

WORTH A REED

First Quarter 2018

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Change is Inevitable

Jim Reed, President

Change happens to all of us. We can choose to embrace it, fight it, or even ignore it.

Recently, Marsha and I moved to a condominium after spending 38 years in the same house. With the kids gone and not living in the area and the seemingly constant maintenance cost, we decided a change was needed. We have found several positives with this change. The neighbors are very friendly, having met several to date, with more possibilities as the weather improves. I learned we have a private snow removal service versus the city. They have done an amazing job, plus shovel my walk and porch. Who knew? I knew the condominium fee included snow removal and lawn service, but also found out it includes the roof. After my experience with high condo fees in Florida, I was a little concerned about the relatively low fees, but I was pleasantly surprised to find the Association collects significant energy royalties to offset our costs. Lastly, we have found many new restaurants to try. Several friends have given us lists of places to try, which could be the negative of this move, the impact on my waistline. Oh well, change!

Sometimes, change happens and we only notice it when we take time to look backwards. Recently, there was an article by Stephen Pinker in the Wall Street Journal with several such observations. I noted the following:

	<u>1988</u>	<u>2018</u>
% of U.S. Population Living below The Poverty Level	11%	3%
% of World. Population Living below The Poverty Level	37%	9.6%
Countries with Democracies as Government and number of people effected	45 Countries 2 Bil people	103 Countries 4.1 Bil People
Nuclear weapons	60,780	10,325

Clearly, the fall of the Iron Curtain and globalization has had a positive impact.

Financial planning is the same. When we start, we have few dollars, lower income. We wonder how we will ever save enough for a down payment on a house, fund the kids' education or even retire someday. While the task seems near impossible, the key is to develop a plan and then start saving a little. We should keep increasing the savings as income rises and review the plan annually. Generally, there are two parts to a plan; the amount saved and investment results. Both can vary by year. Some years are better for income and savings while the same could be said for investments. The thing to watch is the trend line and whether it is moving upward over time to meet achieve plan.

Change happens in life. Marriage, kids, sickness, job changes, moves, divorce, retirement and eventually death. As change happens, plans need to be reviewed, sometimes modified or even re-done. Early on, sufficient insurance is needed to protect loved ones but amounts can be gradually reduced as assets are accumulated. Wills and trusts are initially needed to define who you want to raise your children in the event that both parents suddenly pass and who holds the money for their care. This changes to eventually who gets the money when we die and when. Savings and investment results will determine when you can retire comfortably.

Because change does happen, navigating through the maze of decisions is challenging and somewhat confusing to many. We try to meet with all of our clients regularly to assess the plan status and address concerns. Our entire staff is available daily to answer all questions that arise anytime between update meetings.

Change is inevitable. The key is how we adapt to it. Our goal is to simplify life by helping you work through these changes. Once resolved, you can then focus on what's important to you and enjoy your time on planet Earth. ■

Wedding Season is Upon Us

Brandon Schnittke, Associate Advisor

Union of Everything

Marriage is a union of people for every aspect of their lives, but the financial component can be a difficult conversation to some. Whether one has debt that they are not proud of or a total savings that they do not feel is adequate, speaking of their “financial health” can be uncomfortable. This union needs to include full disclosure, as it is important to have good communication to fix some of these problems or prevent potential issues down the line.

I’m Getting Married

I happen to be getting married in just a couple months! April 28th is quickly approaching, so this is all too relevant of a topic for myself at this point in time. Luckily for me, my fiancé, Lauren, and I are very open with communication. Although our financial lives are not currently perfect, it was important to have conversations related to our current financial pictures to develop a plan for future success.

The Future

With a lifelong commitment, you want to make sure that you are not just planning for your life together, but also a life that may no longer include you or your spouse. Here are a few things that you should check on to make sure that your “ducks are in a row.” ■



Marriage Checklist

- ◆ Obtain your marriage license / certificate

Beneficiaries

- ◆ Discuss with your spouse where each of you want benefits of retirement accounts, properties, life insurance policies to go in the event of your death
- ◆ Update beneficiaries on any accounts where applicable
- ◆ Update beneficiaries on life insurance policies

Insurance

- ◆ Research if you or your spouse has better health insurance and if it makes sense to have one join the other plan
- ◆ Consider life insurance, in case of any catastrophic event, to help with lost income

Name Changes

- ◆ Apply for a new social security card
- ◆ Receive a new driver’s license
- ◆ Update your employer to have them change your name in their records and make changes to tax withholdings
- ◆ Update your name on bank accounts
- ◆ Get an updated passport
- ◆ Contact various professionals/providers where you are a client

Estate Documents

- ◆ If you have estate documents, consider any changes to include your spouse.

Just a friendly reminder ...

When coming to our new office, our office is the “pinkish-colored” one off Landerbrook Drive!



