

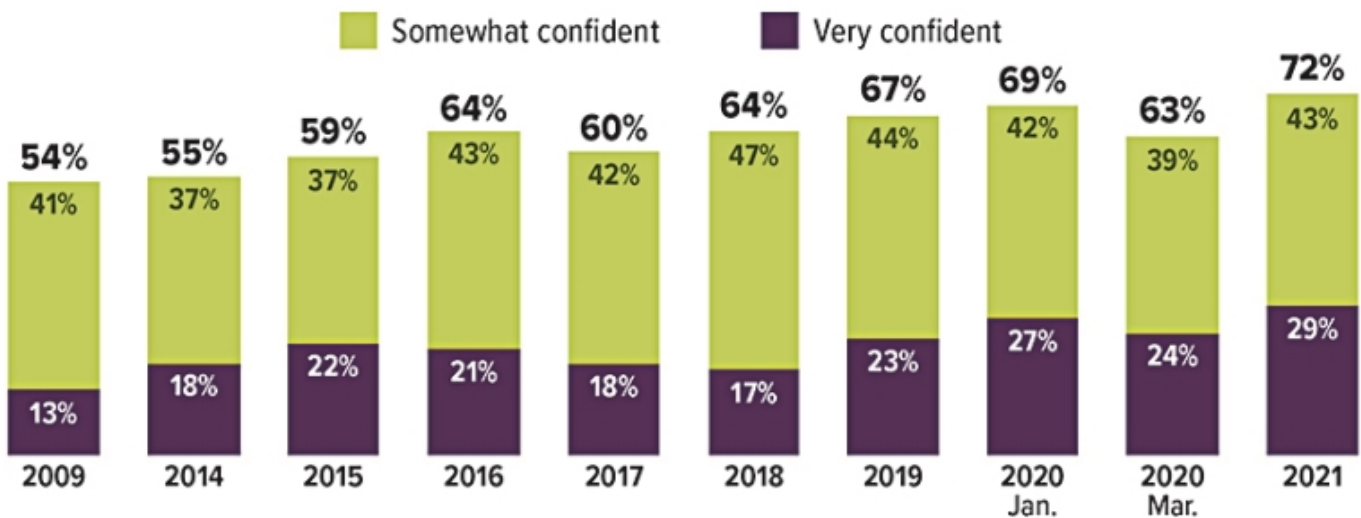


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Can You Fund Your Retirement?

In January 2021, more than seven out of 10 workers were very or somewhat confident that they would have enough money to live comfortably throughout their retirement years. This was the highest confidence level since 2000 and a significant rebound from levels in March 2020 after the pandemic began. Overall, retirement confidence has trended upward since the Great Recession.



Source: Employee Benefit Research Institute, 2021 (two surveys were conducted in 2020)

International Investing: Opportunity Overseas?

For the past decade, U.S. stocks have outperformed foreign stocks by a wide margin, due in large part to the stronger U.S. recovery after the Great Recession. In general, U.S. companies have been more nimble and innovative in response to changing business dynamics, while aging populations in Japan and many European countries have slowed economic growth.¹

Despite these challenges, some analysts believe that foreign stocks may be poised for a comeback as other countries recover more quickly from the effects of COVID-19 than the United States. On a more fundamental level, the lower valuations of foreign stocks could make them a potential bargain compared with the extremely high valuations of U.S. stocks.²⁻³

Global Growth and Diversification

Investing globally provides access to growth opportunities outside the United States, while also helping to diversify your portfolio. Domestic stocks and foreign stocks tend to perform differently from year to year as well as over longer periods of time (see chart). Although some active investors may shift assets between domestic and foreign stocks based on near- or mid-term strategies, the wisest approach for most investors is to determine an appropriate international stock allocation for a long-term strategy.

A World of Choices

The most convenient way to participate in global markets is by investing in mutual funds or exchange-traded funds (ETFs) — and there are plenty of choices available. In Q1 2021, there were more than 1,400 mutual funds and 600 ETFs focused on global equities.⁴

International funds range from broad, global funds that attempt to capture worldwide economic activity to regional funds and those that focus on a single country. Some funds are limited to developed nations, whereas others may focus on nations with emerging economies.

The term "ex U.S." or "ex US" typically means that the fund does not include domestic stocks. On the other hand, "global" or "world" funds may include a mix of U.S. and international stocks, with some offering a fairly equal balance between the two. These funds offer built-in diversification and may be appropriate for investors who want some exposure to foreign markets balanced by U.S. stocks. For any international stock fund, it's important to understand the mix of countries represented by the securities in the fund.

