Horizons Insurance and Financial Svcs
Mauricio Giraldo
Director
10620 Griffin Road -Suite 103
Cooper City, FL 33328
954-862-1735
925-588-4078
mauricio@thehorizonsfinancial.com
www.thehorizonsfinancial.com

Dear clients and friends,

I hope all is well with you and your families.

June is here and it brings with it lots of changes to our regular routines (end of the school year, less traffic, summer breaks, warmer temperatures, beginning of the hurricane season for us in the East Coast/Atlantic region, longer days, etc) which might be exciting and stressful in some cases. No matter what, always remember to plan ahead, be on top of your game, make sure your insurance policies are up to date and that your financial plans are on track for a successful second half of the year. Most importantly, make sure you enjoy some precious time with your loved ones.

As always, please do not hesitate to contact us should you need any assistance with your insurance and financial matters.

Have a great month!!

Mauricio Giraldo

Horizons - June 2019

Horizons - June 2019

Planning Your Future

Ten Money-Saving Travel Tips

Exploring the world sounds fun and exciting, but it can be expensive to travel. However, there are ways to experience the trip of your dreams on a budget. Follow these money-saving tips when planning your next vacation to help make it more affordable.

1. Join a frequent flyer program. It will probably take time to accumulate frequent flyer points, but the perks can be worth it. Depending on the program, rewards can include cheaper fares, upgrades, free companion tickets, and more.

2. Be flexible with scheduling. Timing your ticket purchases wisely can help you save big. Aim to travel during days of the week when airfare tends to be cheaper. Similarly, try to fly at unpopular hours (e.g., early morning or red-eye flights) for more affordable pricing. Avoid traveling during peak holiday seasons and school breaks, and be aware of big events such as conferences or trade shows that tend to make hotel prices soar.

3. Comparison shop. Research online to find the cheapest flights to your desired destination. Mix and match your airlines and airports for the best rates — you might discover that two one-way tickets are cheaper, overall, than purchasing one round-trip ticket. Consider all-inclusive options, since the up-front price you pay is usually the total cost of your trip.

4. Pack smart. Checked baggage fees can rack up quickly, especially if you exceed an airline's weight limit. Try to stick with carry-on luggage or just remember to pack lightly to avoid paying extra for overweight bags.

5. Consider alternatives to hotels. Lower-cost lodging options can include hostels, home-exchange programs, B&Bs, and vacation rentals. But they do require careful research. Find a match that best suits your needs by narrowing down potential options according to your budget, number of guests, length of stay, and space requirements. Look at ratings and reviews to determine whether a particular location and property will work for you.

6. Download apps to your smartphone. Take advantage of free travel apps that can help you save money on things like gas, car rental, airfare, hotels/accommodations, and more. Find and download messaging apps that your family and friends also have so you don't have to pay for text messages you send/receive while traveling.

7. Reduce mobile roaming charges. After a relaxing vacation, you probably won't want to come home to an expensive phone bill due to data roaming charges. Fortunately, many mobile networks offer data roaming deals, so check with your phone's carrier to learn about packages and discounts that may be available to you. And before you embark on your travels, adjust settings on your phone to disable data roaming as well as software downloads. App and phone updates are important, but most can wait until you are connected to Wi-Fi, which is available for free at many places.

8. Find free activities. Regardless of where you're traveling, it's likely that there are plenty of fun and free or low-cost activities. Sightseeing, walking, browsing stores, and attending local concerts/fairs/cultural events are great ways to explore a new place without spending too much (or any) money.

9. Act like a local. Blend in with the locals by dining out and shopping at stores located away from popular tourist streets. Prepare your own food when it's practical, and don't shy away from street food — it's less expensive than a sit-down restaurant.

10. Save on car rental. If possible, stick with public transportation on your trip. But if you must rent a car, book the cheapest option you can find online. You can save even more money by choosing to forego car rental insurance, but you'll want to review your existing auto insurance policy first to see if it comes with some form of coverage for rentals.

HORIZONS
INSURANCE & FINANCIAL SERVICES

Managing Your Money in a Gig Economy

As a contingent worker, you may be eligible for a number of tax deductions (e.g., start-up expenses, mileage), so be sure to keep good records. If you have multiple gig jobs, consider using a log to keep track of your income and work expenses.

According to the Bureau of Labor Statistics, 16.5 million people rely on contingent or alternative work arrangements for their income.[1] Often referred to as the "gig economy," these nontraditional or contingent work arrangements include independent contractors, on-call and temp agency workers, and those who sign up for on-demand labor through smartphone apps.

If you are a contingent worker, you need to pay close attention to your finances in order to make up for any gaps in earnings that may occur between jobs. In addition, you'll have to plan ahead for health-care costs, taxes, and saving for retirement, since you will have to shoulder these expenses on your own. The following are some tips for managing your money in a gig economy.