Clients are welcome to visit our office to utilize any of the following services-

- ◆ Drop off shredding in our shredding bins
- ◆ Use of faxing or scanning services
- ◆ Use of office space for a meeting with your accountant, attorney, etc.
- ◆ Utilize services of one of our notaries or a Medallion Signature Guarantee (up to \$100K limit).

Save
the
Date

OPEN HOUSE CELEBRATING OUR NEW OFFICE!

Wednesday, May 16, 2018

Details and invite will be forthcoming.

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Cryptocurrencies such as Bitcoin explained

Evan Watson, Investment Analyst

A new trend has surfaced and is gaining popularity. It has been mentioned on the news and is even becoming a topic of water cooler conversation. The trend I am referring to is Cryptocurrencies.

Cryptocurrency is a digital currency that is seen as being more secure because of the underlying blockchain technology. Blockchain is a technology that uses more than one location to store data from transactions and updates the data in real time. Since this data is stored on many servers, it makes it more difficult for hackers to break in and interrupt the chain, which in turn reduces the probability of fraud. It is important to note that when investing in Bitcoin or any other cryptocurrency, you are not investing in blockchain. The technology is unable to be owned as it was designed and released for public use.

This leads us to ask where the value of cryptocurrencies is derived. The value of cryptocurrencies is not based on the usefulness of the asset such as gold, or backed by the full faith and credit of a sovereign government like the dollar, and is not a reflection of the ability for a company to use the funds to create value like stock. Cryptocurrencies are purely valued on the supply and demand of the asset. This means that the only way for the value to change is for more people to demand cryptos because of the limited supply.

Cryptocurrencies also come with many risks. The first of which is the possibility of the asset going to zero. With a lack of fundamentals to value the currency on, the intrinsic value is set by the market. Cryptocurrencies also have little use in transactions. Some organizations and companies accept certain cryptos, but they are not widely accepted. Additionally, cryptocurrencies are poised to be regulated heavily, due to the associated risks.

Any investment you make is at your discretion, but we would urge you to fully understand the asset before you invest. ■

Reed Financial Services Client Portal App Release! Mark Lisachenko, Operations Manager

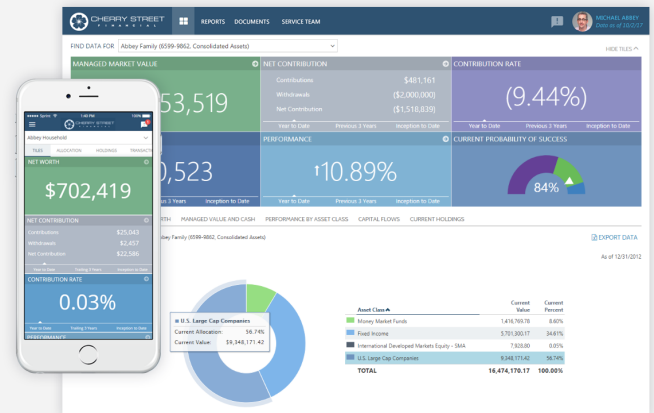


We are pleased to announce the release of the Reed Financial Services Client Portal app for Android and Apple. The Apple app is available now and the Android app is scheduled for release the week of March 5th. The app provides convenient and secure “on-the-go” access for use on all mobile devices, including phones and tablets. The mobile app offers the same level of rigorous security available in the desktop portal, with dual-factor authentication. Additionally, the iPhone version integrates Touch ID and/or Face ID facial recognition security.

Clients whom currently have portal access (available on a web browser or iPad app – see note below for iPad) can start using the new mobile app upon store availability. For your safety, please be sure to only download the app from the official Google Play Store or Apple App Store. Our app has the name ‘Reed Financial Services’ and is supplied by Tamarac, Inc. As an alternative we have provided links to download the apps from the Reed Financial website. Simply open a browser on your device and navigate to our ‘Clients’ page (<http://www.reed-financial.com/online-access>) and the link named ‘Get our app from the Apple App Store’ should open to the app in the Apple app store for download.

Note: The app is designed and fully supported for iOS 10.0 or higher for Apple devices and Android 6.0 or higher for Android.

If you currently do not have access to our Client Portal and are interested, please contact our office for an easy setup process. The Reed Financial Client Portal app provides financial data to our clients using the mobile-optimized portfolio dashboard, financial reports, and document vault file viewing.