Additional Risks and Volatility

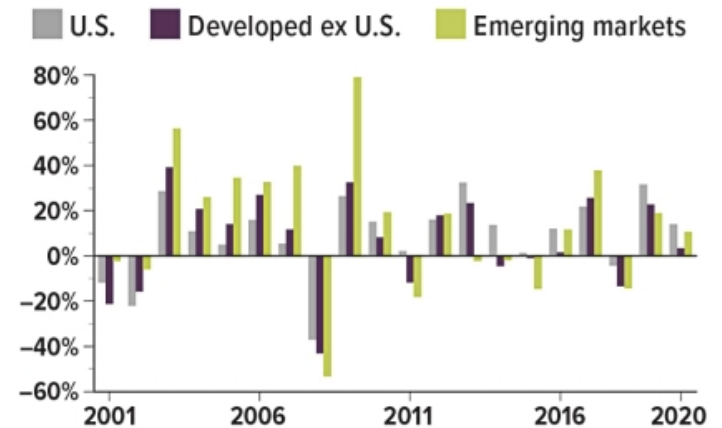
All investments are subject to market volatility, risk, and loss of principal. However, investing internationally carries additional risks such as differences in financial reporting, currency exchange risk, and economic and political risk unique to a specific country. Emerging

economies might offer greater growth potential than advanced economies, but the stocks of companies located in emerging markets could be substantially more volatile, risky, and less liquid than the stocks of companies located in more developed foreign markets.

Domestic vs. Foreign

Over the past 20 years, stocks in emerging markets have outperformed U.S. stocks but have been much more volatile. Stocks of developed economies outside the United States have yielded less than domestic stocks over the 20-year period, but have outperformed in nine of those 20 years.

Stock performance, annual total returns



Source: Refinitiv, 2021, for the period 12/31/2000 to 12/31/2020. U.S. stocks are represented by the S&P 500 Composite Total Return Index, developed ex US stocks are represented by the MSCI EAFE GTR Index, and emerging market stocks are represented by the MSCI EM GTR Index; all are considered representative of their asset classes. The performance of an unmanaged index is not indicative of the performance of any specific investment. Individuals cannot invest directly in an index. Rates of return will vary over time, especially for long-term investments. Past performance is not a guarantee of future results. Actual results will vary.

Diversification is a method to help manage risk; it does not guarantee a profit or protect against loss. The return and principal value of all stocks, mutual funds, and ETFs fluctuate with changes in market conditions. Shares, when sold, may be worth more or less than their original cost. Supply and demand for ETF shares may cause them to trade at a premium or a discount relative to the value of the underlying shares.

Mutual funds and ETFs are sold by prospectus. Please consider the investment objectives, risks, charges, and expenses carefully before investing. The prospectus, which contains this and other information about the investment company, can be obtained from your financial professional. Be sure to read the prospectus carefully before deciding whether to invest.

1, 2) U.S. News & World Report, October 1, 2020

3) CNBC, January 23, 2021

4) Investment Company Institute, 2021

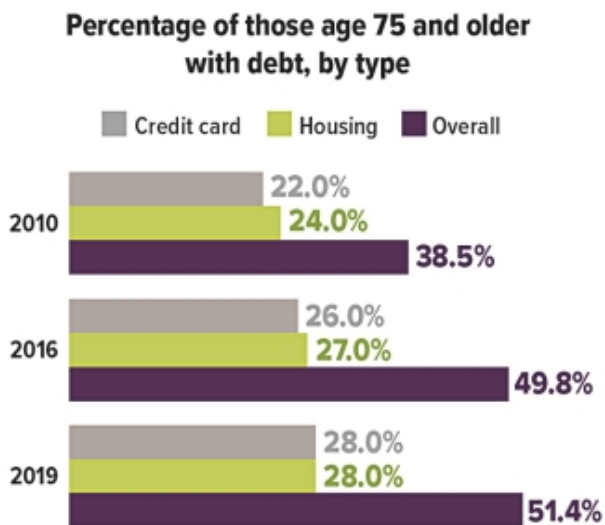
Don't Let Debt Derail Your Retirement

Debt poses a growing threat to the financial security of many Americans — and not just college graduates with exorbitant student loans. Recent studies by the Center for Retirement Research at Boston College (CRR) and the Employee Benefit Research Institute (EBRI) reveal an alarming trend: The percentage of older Americans with debt is at its highest level in almost 30 years, and the amount and types of debt are on the rise.

