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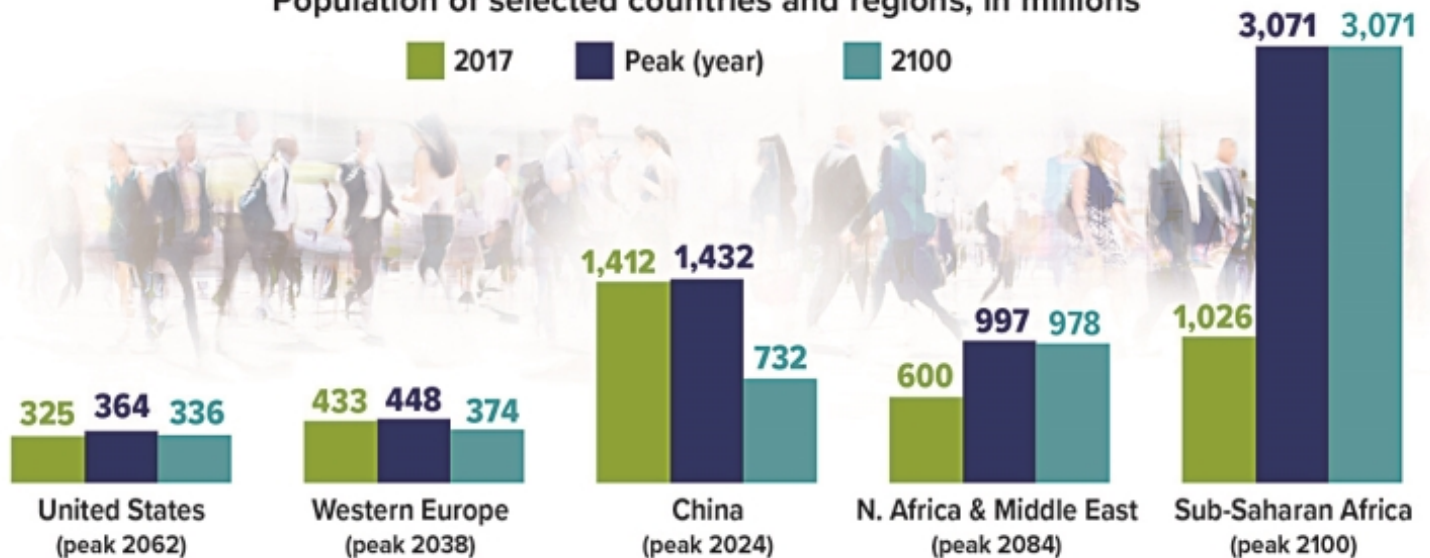


## Population Peaks

Global population is projected to peak at 9.7 billion in 2064 and decline to 8.8 billion by the end of the century, according to a study from the University of Washington Institute for Health Metrics and Evaluation. The reversal of population growth — already in progress in some countries — is due primarily to women's better access to education and contraception.

By 2100, 183 of 195 countries will not have fertility rates necessary to maintain their current populations, with 23 countries shrinking by more than 50%. By contrast, the population of sub-Saharan Africa is projected to triple, and almost half the world's population will live in Africa and the Middle East.

Population of selected countries and regions, in millions



Source: *The Lancet*, October 17, 2020

# Test Your Knowledge of College Financial Aid

Financial aid is essential for many families, even more so now in light of COVID-19. How much do you know about this important piece of the college financing puzzle?

## 1. If my child attends a more expensive college, we'll get more aid

Not necessarily. Colleges determine your expected family contribution, or EFC, based on the income and asset information you provide on the government's financial aid form, the Free Application for Federal Student Aid (FAFSA), and, where applicable, the College Scholarship Service (CSS) Profile (a form generally used by private colleges). Your EFC stays the same no matter what college your child attends. The difference between the cost of a particular college and your EFC equals your child's financial need, sometimes referred to as "demonstrated need." The more expensive a college is, the greater your child's financial need. But a greater financial need doesn't automatically translate into a bigger financial aid package. Colleges aren't required to meet 100% of your child's financial need.

**Tip:** Due to their large endowments, many elite colleges offer to meet 100% of demonstrated need, and they may also replace federal student loan awards with college grants in their aid packages. But not all colleges are so generous. "Percentage of need met" is a data point you can easily research for any college. This year, though, some colleges that are facing lower revenues due to the pandemic may need to adjust their financial aid guidelines and set higher thresholds for their aid awards.

## 2. I lost my job after submitting aid forms, but there's nothing I can do now

Not true. Generally, if your financial circumstances change significantly after you file the FAFSA (or the CSS Profile) and you can support this change with documentation, you can ask the financial aid counselor at your child's school to revisit your aid package; the financial aid office has the authority to make adjustments if there have been material changes to your family's income or assets.

Amid the pandemic, annual income projections for some families may now look very different than they did two years ago based on "prior-prior year" income (see graphic). Families who have lost jobs or received cuts in income may qualify for more aid than the FAFSA first calculated.