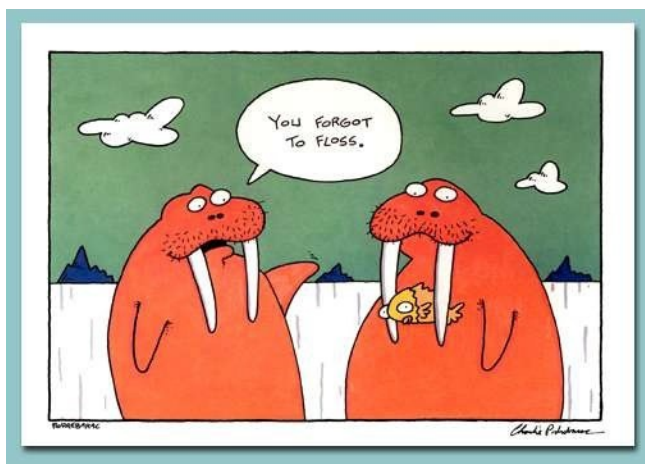
Important Note for anyone who was previously using the Reed Financial Services iPad app: Unfortunately, our vendor was not able to upgrade the older iPad app and it no longer functions. This was not communicated to us by our vendor until after the app stopped functioning on the evening of February 22nd and we apologize to anyone this impacted. You can use the new mobile app on your iPad but first you must delete the existing iPad app. After doing so, you can go back to the Apple App Store and download and install the new mobile app for your iPad. The new mobile app has a slightly different look and feel than the older iPad app but is an improvement overall. ■

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INVESTING IN YOUR HEALTHCARE

Janet Edwards, Manager of Client Relations

Recently, I had to make my semi-annual trip to the dentist. Sometimes when I see the upcoming appointment on my calendar, I may take some extra care to floss more often in the hopes that they never tell me that I have a cavity. However, one nice thing about going to the dentist is I never stress over paying for the treatment since I always make regular contributions to my Health Savings Account (HSA) account which I can use to pay my bill when it comes. This leads me to think about planning with regard to how much I should be regularly contributing to my HSA account.



Many people feel that there are few tax breaks as lucrative as a health savings account. Those who qualify can contribute up to an annual maximum and receive a tax deduction for the money they set aside.

What is a HSA account?

A health savings account (HSA) combines high deductible health insurance with a tax-favored savings account. Money in the savings account can help pay the deductible. It allows you to use pre-tax dollars to pay for qualified medical expenses such as deductibles, copayments, coinsurance, prescription drugs, eyeglasses and other costs both now and in the future. Once the deductible is met, the insurance starts paying. Money left in the savings account earns interest and is yours to keep.

Am I eligible to participate?

To get the benefits of an HSA, the law requires that the savings account be combined with a qualified high deductible health insurance plan which can cost less than other health insurance plans. In 2018, the minimum annual deductible of a qualified HSA plan for an individual is \$1,350 and \$2,700 for a family.

What is so special about HSA's?

HSA's offer a triple tax benefit. Contributions can be deducted pre-tax from your paycheck, lowering your taxable income; any interest or investment gains on the money is tax free; and withdrawals from the account are tax free, as long you spend the money on eligible items. And if you change jobs, the HSA moves with you.

The thing that most people look at with health savings accounts is the ability to deduct contributions toward healthcare expenses. That stands in stark contrast to current rules about healthcare expenses generally, as you can typically only take medical expenses as itemized deductions, and then only if they exceed 10% of your adjusted gross income.

HSAs aren't the only way to save for healthcare costs. Many workers qualify for flexible spending accounts, which have some of the same benefits as HSAs. Yet unlike FSAs, there's **no time limit involved in spending the money that you save in the account**. Any unused amount can remain in the HSA for use as far into the future as necessary. You'll never forfeit money in an HSA.

According a recent CNBC article, Fidelity estimates that a 65-year-old couple retiring this year will need \$275,000* to cover health and medical costs throughout retirement (up from \$260,000 in 2016). *The cost estimate assumes enrollment in Medicare coverage but does not include extra costs like a nursing home or long-term care.* The thought is given that \$275,000 figure, odds of having too much money in your HSA account seem pretty limited.

How much can I contribute?

HSA Feature	Limit for 2018 HSAs	Change From 2017 Limits
Maximum HSA contribution-self-only/family coverage	\$3,450/ \$6,900	Up \$50/ up \$150
Minimum annual deductible for HDHPs-self-only/family coverage	\$1,350/ \$2,700	Up \$50/ up \$100
Maximum annual out-of-pocket expenses-self-only/family coverage	\$6,650/ \$13,300	Up \$100/ up \$200

Inflation picked up during the past year and as a result, the contribution limits are higher for 2018. Those who are 55 or older are also eligible to make an additional catch-up contribution to an HSA. This catch-up amount is locked in at \$1,000.

What can HSA funds be used for?

Health savings accounts are not only for major medical costs. The IRS identifies a long list of health-related expenses that HSA funds can be used to cover, including smaller expenses that may surprise you. A few examples include: Acupuncture, Bandages, Chiropractic treatment, Contact lenses, Dental care, Eyeglasses, Hearing aids, Prescription drugs, Physical exams and X-rays.

So if you find yourself maxed out on your retirement plan contribution limits, consider if you are eligible to contribute to an HSA. While Reed Financial Services does not currently offer HSA accounts through us, we are happy to help provide guidance as these questions come up.

As for me, with the dentist trip out of the way and some new contact lenses picked up, I am now hoping to let the HSA balance grow a little bit and not find any other random ways to use it! ■

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