On Balance

Enjoying Today, Preparing for Tomorrow

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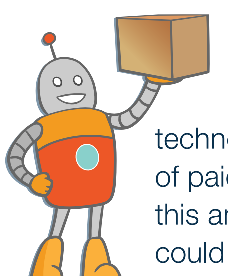
President

Robots on the Job



A study of more than 2,000 work activities for over 800 occupations found that current technologies could automate 45% of paid work activities. To look at this another way, about 60% of jobs could have 30% or more of their activities automated.

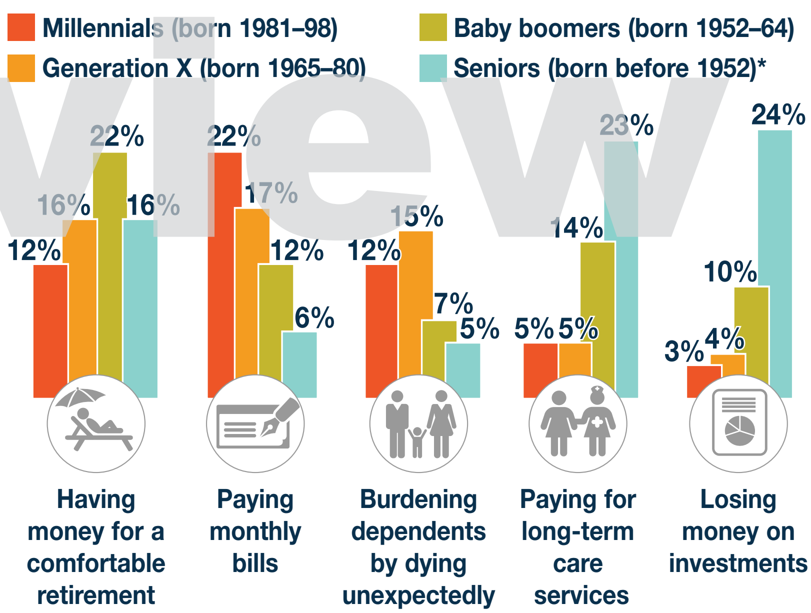
Source: McKinsey & Company, 2016

Inside:

Different Generations, Different Concerns

Having enough money for a comfortable retirement is the greatest financial concern for baby boomers under age 65, and one of the greatest concerns for other generations.

Greatest financial concern by age group



*Includes older baby boomers (born 1946–51)

Source: LIMRA, 2016

Breaking Down Social Security Spousal Benefits

After analyzing surveys and academic studies regarding knowledge of Social Security rules and benefits, the U.S. Government Accountability Office found widespread confusion over many aspects of the program, including spousal benefits.

One study reported that half of respondents ages 50 to 70 mistakenly thought a spouse must have his or her own work record to qualify for Social Security benefits. Another survey found that 52% of people ages 52 to 70 did not know that spousal benefits existed.[1]

Spousal benefits could make a big difference in funding retirement and might result in higher total benefits, even if both spouses have their own work records. So it's important to fully understand your eligibility and options. For clarity, these guidelines are presented from the point of view of the individual filing for spousal benefits.

Basic Spousal Benefits

In order to receive a spousal benefit, you must be age 62 or older and have been married for at least one year to an eligible worker who is receiving or has filed for Social Security benefits. The maximum spousal benefit you can receive — if it is claimed once you reach full retirement age — is equal to 50% of your spouse's Primary Insurance Amount (PIA), the Social Security benefit he or she would receive at full retirement age (FRA).

If you elect to receive a spousal benefit before reaching your own full retirement age, you will receive a permanently reduced benefit (see chart). Different rules apply if you are caring for a qualifying child under age 16 or disabled. Your spousal benefit won't be reduced if your spouse claims early worker benefits.