**Tip:** Parents should first check the school's financial aid website for instructions on how to proceed. An initial email is usually appropriate to create a record of correspondence, followed by documentation and likely additional communication. Keep in mind that financial aid offices are likely to be inundated with such

requests this year, so inquire early and be proactive to help ensure that your request doesn't get lost in the shuffle.

## 3. My child won't qualify for aid because we make too much money

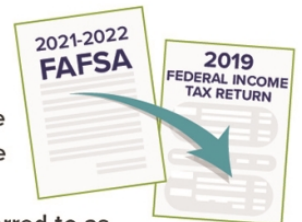
Not necessarily. While it's true that parent income is the main factor in determining aid eligibility, it's not the only factor. The number of children you'll have in college at the same time is a significant factor; for example, having two children in college will cut your EFC in half. Your assets, overall family size, and age of the older parent also factor into the equation.

**Tip:** Even if you think your child won't qualify for aid, there are still two reasons to consider submitting the FAFSA. First, all students, regardless of family income, who attend school at least half-time are eligible for unsubsidized federal Direct Loans, and the FAFSA is a prerequisite for these loans. ("Unsubsidized" means the student pays the interest that accrues during college, the grace period, and any loan deferment periods.) So if you want your child to have some "skin in the game" by taking on a small student loan, you'll need to submit the FAFSA. Second, the FAFSA is *always* a prerequisite for college need-based aid and is *sometimes* a prerequisite for college merit-based aid, so it's usually a good idea to submit this form to maximize your child's eligibility for both.

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### Prior-Prior Year for Income

The FAFSA relies on current asset information (as of the date you fill out the form) and income information based on your tax return from two years prior, referred to as the "prior-prior year." For example, the 2021-2022 FAFSA relies on information from your 2019 tax return.



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## 4. We own our home, so my child won't qualify for aid

It depends on the source of aid. The FAFSA does not take home equity into account when determining a family's expected family contribution, so owning your home won't affect your child's eligibility for aid. The FAFSA also excludes the value of retirement accounts, cash-value life insurance, and annuities.

**Tip:** The CSS Profile does collect home equity and vacation home information, and some colleges *may* use it when distributing their own institutional need-based aid.

# Due Date Approaches for 2020 Federal Income Tax Returns

Tax filing season is here again. If you haven't done so already, you'll want to start pulling things together — that includes getting your hands on a copy of your 2019 tax return and gathering W-2s, 1099s, and deduction records. You'll need these records whether you're preparing your own return or paying someone else to prepare your tax return for you.

Don't procrastinate. The filing deadline for individuals is generally Thursday, April 15, 2021.

## Filing for an Extension

If you don't think you're going to be able to file your federal income tax return by the due date, you can file for and obtain an extension using IRS Form 4868, *Application for Automatic Extension of Time to File U.S. Individual Income Tax Return*. Filing this extension gives you an additional six months (to October 15, 2021) to file your federal income tax return. You can also file for an extension electronically — instructions on how to do so can be found in the Form 4868 instructions.

Filing for an automatic extension does not provide any additional time to pay your tax. When you file for an extension, you have to estimate the amount of tax you will owe and pay this amount by the April filing due date. If you don't pay the amount you've estimated, you may owe interest and penalties. In fact, if the IRS believes that your estimate was not reasonable, it may void your extension.

**Note:** *Special rules apply if you're living outside the country or serving in the military and on duty outside the United States. In these circumstances, you are generally allowed an automatic two-month extension (to June 15, 2021) without filing Form 4868, though interest will be owed on any taxes due that are paid after the April filing due date. If you served in a combat zone or qualified hazardous duty area, you may be eligible for a longer extension of time to file.*

## What If You Owe?

One of the biggest mistakes you can make is not filing your return because you owe money. If your return shows a balance due, file and pay the amount due in full by the due date if possible.

If there's no way that you can pay what you owe, file the return and pay as much as you can afford. You'll owe interest and possibly penalties on the unpaid tax, but you'll limit the penalties assessed by filing your return on time, and you may be able to work with the IRS to pay the remaining balance (options can include paying the unpaid balance in installments).

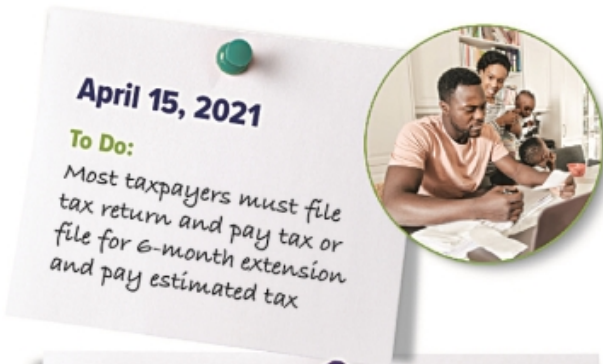
## Expecting a Refund?

The IRS has stepped up efforts to combat identity theft and tax refund fraud. More aggressive filters that are intended to curtail fraudulent refunds may inadvertently delay some legitimate refund requests. In fact, the IRS is required to hold refunds on all tax returns claiming the earned income tax credit or the additional child tax credit until at least February 15.