Prepare for slower periods between jobs

While establishing a cash reserve is an integral part of any financial strategy, it is especially important for contingent workers. You'll want to set aside enough money to cover unexpected expenses and large bills that may come due during slower months between jobs. A good strategy is to make it a habit to deposit a portion of your income in your cash reserve.

Make sure you maintain good credit

Even a robust cash reserve might not be able to weather a significant downturn in contingency work. That's why it's important for contingent workers to have access to credit to help them get through leaner times. Make sure that you maintain a good history by avoiding late payments on existing loans and paying off your credit card balances whenever possible.

Come up with a budget...and stick to it

Because your income flow fluctuates, you'll need to come up with a budget a bit differently than someone with a regular income. Your first step should be to determine your monthly expenses. If it helps, you can break them down into two types of expenses: fixed and discretionary. Fixed expenses are expenses that will not change from month to month, such as housing, transportation, and student loan payments. Discretionary expenses are expenses that are more of a "want" than a "need," such as dining out or going on a vacation. Once you come up with a number, you should determine how much income you need to keep up with all of your expenses.

For a contingent worker, it's especially important to stick to your budget and keep your discretionary expenses under control. If you are having trouble keeping on track with your budget, consider ways to cut back on spending or find additional sources of income to make up for any shortfalls.

Consider your health insurance options

Unfortunately, as a contingent worker you don't have access to an employer-sponsored health plan. However, you do have health insurance options. If you are a recent college graduate and still on your parents' health insurance plan, you usually can stay on until you turn 26. If you are no longer on your parents' plan, you may be eligible for a government-sponsored health plan, or you can purchase your own plan through the federal or state-based Health Insurance Marketplace. For more information, visit healthcare.gov.

Plan ahead for taxes

In a traditional work arrangement, employers typically withhold taxes from employees' paychecks. As a self-employed worker, you'll have to plan ahead for federal and possibly state taxes so you don't end up with a large bill during tax time. The IRS requires self-employed individuals to make quarterly estimated income tax payments, so make sure you set enough money aside each time you get paid to go toward your tax payments. Because contingency income fluctuates from month to month, the IRS allows you to make unequal quarterly payments. In addition, you'll be responsible for paying a self-employment tax, so you need to account for that as well. For more information, visit the IRS website at irs.gov.

Don't forget about retirement

While being self-employed has benefits, it also comes with tough challenges. In particular, a lack of structured benefits, such as an employer-sponsored retirement plan, can lead contingency workers to end up sacrificing their retirement savings. And even though anyone with earned income can set up an IRA, the contribution limits are relatively low — $6,000 in 2019 ($7,000 if age 50 or older).

Fortunately, there are some options that may allow you to make larger retirement contributions. Consider contributing to a solo or individual 401(k) plan (up to $56,000 in 2019, not counting catch-up contributions for those age 50 and over) or a SEP IRA (25% of your net earnings, up to $56,000 in 2019).

[1] U.S. Bureau of Labor Statistics, Contingent and Alternative Arrangements Summary, June 2018

HORIZONS
INSURANCE & FINANCIAL SERVICES

How Loneliness Can Affect Your Financial Condition

According to the Pew survey, people who say they are somewhat or very dissatisfied with their personal financial situations are significantly more likely to feel frequent loneliness than those who are satisfied with their finances (17% versus 5%).

According to a Pew Research Center survey, one in 10 Americans reports feeling lonely or isolated from others all or most of the time. While this number may not sound significant, it is alarming, considering that loneliness can also take a toll on your financial situation.

A link between loneliness and dissatisfaction

The Pew survey found that frequent loneliness is linked to dissatisfaction with one's family, social, and community life. People who say they are somewhat or very dissatisfied with their personal financial situations are significantly more likely to feel frequent loneliness than those who are satisfied with their finances (17% vs. 5%). And 14% of people who say they don't have enough income to lead the kind of life they want report feeling lonely or isolated often, compared with just 5% of individuals who have enough income to lead their ideal lives.[1]

A relationship to finances

Although the Pew survey did not draw any specific conclusions, it indicated a link between loneliness and satisfaction with one's financial situation, suggesting how frequent loneliness can lead to financial problems.

Specifically, loneliness can cause a lack of awareness about major financial issues, as well as an increased vulnerability to fraud. Lonely people have fewer opportunities to discuss finances with others face-to-face. This makes it easier for scam artists to take advantage of them by faking emotional support while stealing money.