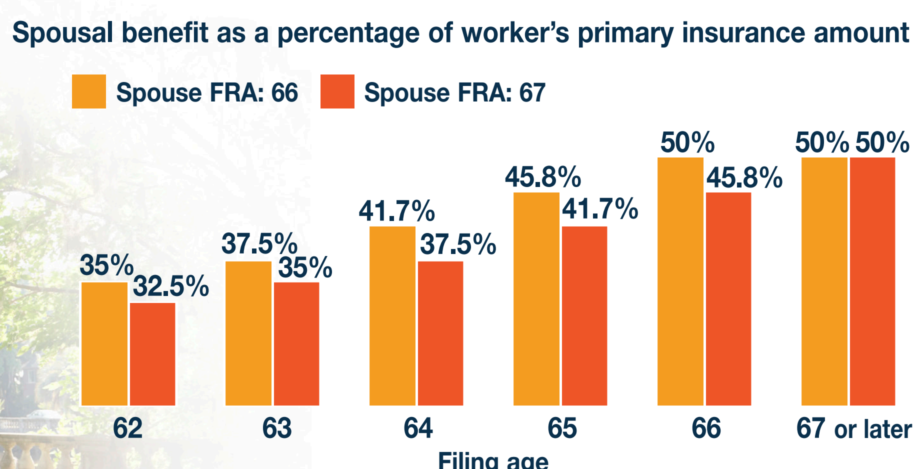
How Spousal and Worker Benefits Work Together

In general, if you are eligible for a spousal benefit and a benefit based on your own work record when you file for Social Security, you will be deemed to be filing for both and will receive the highest benefit for which you are eligible (your own benefit or a combination of benefits). If you are initially eligible only for your own worker benefit when you file and later become eligible for a spousal benefit (when your spouse files for benefits), you might qualify for a higher combined benefit, and Social Security will increase your benefit automatically at that time. Keep in mind, though, that if you file for worker benefits before reaching your full retirement age and later qualify for a spousal benefit, the combined benefit might be lower than your spousal benefit would have been had you waited until your spouse filed or you had reached full retirement age.

Married individuals can no longer claim a spousal benefit and switch to a higher worker benefit at a later date. However, if you were born on or before January 1, 1954, you are eligible to file a *restricted application* for the spousal benefit when you reach FRA. This enables

HOW FILING AGE AFFECTS THE SPOUSAL BENEFIT

Worker benefits and spousal benefits are based on the beneficiary's full retirement age (FRA): 66 for those born from 1943 to 1954; 66 & 2 months to 66 & 10 months for those born from 1955 to 1959; and 67 for those born in 1960 or later.



Percentages are adjusted incrementally for other FRAs or filing ages.

Source: Social Security Administration, 2017 you to receive spousal benefits while earning delayed retirement credits on your own work record, which would increase your worker benefit by 8% for each year you delay claiming, up to age 70. This strategy may result in higher total lifetime benefits for you and your spouse if you want to continue working before claiming worker benefits. (As long as you meet the other eligibility requirements, you can file a restricted application for spousal benefits even if your spouse claimed benefits before reaching his or her FRA.)

Divorced Spousal Benefits

If you were married for at least 10 years to an eligible worker and are currently unmarried, you may be able to collect benefits based on your former spouse's work record. This won't affect the benefits that your former spouse receives, even if he or she has remarried.

The same general rules for spousal benefits and the restricted application apply to you as an eligible divorced spouse. However, if you have been divorced for at least two years, you can claim spousal benefits when your former spouse reaches the eligibility age for Social Security, regardless of whether he or she is actually receiving benefits or has filed for them.

Even if your former spouse voluntarily suspends his or her benefits, you can receive spousal benefits during the suspension period. This is not the case for currently married spouses.

For more information about spousal benefits, see *ssa.gov/planners/retire/applying6.html.*

1) U.S. Government Accountability Office, 2016

ETFs or Mutual Funds: What's the Difference?

Mutual funds are still king of the investment world, but exchange-traded funds (ETFs) have become increasingly popular over the last few years. At the end of 2016, more than $2.5 trillion in assets were invested among over 1,700 ETFs. This is equivalent to about 15% of the assets invested in mutual funds. In 2006, ETF assets were equivalent to only about 4% of mutual fund assets.[1]

ETFs have some attractive features that set them apart from mutual funds, but there are also cost and risk factors to consider.

Trading Flexibility

Like a mutual fund, an ETF is a portfolio of securities assembled by an investment company. Mutual funds are typically purchased from and sold back to the investment company and priced at the end of the trading day, with the price determined by the net asset value (NAV) of the underlying securities. By contrast, ETFs can be traded throughout the day on stock exchanges, like individual stocks, and the price may be higher or lower than the NAV because of supply and demand.

