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# Tips & Tidbits

**OUR FINANCIAL PLANNING PRACTICE IS LIKE A PUZZLE :**



**Each one of the pieces represent activities to be accomplished each and every day...**



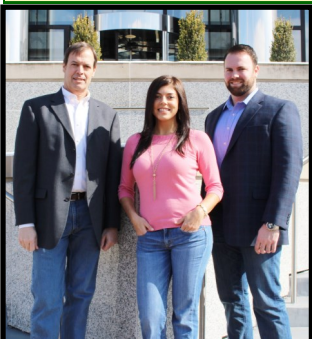
**You can help us with the one activity that pieces it all together.**

## QUALITY

### INTRODUCTIONS

**Neighbors, Co-workers, Friends, Relatives, Group contacts.....**

**If you know any one that may benefit from our assistance, please call or pass along this newsletter.**



**“The future ain’t what it used to be.**

**--- YOGI BERRA**



# As The World Turns



The stock market appears to have stabilized after the worst start to a year in history. I have told numerous clients that it was the worst start for the stock market in history but what does that mean exactly? It was the worst 4 day start for the Dow Jones Industrial Average\* and the worst 10 day start for the S&P 500.\* But March was a very good rebound month for these indices and I am sure the start does not measure as the worst 3 month start for either index now.

If you remember the drop in the market last September, few expected the rebound we got in October. The point of this discussion is to remind you that the market can be volatile, it goes up and down but it is often advantageous to stay steady with your investing.

The market is active, life gets busy and finances get forgotten amongst the daily acronyms (see right). A new commercial by an insurance company shows people doing anything possible to avoid reviewing their financial plan. It is comical and, unfortunately, very true it seems.

I turned 55 last December and it jolted me a bit. Maybe it is the fact that I can start a pension from a previous employer at 55 or maybe it was just the fact that I turned 55. I won't start my pension at 55 as I will try to avoid starting my Social Security at 62. By taking benefits at the earliest possible ages you are taking a reduced amount. In financial planning we look at the big picture which usually shows the value in waiting for the higher monthly benefit amount. It is tempting to start taking the money early and rationalize that you won't live long enough to have the larger payments really pay off. I printed the list of the approximately 50 supercentenarians in the United States today. A supercentenarian is over 110! One Hundred Ten! It may be tempting to collect your benefits early, but remember that many of us are living longer and that the higher payment could come in handy in those later years.



Taking benefits earlier is another example of the instant gratification that so many people seek in the world today. Suze Orman recently defined credit card debt as funding today's luxuries with tomorrow's needs. I recently used a quote that it is easier to go without when you are young than when you are old. Reaching 55 really drives that home (just not at 55 MPH, LOL). I have more aches and pains at this age and it makes me realize those will probably continue and possibly compound or multiply as I age. Anything I can do to set something aside today for tomorrow absolutely makes sense for me.

My general guideline is to save 10% of your income before you are 50 and increase that to 20% when you hit 50. That will be a tough target with me now that I have two weddings in 2017 to partially fund. Thankfully those are items we planned for so it is not a total surprise. I couldn't be happier for Travis, Ali, Kimi & Paul.

*\*The Dow Jones Industrial Average is a popular indicator of the stock market based on the average closing prices of 30 active U.S. stocks representative of the overall economy. (S&P 500®) is comprised of 500 stocks representing major U.S. industrial sectors. Performance figures are inclusive of dividends reinvested. S&P 500 is a registered service mark of The McGraw-Hill Companies, Inc. These indexes are unmanaged and cannot be directly invested into. Past performance is no guarantee of future results.*

*This article is meant to be general in nature and should not be construed as investment or financial advice related to your personal situation. Waddell & Reed is not affiliated with any other entities referenced herein.*

## **What information will I need before shopping for an auto insurance policy?**

Shopping for auto insurance might sound like a drag, but it's important for you to have appropriate coverage in the event of an accident. Following are some guidelines to consider when purchasing your auto insurance policy.

**Gather information.** Before you start shopping, compile key information about each vehicle you want to insure. This list should include the year, make, and model of each vehicle. Knowing your Vehicle Identification Number (VIN) may help you get a more accurate quote. Be prepared to answer questions about vehicle usage or special after-market equipment installed in your vehicle.

**Decide what you need.** Whether you're purchasing auto insurance for a new vehicle or making changes to your existing policy, it's important to be familiar with the different coverages available to you. Maybe what you currently have doesn't meet your needs, or perhaps your premium seems to high. Bear in mind that there may be a gap between how much coverage your state requires you to have and how much you may actually need.

**Shop around.** When selecting an insurer, ask questions. How long has the company been selling auto insurance? Does it have a good reputation? How is the company's customer service and claims handling? Is it able to provide the coverage you need at a price you can afford? Answering these questions could make it easier for you to shop for the policy that's right for you.

**Ask about discounts.** You could be eligible for several discounts. These vary by state and company but may include discounts for multiple vehicles, anti-theft devices, and low annual mileage.

**Compare quotes.** Once you have a collection of quotes, you need to compare them. Review each quote for information such as coverage levels, policy length, and price. This will help you attain the best overall value for your money as well as sufficient protection for your vehicle.

## **What do I need to know about the deductible on my auto insurance?**

An auto insurance deductible is more than just a number. It represents the financial responsibility you have agreed to accept in the event of a covered loss. You and your insurance provider agree to share the risk, up to policy limits.

Say you're in an accident and there is \$2,500 worth of damage to your vehicle. You have a \$500 deductible. This means you pay \$500, while your insurance company pays the remaining \$2,000. Note that deductibles may not apply in all situations.

You might consider raising your deductible in order to lower your auto insurance premium. Generally, the higher the deductible you choose, the lower your premium cost. Be careful, though--the higher your deductible, the more you'll need to pay out of pocket toward repairs when you have a claim. You'll want your deductible to match with your budget so you will not have to worry about covering more than you can afford in the event of an accident.

Besides your budget, you should also think about your vehicle's overall value when choosing your deductible. Typically, auto policies have separate deductibles for collision and comprehensive coverages. For example, if your vehicle is damaged due to an accident or an event other than a collision (fire, vandalism, theft, or natural disaster), then you pay the corresponding deductible you chose for comprehensive coverage. But if your vehicle is older, it might not be worth repairing damage. In this case, you might decide to choose higher deductibles or even reduce or eliminate collision and/or comprehensive coverage.

You should feel comfortable with the financial risk represented by the deductible on your auto insurance and understand how to balance the risk with the cost of your premium. Take time to review your deductible amount, typically located on the declarations (front) page of your auto insurance policy. Choosing an appropriate deductible could help you cope with the stressful aftermath of an accident.

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**“Tips & Tidbits” - Latest Edition**

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