the S&P 500 assume reinvestment of dividends on the last day of the month. This may account for differences between the index returns published on Morningstar.com and the index returns published elsewhere. International performance is represented by the MSCI EAFE Index. Past performance is no guarantee of future results. Indices are unmanaged and cannot be invested into directly.



“A successful man is one who can lay a firm foundation with the bricks others have thrown at him.”

— David Brinkley

Philly Cheesesteak



Yields 4

Ingredients:

2 tablespoons olive oil
2 medium onions
Kosher salt
Pepper
1 small red pepper
1 small green pepper
1½ pounds sirloin steak
4 ounces sliced American or provolone cheese
4 hoagie or hero rolls

Directions:

1. In a large skillet, heat 1 tablespoon of olive oil over medium heat. Put in onions, add ¼ tablespoon each of salt and black pepper. Cover and cook for 8 minutes while stirring occasionally.
2. Add sliced peppers. Cook, uncovered, until golden brown and tender, stirring occasionally, 6-8 minutes. Put vegetables in a bowl.
3. Wipe out the skillet. Heat the rest of the olive oil over medium-high heat. Put steak in skillet.
4. Use a ½ teaspoon each of salt and black pepper to season steak. Toss occasionally in the skillet until it is brown and cooked through, 3-4 minutes.
5. Put the cheese on the steak. Cover and cook until the cheese melts, 2 minutes. Take the skillet off the heat and carefully mix cheese into the steak.
6. Make sandwiches with the hoagie rolls, the steak mixture, and the onions and peppers.

Recipe adapted from Good Housekeeping¹³



Who Collects an IRS Debt?

The IRS launched a program authorizing private agencies to collect certain overdue tax debts.

A federal law, passed by Congress in December 2015, grants the tax agency the authority to contract collections to [outside companies](#).

Taxpayers whose accounts have been assigned to collections will only be contacted by 1 of the companies, not all of them. No other private groups are authorized to represent the agency for collecting overdue taxes.

The IRS always attempts to notify taxpayers before their accounts are transferred to private debt collectors. IRS notification letters include names and contact information of the debt collector, and a copy of [Publication 4518](#).

Private collectors are required to identify themselves as IRS contractors attempting to collect tax debts. The private collectors may discuss payment options. Any payment arrangements, however, must be made payable to the U.S. Treasury.

The contractors will also only discuss ongoing IRS tax issues. The tax agency will have previously attempted to collect the debt with the taxpayer.

Additional information can be found on the IRS website.

* This information is not intended to be a substitute for specific individualized tax advice. We suggest that you discuss your specific tax issues with a qualified tax advisor.

Tip adapted from IRS.gov¹⁴



How to Begin Your Golf Swing

Everyone knows you have to start at the tee to play a round of golf. It's where the game begins. It's the same with your swing. Players don't just grab a club, step up, and whack the ball, hoping it lands in a nice place.

The golf swing takes some planning and some focus.

Here is a good exercise to get you thinking about one of the most important aspects of golf:

Take a club, lay it on the ground, and point it in the direction of your swing.

This part of the exercise helps you align your swing with your target. Since you won't actually be hitting a ball in this part of the exercise, you may choose whatever target you'd like.

Put your feet in line with your club. Place your feet shoulder-width apart. After grabbing another club with both hands, extend your arms fully and stand up straight. Bend your knees to lower the club as if you were preparing to address the ball.

Here's where it gets tricky. Don't move for a few moments. Listen to your breathing and your heartbeat.

Are you breathing too quickly? Is your heart racing? Now inhale deeply; close your eyes. Why monitor your breathing? Slow, steady breathing helps you maintain your tempo.

Open your eyes. Focus on the spot you were expecting to address the ball. This is the point where you can start thinking about your swing—the quiet, confident moment.

Professionals understand—almost intuitively—when the time comes to hit the ball. Amateurs, on the other hand, spend too much time staring at the ball and overanalyzing the swing.

When the time comes, hit the ball. Don't second-guess yourself.

Tip adapted from Golfweek¹⁵



How to Protect Your Health as You Get Older

David Bowie may have sung about the “Golden Years” in 1975 when he was 28. But the late English rocker's funk ballad stills echoes an endearing truth for those heading into their golden years today. How do you protect yourself from the injuries and illnesses that afflict us as we age?

Here are some quick tips to help keep you healthy, strong, and independent:

- Keep your mind and body active.
- Eat healthy foods.
- Get plenty of sleep.
- Discuss your health with your doctor.
- Take precautions to prevent accidents and falls.

