Klinkhammer Financial presents:

The HORIZON

MONEY TIPS & TOOLS TODAY
TO HELP PLAN FOR YOUR TOMORROWS

IN THIS ISSUE

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NOTABLE QUOTE:
"No problem is too small or too trivial if we can really do something about it."
- Richard Feynman

QUICK TIP:
Shopping the job market, especially during a time of record-low unemployment, can give you great information, even if you are only looking to ask for a raise from your current employer.

What are the real costs of having a baby?

It's no surprise that young couples would be thinking about beginning a family, but are you fully aware of how much of your monthly budget will be eaten up by new expenses? You probably think it's "expensive," and you are right about that, but the details might surprise you.

An online survey, conducted by Harris Poll on behalf of financial news site NerdWallet, discovered that baby's first year could cost as much as $21,248 for a two-parent family earning a total of $40,000 per year (lower income, but not so low as to qualify for government aid). For two parents earning $200,000 in yearly income, where there is much more wiggle-room in the budget, the study found that the first year might cost $51,985. Regardless of your household income, this might be a case of "sticker shock," as 49% of potential parents aged 18-34 projected a first year costing around $5,000, according to a related Harris poll.

Regardless of this finding, there is good news: 86% of people 18-34 thinking of parenthood indicated that they were saving money for that first year. They also indicated big goals: 24% plan to get life insurance, while 27% want to start baby's college fund. By setting goals and sticking to budgets with baby in mind, young parents have the potential to take a real bite out of those big numbers.[1,2]

Is the stock market a part of your retirement plan?

Recent studies find that the millennial generation have a different attitude about saving and investing than their parents and grandparents, the baby boomers. How different? Some interesting findings:

1. Almost half of young adults, aged 18-34, call stocks and equities "too risky," according to a study by BlackRock.
2. Only a third of millennials, surveyed by Bankrate.com, invest in the stock market at all.
3. Financial app Stash surveyed users and indicated that only 40% have cash to save or invest.

It's not surprising that young adults have this reaction, coming of age through the Internet bubble burst of 2000 and the 2008 financial crisis. That said, investors of earlier generations weathered similar peaks and valleys – if a person invested a single dollar in the stock market in 1926, it was worth $5,390 by 2014. That same dollar invested in government bonds was worth $132, 88 years later.

While a more conservative, risk-averse approach may seem safer, the return on investment may not be as impressive. This could have an impact as you get closer to retirement age. A more balanced investment strategy may be worth considering as well as a conversation with a financial professional.[3]

The Market in a Minute

The latest employment report from the U.S. Department of Labor gave the economy reason to cheer. March saw just 79,000 net new jobs, but that number jumped to 211,000 in April. The main (U-3) jobless rate found itself at a 10-year low: 4.4%. Meanwhile, the U-6 rate, counting the underemployed, fell 0.3% to 8.6%, another low unseen in nearly a decade.

At the end of May, the Nasdaq Composite was the standard-bearer for the consequential U.S. equity indices since the beginning of 2017. The tech-heavy benchmark rose 15.15% YTD and ended the month at 6,198.52. The DJIA improved 6.31% since January to settle at 21,008.65 on May 31, while the S&P 500 advanced 7.73% to a month-end close of 2,411.80. Small caps had weaker showings, as well; the Russell 2000 was only +0.96% YTD, and the CBOE VIX dropped 2.77%, which put the "fear index" down 25.07% on the year.[4,5]

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