Research has also linked loneliness and worsening chronic conditions. One study found that social isolation is associated with an estimated $6.7 billion in additional federal Medicare spending annually. As social isolation increases, chronic illnesses can grow more severe and result in higher medical bills and stress levels. This can have a harsher impact on those trying to cope alone.[2]

A little less lonely

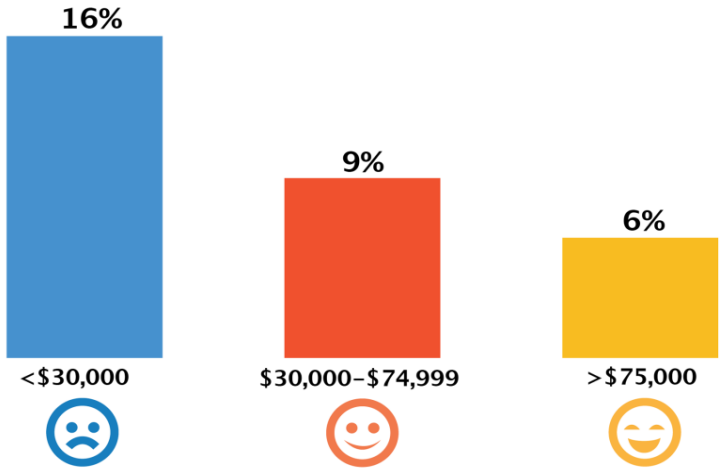
Fortunately, there are ways to fight against loneliness and its effect on your financial condition. Start by expanding your social circle. Seek volunteer opportunities that will introduce you to new people as well as help you give back to your community. Establish routines that will keep you busy and develop healthy habits that don't cost money, such as spending time outdoors, joining a weekly group, reading, and meditating. Consider seeking guidance from a medical professional who may be able to connect you with local resources to integrate more social engagement into your life.

[1] Pew Research Center, December 3, 2018

[2] AARP, "Medicare Spends More on Socially Isolated Older Adults," November 2017

INCOME AND ISOLATION

Percentage of individuals, based on annual family income, who report feelings of loneliness or isolation from those around them all or most of the time



Source: Pew Research Center, December 3, 2018

HORIZONS
INSURANCE & FINANCIAL SERVICES

Horizons Insurance and Financial Svcs
Mauricio Giraldo
Director
10620 Griffin Road -Suite 103
Cooper City, FL 33328
954-862-1735
925-588-4078
mauricio@thehorizonsfinancial.com
www.thehorizonsfinancial.com

How long could it take to double your money?

If you're saving for college, retirement, or a large purchase, it can be useful to quickly calculate how an anticipated annual rate of return will affect your money over time. To find out, you can use a mathematical concept known as the Rule of 72. This rule can give you a close approximation of how long it would take for your money to double at any given rate of return, assuming annual compounding.

To use this rule, you simply divide 72 by your anticipated annual rate of return. The result is the approximate number of years it will take for your money to double.

For example, if your anticipated annual rate of return is 6%, you would divide 72 by 6. Your money can be expected to double in about 12 years. But if your anticipated annual rate of return is 8%, then your money can be expected to double in about 9 years.

The Rule of 72 can also be used to determine what rate of return you would need to double your money in a certain number of years. For example, if you have 12 years to double your money, then dividing 72 by 12 would tell you that you would need a rate of return of 6%.

Another way to use the Rule of 72 is to determine when something will be halved instead of doubled. For example, if you would like to estimate how long it would take for annual inflation to eat into your savings, you could divide 72 by the rate of inflation. For example, if inflation is 3%, then it would take 24 years for your money to be worth half its current value. If inflation jumped to 4%, then it would take only 18 years for your purchasing power to be halved.

Although using a calculator will give you more precise results, the Rule of 72 is a useful shortcut that can help you understand how long it might take to reach a financial goal, and what annual rate of return you might need to get there.

As a business owner, what should I know before adding a financial wellness program?

Financial wellness programs are gaining traction among employee benefit offerings, and for good reason: In an International Foundation of Employee Benefit Plans (IFEBP) survey, 96% of employers said employees' personal financial issues had an impact on their overall job performance. If you're thinking of adding a financial wellness program to your benefits lineup, consider the following points.

Understand what "financial wellness" is. In 2014, the Consumer Financial Protection Bureau (CFPB) conducted a study to help measure the effectiveness of financial literacy programs. As part of their initial work, researchers sought to define financial well-being. After conducting nearly 60 hours of open-ended interviews with consumers, study authors concluded that financial well-being is achieved when people (1) are able to control day-to-day and month-to-month finances, (2) have the capacity to absorb a financial shock, (3) are on track to meet their financial goals, and (4) have the financial freedom to make choices that allow them to enjoy life.

Assess employee concerns. The IFEBP also found that 40% of employers report an increased demand for financial education. Toward this end, Prosperity Now, a nonprofit organization dedicated to helping all Americans prosper, recommends that employers conduct a needs assessment to determine the most pressing financial concerns of their workforces. While the IFEBP said the top three most popular financial topics covered through such plans are retirement benefits, pre-retirement planning, and budgeting, a workforce composed of relatively young employees may be more concerned with repaying student loans and saving for a down payment on a first home. To position your financial wellness program for success, be sure it's designed to tackle challenges that are specific to your primary employee demographic.

Determine how you will measure your success. Prosperity Now recommends considering the following metrics: participation rates; financial well-being as measured by the CFPB's Financial Well-Being Scale; employee retention, satisfaction with employer, morale, and stress levels; and company cost savings.

HORIZONS
INSURANCE & FINANCIAL SERVICES