Most filers, though, can expect a refund check to be issued within 21 days of the IRS receiving a tax return. However, note that in 2020 the IRS experienced delays in processing 2019 paper tax returns due to limited staffing during the coronavirus pandemic.

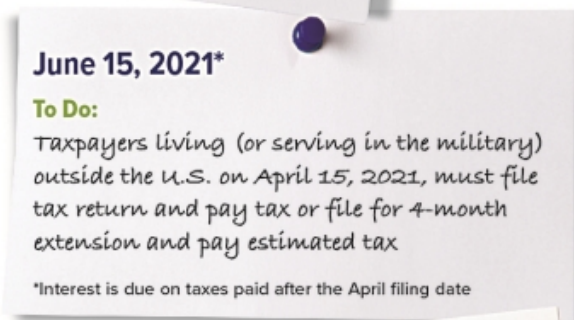
So if you are expecting a refund on your 2020 tax return, consider filing as soon as possible and filing electronically.

## Due Dates for 2020 Tax Returns



**April 15, 2021**

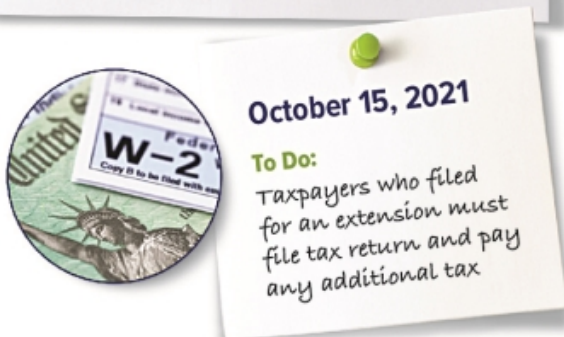
**To Do:**  
Most taxpayers must file tax return and pay tax or file for 6-month extension and pay estimated tax



**June 15, 2021\***

**To Do:**  
Taxpayers living (or serving in the military) outside the U.S. on April 15, 2021, must file tax return and pay tax or file for 4-month extension and pay estimated tax

\*Interest is due on taxes paid after the April filing date



**October 15, 2021**

**To Do:**  
Taxpayers who filed for an extension must file tax return and pay any additional tax

# Four Things Investors Should Know About Stock Splits

In 2020, three companies in the S&P 500 index announced plans for stock share splits, down from 102 companies in 1997 and seven in 2016.<sup>1</sup>

As an investor, you may wonder what a stock split is and how it might affect your portfolio. Although splitting stock shares has been much less common in recent years, it's usually newsworthy when a high-profile company announces a planned split.

**1. What is a stock split?** A company may decide to lower the price of its stock by splitting each outstanding share into more than one share. With a traditional stock split, more shares are available, but the total value of all the shares (the company's stock market capitalization) remains the same. For example, if a company announces a 2-for-1 split and you owned one share worth \$100, you would own two shares worth \$50 each.

**2. Why do companies split their stock?** Typically, stock splits occur when the price of individual shares has risen to a level that might discourage potential investors. More affordable share prices are thought to improve the liquidity, or the ease with which shares are bought and sold. Companies may also split stock to show management's confidence in the future performance of the stock, as well as to stir up interest in the stock if it has been languishing.

**3. What is a reverse stock split?** In order to increase the per-share price of a stock, companies might opt for

a reverse stock split, which creates one share from multiple shares. One reason why a company might issue a reverse stock split is to satisfy a stock exchange's minimum share price. By decreasing the number of shares outstanding, the company boosts its stock price. Reverse stock splits could also make a company's stock more appealing to investors who might perceive it as more valuable at a higher stock price.

**4. How do stock splits affect investors?** A common misconception is that splits automatically increase the value of an investor's holdings. In reality, the number of shares owned is increased in proportion to the reduced price per share, so the total value of an investor's holdings remains the same. Stock splits generally have no impact on the broader stock market or the fundamental value of the stock. Some argue that they may potentially pose at least one advantage to shareholders: A stock split draws wider attention to a company's rising share price and the fact that it has been doing well.

*The return and principal value of stocks fluctuate with changes in market conditions. Shares, when sold, may be worth more or less than their original cost. Past performance is not a guarantee of future results.*

1) *The Wall Street Journal*, August 28, 2020

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This is a resource that will answer your most important financial question, namely:

- If employed – When can I retire?
- If not employed – Can I stay retired?

Contour Financial will answer this question, suggest alternative scenarios, if needed, and implement investment strategies in order to reach your objectives.

Customized strategies are developed and implemented. Personalized service is provided by Certified Financial Planners (CFP) and/or Certified Public Accountants (CPA) to clients. Investment, retirement, tax planning & preparation, estate, insurance, cash flow and education planning are all integral parts to the process.

Contour Financial is a private wealth management business located in Orland Park, Illinois. We work primarily with middle income and wealthy clients. As a long-term National Association of Personal Financial Advisors (NAPFA) fee-only firm, all compensation is fully disclosed. For clients seeking investment management by our firm, assets are held at Charles Schwab Institutional, an industry leader.