Bartholomew & Company, Inc.
Thomas J. Bartholomew, AIF®
President
370 Main Street, Suite 1000
Worcester, MA 01608
508-753-8807
800-440-8807
tom@bartandco.com
www.bartandco.com

Bartholomew & Company president, Thomas J. Bartholomew, has been named to *Forbes'* Top Wealth Advisors list for 2016. The list was published in the August 23, 2016, issue of *Forbes* magazine and is online at www.forbes.com . A full press release is available on our website, www.bartandco.com .

The ranking of *Forbes'* Top Wealth Advisors is based on an algorithm of qualitative and quantitative data, rating approximately 11,000 advisors with a minimum of seven years of experience and weighing factors like revenue trends, AUM, compliance records, industry experience, and best practices (gathered through telephone and in-person interviews). This recognition is not indicative of the advisor's future performance. For the full methodology, developed in partnership with SHOOK Research, please go to www.forbes.com/sites/rjshook/2016/08/03/shook-research-methodology-forbes-top-wealth-advisors/#c6f0ddb4485b.

September 2016

Common Questions About Student Loan Repayment

The Importance of Saving for Retirement at a Young Age

How to Get a Bigger Social Security Retirement Benefit

What are the new rules for college campus-sponsored debit and prepaid credit cards?

Common Questions About Student Loan Repayment

After earning their degrees, many college graduates face a new challenge--repaying their student loans. If you've recently graduated from college, you might have some concerns about how you'll pay your student loans. Here are some answers to common questions about paying student loans.

Can I start making payments before the grace period ends?

Yes. The purpose of the grace period is to allow new graduates to get on their feet financially before committing to monthly loan repayment. The typical grace period is six months, though whether you have one and the exact length will depend on the type of loan you have.

You can make payments before the grace period ends, if you can afford to do so. Making payments during the grace period could reduce the overall interest you pay on the loans and enable you to pay off your loans more quickly.

How do I know which repayment plan is right for me?

Typically, several repayment options are available. This means you should be able to find one that is flexible enough to meet your needs. Asking yourself the following questions may help with your decision:

- How much can I afford to pay monthly? Will I be able to balance what I can afford to pay against what I am required to pay?
- Would it be better to pay the minimum payment on multiple loans or consolidate them into a single payment?
- Which repayment plan will save me the most money over the long term?
- Which repayment plan will help me pay off my student loans the fastest?
- How much total interest will I pay under each repayment plan?

For more information on specific types of repayment plans for federal student loans, visit studentaid.ed.gov.

Should I consolidate multiple student loans?

You might opt to combine multiple student loans into a consolidated loan with a single monthly payment. Many borrowers prefer the convenience of making a single payment each month over multiple student loan payments, even if it doesn't significantly change the total monthly amount. But consider the following repercussions first.

For example, you might forfeit some of the benefits that come with federal loans. You could also wind up paying more--and once the loans are combined, you won't be able to pay down the loan with the highest interest rate first.

Some private student loans may be consolidated, though it might be smart for you to wait a few years after graduation before consolidating. You can use that time to build a solid credit history, which could help you earn a better rate when you do consolidate.

What happens if I miss a payment?

If you forget to make a single payment, you should be in the clear as long as you get back on track right away. But if you miss multiple payments, you need to come up with a plan.

Perhaps you've missed payments as a result of temporary financial hardship. In this case, you could be eligible for a deferment. If you qualify, you won't be required to make monthly payments, but you're still responsible for accrued interest on all of your loans during this period. Even if you don't meet the requirements for a deferment, you can seek your lender's or servicer's approval for a forbearance, which also allows you to stop paying your student loans for a period of time, typically six months.

Remember that interest will still accrue, so you may end up owing more over the course of your loan. Think carefully before you pursue either option.

The Importance of Saving for Retirement at a Young Age

Millennials and Retirement Planning

A September 2015 study found that 60% of millennials think planning for retirement is harder than sticking with a diet and exercise plan. By contrast, 61% of baby boomers think dieting/exercising is harder, and 51% of Gen Xers think retirement planning is harder.

Source: "Will Millennials Ever Be Able to Retire?" Insured Retirement Institute and The Center for Generational Kinetics, September 2015

If you're an adult in your 20s, you are entering an exciting stage of life. Whether you've just graduated from college or are starting a new career, you will encounter many opportunities and challenges as you create a life of your own.

As busy as you are, it's no surprise that retirement may seem a long way off, especially if you're just entering the workforce. What you may not realize, however, is that there are four very important advantages to begin planning and saving for retirement now.

1. Money management skills

Now that you're out on your own, it's important to start taking responsibility for your finances little by little. Part of developing financial responsibility is learning to balance future monetary needs with present expenses. Sometimes that means saving for a short-term goal (for example, buying a new car) and a long-term goal (for example, retirement) at the same time.

Once you become used to balancing your priorities, it becomes easier to build a budget that takes into account both fixed and discretionary expenses. A budget can help you pursue your financial goals and develop strong money management skills. If you establish healthy money habits in your 20s and stick with these practices as you grow older, you'll have a major advantage as you edge closer to retirement.

