What March Madness Can Teach Us About Your Financial Plan



Who’s the “Cinderella” team you have busting brackets in this year’s March Madness?

Everyone loves a good underdog story, but the history of the Big Dance tells us that the clock strikes midnight more often than not. There are more than 350 schools in Division 1 men’s basketball. But 60 of the 84 National Championship games played since 1939 have been won by only 15 teams, headed by perennial powerhouses UCLA (11 titles), Kentucky (8), North Carolina (6), and Duke (5). A hot streak might propel a surprise school through an extra round or two of the tournament. But much like a solid financial plan, schools that have consistently built their programs for the long run tend to get the best results.

Here are three more traits of successful teams that can make your financial program a consistent winner.

1. Good coaching.

In the middle of the "madness" are young men trying to make the best decisions on a huge stage under unimaginable pressure. The teams that come out on top usually have a coach who can cut through the noise, bring out the best in his players, and keep everyone focused on the big goal. For UCLA, that was the legendary John Wooden, who won more titles as a coach (10) than any other coach – or team!

For your family, we'd like you to think of us as your "financial coach." You can rely on our expertise and experience to guide you through everything from market volatility to major life transitions. And we can use our WaterRock Way process to reevaluate your financial goals and keep you progressing towards them.

2. Balanced players.

While all-time great players like Kareem Abdul-Jabbar, Magic Johnson, Larry Bird, and Michael Jordan have all left their marks on the NCAA Tournament, no one wins the championship by himself. The best teams have players who complement each other, fill in each other's weaknesses, and give their coach flexibility to adjust to different challenges through every stage of the tournament.

We help folks achieve a similar balance in their financial plans. A diversified portfolio can provide options and some stability when the markets are unsettled. You'll also have more levers to pull if you need to make a major adjustment to your financial plan, such as buying a new home, paying for college, or making an unexpected early transition into retirement.

3. Strong defense.

Does defense really win championships?

According to a 2018 study by the NCAA, a team's offensive efficiency is actually more important to its success in March.

But in 2021, the Harvard Sports Analysis Collective found that the most successful teams also tend to have smaller gaps between their offensive efficiency and their defensive efficiency. In other words, the best teams don't just outscore their opponents, they also have the ability to protect their leads and lock down games when it matters the most.

You can think of earning and investing your money as the offensive part of your financial game plan. Protecting your wealth is the defensive part. In addition to balanced saving and investing strategies, it's common in our planning process to create "emergency buckets" that can cover 6-12 months of your expenses in a pinch. We also tie insurance and estate planning into your plan so that you, your loved ones, and your money are better positioned for life's ups and downs.

Sports contain many valuable life lessons, but your financial planning is more important than any game. And we're confident that our process can help you pursue something bigger than any trophy: a confident financial future.

How a Couple Can Plan Strategically When Retiring at Different Times



Married couples don’t always plot retirement at the same point in their path. According to a recent study by Fidelity, 43% of couples disagree about what age they plan on retiring. For other folks, circumstances like an unexpected job loss or health issue push spouses onto separate retirement schedules.

When one spouse retires and the other keeps working, it’s important that the couple understands the effects on their finances, their schedules, and their long-term goals. Here are three important conversations that couples should have about syncing two retirements to a shared financial plan.

1. Discuss your reasons and goals.

If you and your spouse could both comfortably retire together, it’s important to ask each other, Why? And why not? What are the core money and life issues that put you on different retirement timelines?

Does one of you love your job and the other can’t wait to stop working?

Is one of you worried about running out of money in retirement?

Are you picturing a blank weekly schedule you don't know how to fill?

Are you worried you're going to drive each other crazy?

Retiring – or not retiring – isn't necessarily going to solve any of these issues. Talk to each other about the things you want to accomplish separately and together in the next part of your lives. Take out a blank calendar and plot out what your Ideal Week without work might look like. And if you're not on the same page about your progress toward financial goals, schedule an appointment with your financial advisor. Hopefully, these conversations will give both of you some clarity about the best time for each of you to retire.