Number of ETFs by type of underlying investment, year-end 2016

Bond funds are subject to the same inflation, interest rate, and credit risks associated with their underlying bonds. As interest rates rise, bond prices typically fall, which can adversely affect a bond fund's performance. Investing internationally carries additional risks, such as differences in financial reporting, currency exchange risk, as well as economic and political risk unique to the specific country. This may result in greater share price volatility.

Source: Investment Company Institute, 2017

In relatively calm markets, ETF prices and NAVs are generally close. However, when financial markets become more volatile, ETFs may quickly reflect changes in market sentiment, while NAVs — adjusted once a day — may take longer to react, resulting in ETFs trading at a premium or discount.

Most ETFs are passively managed and track an index of securities. Investors can choose from a variety of indexes, ranging from broad-based stock or bond indexes to very specific market sectors. A growing number of actively managed ETFs assemble a non-indexed mix of investments that should reflect the fund's objectives.

Expenses and Risks

ETFs typically have lower expense ratios than mutual funds. However, you must pay a brokerage commission whenever you buy or sell an ETF, so your overall costs may be higher, especially if you trade frequently. Also, whereas mutual fund assets can typically be exchanged within a fund family, moving assets between ETFs requires selling and buying assets separately.

The trading flexibility of ETFs is part of their appeal, but it could lead some investors to trade more frequently than might be appropriate for their situations. The principal value of ETFs and mutual funds fluctuates with market conditions. Shares, when sold, may be worth more or less than their original cost.

Exchange-traded funds and mutual funds are sold by prospectus. Please consider the investment objectives, risks, charges, and expenses carefully before investing. The prospectus, which contains this and other information about the investment company, can be obtained from your financial professional. Be sure to read the prospectus carefully before deciding whether to invest.

1) Investment Company Institute, 2016–2017

Beware of Imposters

CONSUMER COMPLAINTS

The Federal Trade Commission received more than 3 million consumer complaints in 2016. Here are the top five categories.

*The high number of debt complaints was due to use of a mobile app that collects such complaints.

Source: Federal Trade Commission, 2017

The 2002 film *Catch Me If You Can* starred Leonardo DiCaprio as famed imposter Frank Abagnale. Although Abagnale's adventures made for an entertaining story, imposter scams are dangerous — and they are becoming more common. The Federal Trade Commission (FTC) reported that imposter scams passed identity theft as the second most common category of consumer complaints in 2016.

The FTC attributes this to an increase in government imposter scams, where a scammer pretends to be a government official to convince a consumer to send money, often for a fake debt, a fake tax, or a fake fee, in order to collect a prize. Scammers also pretend to be other people the consumer might trust, such as a computer technician, a bank representative, or even a family member.

The following tips might help protect you from imposters.

Don't wire money. Wiring money is like sending cash; once it's gone, it cannot be recovered. Never deposit a "winnings" check and wire money back; the check is fake. The best rule is to never wire money at all.

Don't pay for a prize. If you entered and won a legitimate sweepstakes or lottery, you would not be asked to pay insurance, taxes, shipping, or any other fees to collect your prize. If you did not enter a lottery or sweepstakes, you cannot have won.

Don't provide personal or financial information. Never provide account numbers, your Social Security number, or other sensitive information unless you are absolutely certain of the individual's identity and legitimate need for the information. It is rare that anyone you talk with on the phone, even someone you know, would really need this kind of information.

Don't trust a name or number. Scammers use legitimate-sounding names and titles and pretend to be connected with government agencies or other organizations you might trust. They can use technology to make it appear that they are calling from a particular area code or city; a call from "Washington, D.C." could be from anywhere.

Finally, register your name and number on the national Do Not Call list at *donotcall.gov*. Most legitimate sales people honor this list, so if you get a call from someone you don't know after registering, there's a good chance it is a scammer.

If you receive a call from an imposter or have other consumer problems, you can file a complaint at *ftc.gov/complaint.*

What is your greatest financial concern? Are you comfortable with your retirement strategy? Remember that we are here to help.

Mark Reynolds