2. Time on your side

When you're young, you have the benefit of time on your side when saving for long-term goals (like retirement). You likely have 40-plus years ahead of you in the workforce. With that much time, why not put your money to work using the power of compounding?

Here's a hypothetical example of how compounding works. Let's say that at age 25, you start putting $300 each month into your employer's retirement savings plan, and your account earns an average of 8% annually. If you continued this practice for the next 40 years, you would have contributed $144,000 to your account, accumulating just over $1 million by the time you reached age 65. But if you waited 10 years until age 35 to start making contributions to your plan, you would have accumulated only $440,000 by age 65.

Note: This hypothetical example of mathematical compounding is used for illustrative purposes only and does not represent any specific investment. Taxes and investment fees are not considered. Rates of return will vary over time, especially for long-term investments. Investments offering the potential for higher rates of return also involve a higher degree of risk. Actual results will vary.

3. Workplace retirement benefits

If your employer offers a workplace retirement plan such as a 401(k) or 403(b), you may find that contributing a percentage of your salary (up to annual contribution limits) will make saving for retirement easier on your budget. Contributions are typically made on a pre-tax basis, which means you can lower your taxable income while building retirement funds for the future. You aren't required to pay any taxes on the growth of your funds until you take withdrawals. Keep in mind that distributions from tax-deferred retirement plans are taxed as ordinary income and may be subject to a 10% federal income tax penalty if withdrawn before age 59½.

Depending on the type of plan, your employer may offer to match a percentage of your retirement plan contributions, up to specific limits, which can potentially result in greater compounded growth and a larger sum available to you in retirement.

If you don't have access to a workplace retirement savings plan, consider opening an IRA and contribute as much as allowable each year. An IRA may offer more investment options and certain tax advantages to you.

If you have both a workplace plan and an IRA, one strategy is to contribute sufficient funds to your workplace plan to take advantage of the full company match, and then invest additional funds in an IRA (up to annual contribution limits). Explore the options available to find out what works best for your financial situation.

4. Flexibility of youth

Although there's a good chance you have student loans, you probably have fewer financial responsibilities than someone who is older and/or married with children. This means you may have an easier time freeing up extra dollars to dedicate toward retirement. Get into the retirement saving habit now, so that when future financial obligations arise, you won't have to fit in saving for retirement too--you'll already be doing it.

How to Get a Bigger Social Security Retirement Benefit

Sign up for a my Social Security account at [ssa.gov](ssa.gov) to view your online Social Security Statement. It contains a detailed record of your earnings, as well as benefit estimates and other information about Social Security.

[1] Social Security Administration, Annual Statistical Supplement, 2015

Many people decide to begin receiving early Social Security retirement benefits. In fact, according to the Social Security Administration, about 72% of retired workers receive benefits prior to their full retirement age.[1] But waiting longer could significantly increase your monthly retirement income, so weigh your options carefully before making a decision.

Timing counts

Your monthly Social Security retirement benefit is based on your lifetime earnings. Your base benefit--the amount you'll receive at full retirement age--is calculated using a formula that takes into account your 35 highest earnings years.

If you file for retirement benefits before reaching full retirement age (66 to 67, depending on your birth year), your benefit will be permanently reduced. For example, at age 62, each benefit check will be 25% to 30% less than it would have been had you waited and claimed your benefit at full retirement age (see table).

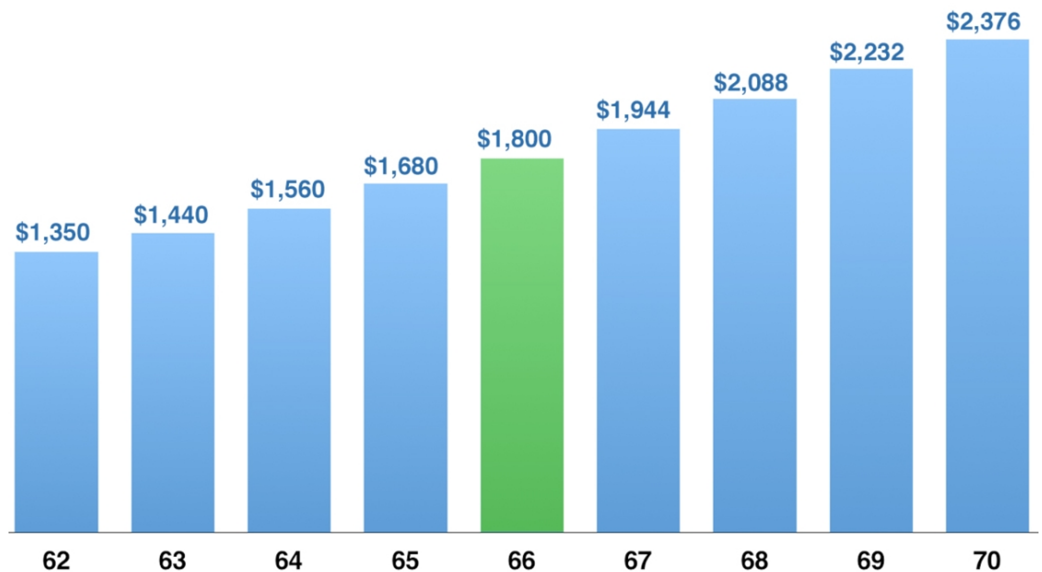
Alternatively, if you postpone filing for benefits past your full retirement age, you'll earn delayed retirement credits for each month you wait, up until age 70. Delayed retirement credits will increase the amount you receive by about 8% per year if you were born in 1943 or later.