Debt Profile of Older Americans

In the 20-year period from 1998 to 2019, debt increased steadily for families with household heads age 55 and older; in recent years, however, the increase has largely been driven by families with household heads age 75 and older. From 2010 to 2019, the percentage of this older group who carried debt rose from 38.5% to 51.4%, the highest level since 1992. By contrast, the percentage of younger age groups carrying debt either rose slightly or held steady during that period.

Debt and the Age 75+ Population



Source: Employee Benefit Research Institute, 2020

Mortgages comprise the largest proportion of debt carried by older Americans, representing 80% of the total burden. According to EBRI, the median housing debt held by those age 75 and older jumped from \$61,000 in 2010 to \$82,000 in 2019. The CRR study reported that baby boomers tend to have bigger debt loads than older generations, largely because of pricey home purchases financed by small down payments.

Consequently, economic factors that affect the housing market — such as changes in interest rates, home prices, and tax changes related to mortgages — may have a significant impact on the financial situations of both current and future retirees.

Credit-card debt is the largest form of nonhousing debt among older Americans. In 2019, the incidence of those age 75 and older reporting credit-card debt reached 28%, its highest level ever. The median amount owed rose from \$2,100 in 2010 to \$2,700 in 2019.

Medical debt is also a problem and often the result of an unexpected emergency. In the CRR study, 21% of baby boomers reported having medical debt, with a median balance of \$1,200. Among those coping with a chronic illness, one in six said they carry debt due to the high cost of prescription medications.

Finally and perhaps most surprisingly, student loan obligations are the fastest-growing kind of debt held by older adults. Sadly, it appears that older folks are generally not borrowing to pursue their own academic or professional enrichment, but instead to help children and grandchildren pay for college.

How Debt Might Affect Retirement

Both the CRR and EBRI studies warn that increasing debt levels may be unsustainable for current and future retirees. For example, because the stress endured by those who carry high debt loads often results in negative health consequences, which then result in even more financial need, the effect can be a perpetual downward spiral. Another potential impact is that individuals may find themselves postponing retirement simply to stay current on their debt payments. Yet another is the risk that both workers and retirees may be forced to tap their retirement savings accounts earlier than anticipated to cope with a debt-related crisis.

If you are retired or nearing retirement, one step you can take is to evaluate your debt-to-income and debt-to-assets ratios, with the goal of reducing them over time. If you still have many years ahead of you until retirement, consider making debt reduction as high a priority as building your retirement nest egg.

Sources: Center for Retirement Research at Boston College, 2020; Employee Benefit Research Institute, 2020

Is It Time to Cut Cable?

An explosion in the number and variety of streaming services, coupled with more time spent at home in the last year, might have you wondering whether it's time to cut the cord on cable. After all, cable isn't getting any cheaper. At the beginning of 2021, many large cable and satellite television companies announced higher prices and reinstated data caps, which were temporarily suspended in 2020 by the Federal Communications Commission.¹ But is it really worth it to ditch cable in favor of streaming services? Consider the following before you make the switch.

Determine how much of your cable subscription you *actually* use. Are you regularly watching all the channels you pay for, or do you watch only a few of them? Are the channels you watch worth what you pay each month? The answers to these questions may help you decide whether the cost of your cable subscription is worth it.

Know your viewing preferences. Streaming services often delay the release of new TV show episodes, which can be frustrating for dedicated viewers. And sports fans might be disappointed to learn that it's difficult to access live sports coverage through most streaming services. Comprehensive sports packages are offered by some services, but usually at a higher cost, and you may need to bundle a few services together depending on whether you want local, national, and/or international coverage. Plus, delays in live programming can make it tough to tune in to your

favorite teams.

Compare streaming services. A dizzying array of streaming services are available. Narrow down your choices by making a list of the ones that most appeal to you. If possible, sign up for free trials to find out what is (and what isn't) a good fit. And investigate the terms and conditions of any service that you decide to try — look for termination fees and how much any add-ons might cost.

Consider the benefits and limitations. In addition to being less expensive than cable, most streaming services are user-friendly. And as long as you have an Internet connection, streaming services allow you to view your favorite shows on the go on your cell phone or tablet. But not all streaming services offer extras such as digital video recording (DVR) or live television pausing, which are cable features you might miss. You may also have to subscribe to multiple streaming services to access all your preferred programs, which could mean you won't save much (or any) money in the long run.

Factor in the cost of extra equipment. You may need to invest in special streaming devices to access the programs you want. You might also consider the cost of high-speed Internet — you won't be able to successfully stream without a relatively fast Internet connection.

1) *Consumer Reports*, December 21, 2020

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.

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