2. Discuss schedules and responsibilities.

Even if the working spouse chooses to keep working, seeing their retired spouse lounging around and playing an extra round of golf could breed resentment. Have a conversation about who handles what at home. The retired spouse might take up a few extra responsibilities, like grocery shopping and cooking meals. If the retiree is handy, he or she might make repairs and remodeling projects part of their new retirement routine. And scheduling a weekly lunch date with your working spouse could be a nice break for both of you.

But the new retiree also shouldn't feel guilty about enjoying retirement. If money isn't an issue and the working spouse regrets missing out on weekday tennis and sprucing up the spare bedroom, maybe it's time to make retirement a shared life transition.

3. Review your financial plan.

Retiring separately can create some complications when it

comes to health care. If the retiring spouse is leaving their employer-subsidized plan before age 65, he or she won't be eligible for Medicare. That means the retiree will have to jump on a plan offered by their spouse's employer or purchase health care on their state's marketplace.

Health care is just one line item on your household budget that might go up as your monthly income goes down. Are you and your spouse prepared to tighten the family belt? Or are you going to spend more on recreational activities now that one of you isn't working? Are you considering other sources of income, such as taking Social Security before full retirement age, making early withdrawals from your retirement accounts, or working part-time?

Much like deciding when to retire, there are no right or wrong answers to these questions. What's most important is coordinating every part of your Personal Pathway so that both you and your spouse get the best life possible from your money in retirement.

This might be a good time to revisit some of our retirement planning tools. Let's set up an appointment so both you and your spouse can work through these tools and find a plan that will get you both excited about retirement.

This article was prepared for Aaron Larson's use.

Preparing to Send Kids to

College



Between the student debt crisis, COVID-19 lockdowns, and post-pandemic changes to the workplace, it’s never been more important for students to make the most of their college experience. And if you’re a parent who’s preparing to foot the bill and hoping to turn that extra bedroom into a hobby room, it’s important that you set clear expectations for what your child needs to accomplish before graduation.

Here are three discussion points that can help you, your spouse, and your child establish some ground rules so that all of you get more value from the next four years.

1. Academic expectations.

C’s may very well earn degrees, as the old saying goes. But while your child is no longer competing for a spot in college, that doesn’t mean they should start slacking in the classroom. Middling academic performance could jeopardize a scholarship your child earned. It could also make it more difficult to

secure spots in selective classes and programs later in college – particularly if a post-graduate degree is part of the plan. Moreover, if your A student is suddenly struggling to get by, that could be a sign that he or she isn't taking classes seriously or is dealing with mental health issues that you should address as a family.

Beyond engaging in their classwork to learn, students should use college to sharpen skills that will help them succeed in the workforce: time management, collaboration, perseverance, focus, and curiosity. Push your child to do more than get by and they'll learn how to push themselves toward greatness.

2. Financial expectations.

In addition to building good work habits, college is also an opportunity to teach your child good money habits. Even if you can afford to pay for tuition, room, and board, you might have your child contribute to total costs as well. Having some skin in the game might motivate your child to put in that extra effort to excel.

Of course, the costs of college don't stop once the tuition and housing bills get paid. What is your child's plan for covering basic living expenses? Have a conversation about part-time work, setting a monthly budget, the importance of saving and investing early, and using debt responsibly. This last point is especially important as many credit card companies barrage freshman with enticing introductory offers including fine print they may not understand. It's likely your student will have enough debt to worry about when they start working without adding a high-interest credit card bill into the mix.

3. Networking expectations.

For motivated students who want to build a glide path from the classroom to a good job, the resources at a college or university are almost endless. High achievers who demonstrate

a commitment to hard work can form invaluable relationships with professors, administrators, counselors, alumni, and other mentors. Many schools have strong connections to local companies, community organizations, technical certification programs, and government offices.

Joining student organizations can help students connect with their peers and start addressing issues both on campus and in the broader community. And all these contacts and experiences can be resources when it’s time to start applying to graduate school or looking for a first job. Talk to your child about how they plan to make these important connections and start cultivating their first professional network.

Ultimately, college will be what your student makes of it. Once you’ve set your expectations, you’ll have to give your child some space to find their best way to meet those expectations and prepare themselves for adult life.

We can’t help with homework, but if you’d like to set up an appointment before move-in day, we’d be happy to sit down with you and your child to help him or her get started on the path to long-term financial success.

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