Regular exercise and physical activity:

- Reduces the risk of type 2 diabetes, heart disease, stroke, and some cancers.
- Helps you to avoid falling.
- Enables you to live independently longer.
- Improves your mood.

- Helps you feel better.
- Improves your ability to think and learn.

Tips adapted from Office of Disease Prevention and Health Promotion¹⁶



The Secrets to a Green Picnic

Looking to have a green picnic—under a bright, blue sky, against the backdrop of a lush, green landscape?

How do you make that outdoor meal more environmentally sensitive? Here are 8 steps for making your picnic fit perfectly into Mother Nature:

1. Pack lots of local, in-season fruits, vegetables, and organic meats.
2. Make your canvas grocery tote into a picnic basket.
3. Find a picnic site accessible by biking, walking, or public transportation.
4. Toss the bottles or cans and go with a cooler or a keg. Take along cups, reusable tins, or canisters.
5. Take along washable cloth napkins or tablecloths. Old bed sheets work well.
6. Use sunscreen and insect repellents made with fewer chemicals.
7. Turn your picnic plans green. Take along nature and wildlife field guides and some binoculars.
8. Take your waste with you. Park animals may be attracted to leftover food in trashcans.

Tip adapted from EarthShare¹⁷

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Diversification does not guarantee profit nor is it guaranteed to protect assets.

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The Standard & Poor's 500 (S&P 500) is an unmanaged group of securities considered to be representative of the stock market in general.

The Dow Jones Industrial Average is a price-weighted average of 30 significant stocks traded on the New York Stock Exchange and the NASDAQ. The DJIA was invented by Charles Dow back in 1896.

The Nasdaq Composite is an index of the common stocks and similar securities listed on the NASDAQ stock market and is considered a broad indicator of the performance of stocks of technology companies and growth companies.

The MSCI EAFE Index was created by Morgan Stanley Capital International (MSCI) that serves as a benchmark of the performance in major international equity markets as represented by 21 major MSCI indices from Europe, Australia, and Southeast Asia.

The 10-year Treasury Note represents debt owed by the United States Treasury to the public. Since the U.S. Government is seen as a risk-free borrower, investors use the 10-year Treasury Note as a benchmark for the long-term bond market.

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¹ <https://www.financialeducatorsCouncil.org/national-financial-literacy-test/>

² <https://www.investopedia.com/articles/personal-finance/100615/getting-life-insurance-your-20s-pays.asp>

³ <https://studentloanhero.com/student-loan-debt-statistics/>

⁴ <https://studentaid.ed.gov/sa/repay-loans/deferment-forbearance>

⁵ <https://www.cnbc.com/2018/01/16/how-much-money-millennials-think-they-need-to-retire.html>

<https://aperioncare.com/blog/millennials-on-aging/>

⁶ <https://www.cnbc.com/2018/05/11/how-many-americans-have-no-retirement-savings.html>

⁷ <https://www.bloomberg.com/news/articles/2018-05-24/asia-stocks-set-for-losses-as-kim-summit-collapses-markets-wrap>

⁸ <https://www.bloomberg.com/news/articles/2018-05-24/asia-stocks-set-for-losses-as-kim-summit-collapses-markets-wrap>

<https://www.reuters.com/article/us-usa-stocks/sp-dow-fall-as-oil-drop-hurts-energy-chipmakers-boost-nasdaq-idUSKCN11Q1KE>

⁹ <http://performance.morningstar.com/Performance/index-c/performance-return.action?t=SPX®ion=usa&culture=en-US>

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<http://performance.morningstar.com/Performance/index-c/performance-return.action?t=@CCO>

¹⁰ <https://www.msci.com/end-of-day-data-search>

¹¹ <https://www.cnbc.com/2018/05/25/us-stocks-point-to-higher-open-after-trump-scraps-key-north-korea-summit.html>

¹² <http://wsj-us.econoday.com/byshoveventarticle.asp?fid=494533&cust=wsj-us&year=2018&lid=0#top>

¹³ <https://www.goodhousekeeping.com/food-recipes/easy/a48190/philly-cheesesteak-recipe/>

¹⁴ <https://www.irs.gov/newsroom/whats-hot>

¹⁵ <http://golftips.golfweek.com/start-golf-swing-1975.html>

¹⁶ <https://healthfinder.gov/HealthTopics/Category/nutrition-and-physical-activity/physical-activity/protect-your-health-as-you-grow-older>

¹⁷ <http://www.earthshare.org/2010/08/green-picnic-guide.html>

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