The chart below shows how a monthly benefit of $1,800 at full retirement age (66) would be affected if claimed as early as age 62 or as late as age 70. This is a hypothetical example used for illustrative purposes only; your benefits and results will vary.

Birth year	Full retirement age	Percentage reduction at age 62
1943-1954	66	25%
1955	66 and 2 months	25.83%
1956	66 and 4 months	26.67%
1957	66 and 6 months	27.50%
1958	66 and 8 months	28.33%
1959	66 and 10 months	29.17%
1960 or later	67	30%

Early or late?

Should you begin receiving Social Security benefits early, or wait until full retirement age or even longer? If you absolutely need the money right away, your decision is clear-cut; otherwise, there's no "right" answer. But take time to make an informed, well-reasoned decision. Consider factors such as how much retirement income you'll need, your life expectancy, how your spouse or survivors might be affected, whether you plan to work after you start receiving benefits, and how your income taxes might be affected.



Bartholomew & Company, Inc.
Thomas J. Bartholomew, AIF®
President
370 Main Street, Suite 1000
Worcester, MA 01608
508-753-8807
800-440-8807
tom@bartandco.com
www.bartandco.com

Securities and Advisory Services offered through Commonwealth Financial Network® , Member FINRA/SIPC, a Registered Investment Adviser. Fixed insurance products and services offered through CES Insurance Agency.

The accompanying pages have been developed by an independent third party. Commonwealth Financial Network is not responsible for their content and does not guarantee their accuracy or completeness, and they should not be relied upon as such. These materials are general in nature and do not address your specific situation. For your specific investment needs, please discuss your individual circumstances with your representative. Commonwealth does not provide tax or legal advice, and nothing in the accompanying pages should be construed as specific tax or legal advice.

What are the new rules for college campus-sponsored debit and prepaid credit cards?

Advertisements aimed at promoting a particular financial institution's debit and prepaid credit cards are a common sight on many college campuses today. While many financial institutions have partnerships with colleges to market these products, consumer groups argue that they sometimes come at a high cost to students. As a result, the Department of Education recently issued new rules designed to offer protections to students.

Why are the new rules so important? Once tuition and fees are paid, many students receive the remainder of their financial aid through disbursements to campus-sponsored financial products, such as debit and prepaid credit cards. In fact, it's estimated that nearly $25 billion in federal student aid funds is disbursed to students using these types of products. (Source: U.S. Department of Education Press Release, October 2015) Students often use these funds to help pay for incidental education-related expenses such as food, housing, books, and supplies. If a debit or prepaid credit card has excessive charges and high fees, it can end up cutting significantly into a student's financial aid funds.

The new rules are scheduled to go into effect in July and apply only to campus-sponsored financial products that are directly linked to financial aid disbursements. The rules will offer a variety of protections, such as:

- Allowing students to have a choice in how they receive their federal financial aid disbursements
- Giving students objective and neutral information about their financial aid disbursement options
- Requiring institutions to ensure that students are not charged excessive fees (e.g, overdraft and transaction-swipe fees) when they select campus-sponsored financial products
- Requiring financial institutions to publicly disclose contracts for campus-sponsored financial products

My daughter is about to start college. What does she need to know about opening her first checking account?

Starting out on one's own in college involves many financial firsts. Opening a checking account to manage money might be just one of them.

As your daughter prepares to head off to school, she should begin to shop around and find a bank or credit union that offers the best deal. Many banks (both local and national) and credit unions offer accounts tailored specifically to young adults.

Some things she should keep in mind when shopping around include:

- Is there a monthly maintenance fee?
- Are there overdraft charges?
- Does the account pay interest?
- Does the account come with free checks?
- Is there an ATM on campus or close by?
- Are there penalties for using an out-of-network ATM?

Many colleges and universities have begun to partner with financial institutions to offer accounts to their students. In fact, 40% of college students attend schools with these types of arrangements. (Source: U.S. Government Accountability Office, College Debit Cards, February 2014)

Some colleges may use official communications, such as email, to market a particular financial institution's products. Others may allow a financial institution's staff on campus to promote their products. A college or university may even be paid when a student opens a sponsored account.

It's important to note that these sponsored accounts can come with high fees. As a result, you'll want your daughter to be aware that just because an account is sponsored by her college or university doesn't necessarily mean it's the best option, or even that she has to use it.

Prepared by Broadridge Investor Communication Solutions, Inc. Copyright 2016