Wye Financial Partners

Planning Your Financial Future

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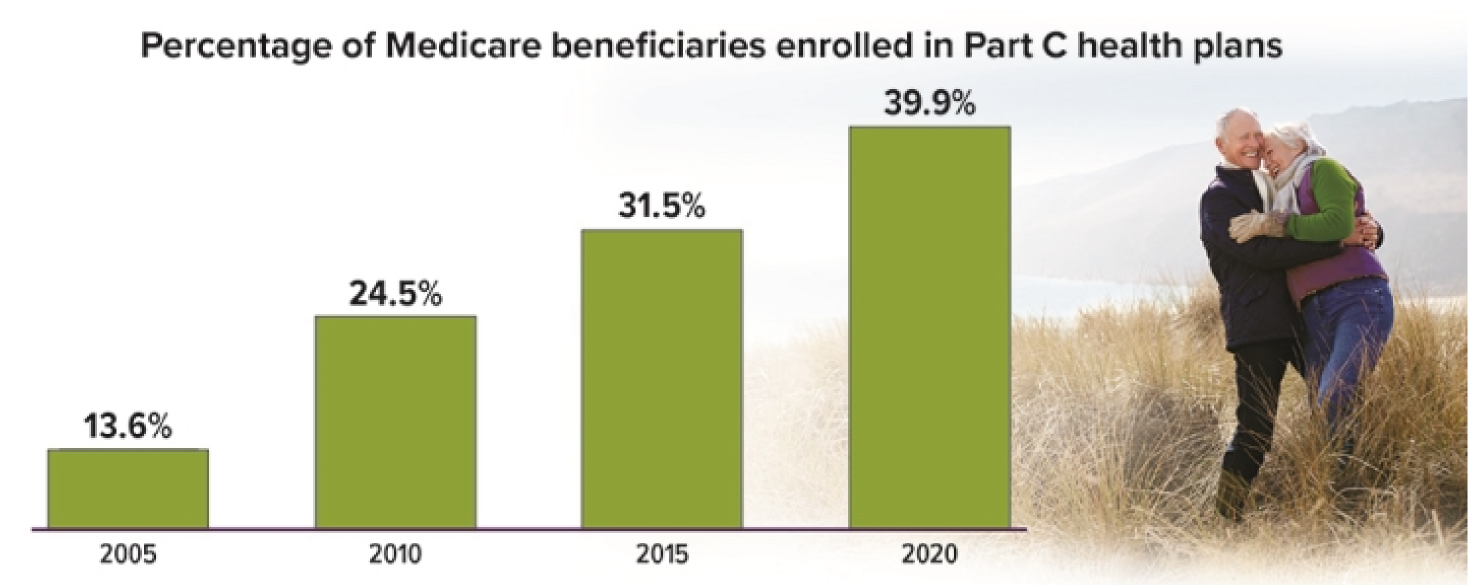
Wye Financial Partners, a division of Shore United Bank, offers comprehensive financial strategies and exceptional service tailored to meet the individual and business needs of our clients. **For helpful videos and information, visit us at www.WyeFinancialPartners.com .** We are built around the character of our people and committed to the success of our clients and our communities. Our team of experienced professionals is dedicated to helping our clients navigate toward their financial goals.

Increased Interest in Medicare Advantage Plans

Medicare Advantage (Part C) plans are an alternative to Original Medicare, offered by private companies that contract with Medicare to provide Part A hospital insurance and Part B medical insurance benefits, and often include prescription drug coverage and extra benefits. Competitive bidding and changes in Medicare payments to these plans have led to improved benefits and a large increase in the percentage of beneficiaries who choose the private option.



Source: Centers for Medicare & Medicaid Services, 2020

Five Tips to Regain Your Retirement Savings Focus in 2021

In early 2020, 61% of U.S. workers surveyed said that retirement planning makes them feel stressed.[1] Investor confidence was continually tested as the year wore on, and it's likely that this percentage rose — perhaps even substantially. If you find yourself among those feeling stressed heading into the new year, these tips may help you focus and enhance your retirement savings strategy in 2021.

1. Consider increasing your savings by just 1%. If you participate in a retirement savings plan at work, try to increase your contribution rate by just 1% now, and then again whenever possible until you reach the maximum amount allowed. The accompanying chart illustrates the powerful difference contributing just 1% more each year can make over time.

2. Review your tax situation. It makes sense to review your retirement savings strategy periodically in light of your current tax situation. That's because retirement savings plans and IRAs not only help you accumulate savings for the future, they can help lower your income taxes now.

Every dollar you contribute to a traditional (non-Roth) retirement savings plan at work reduces the amount of your current taxable income. If neither you nor your spouse is covered by a work-based plan, contributions to a traditional IRA are fully deductible up to annual limits. If you, your spouse, or both of you participate in a work-based plan, your IRA contributions may still be deductible unless your income exceeds certain limits.

Note that you will have to pay taxes on contributions and earnings when you withdraw the money. In addition, withdrawals prior to age 59½ may be subject to a 10% penalty tax unless an exception applies.

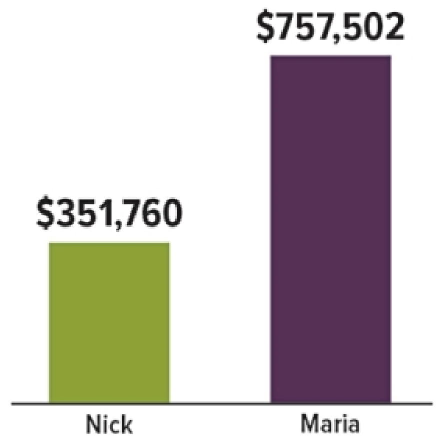
3. Rebalance, if necessary. Market turbulence throughout the past year may have caused your target asset allocation to shift toward a more aggressive or conservative profile than is appropriate for your circumstances. If your portfolio is not rebalanced automatically, now might be a good time to see if adjustments need to be made.

Typically, there are two ways to rebalance: (1) you can do so quickly by selling securities or shares in the overweighted asset class(es) and shifting the proceeds to the underweighted one(s), or (2) you can rebalance gradually by directing new investments into the underweighted class(es) until the target allocation is reached. Keep in mind that selling investments in a taxable account could result in a tax liability. Asset allocation is a method used to help manage investment risk; it does not guarantee a profit or protect against investment loss.

4. Revisit your savings goal. When you first started saving in your retirement plan or IRA, you may have estimated how much you might need to accumulate to retire comfortably. If you experienced any major life changes during the past year — for example, a change in job or marital status, an inheritance, or a new family member — you may want to take a fresh look at your overall savings goal as well as the assumptions used to generate it. As circumstances in your life change, your savings strategy will likely evolve as well.

The Power of 1%

Maria and Nick are hired at the same time at a $50,000 annual salary. Both contribute 6% of their salaries to their retirement accounts and receive a 3% raise each year. Nick maintains the 6% rate throughout his career, while Maria increases her rate by 1% each year until she hits 15%. After 30 years, Maria would have accumulated more than double the amount that Nick has.



Assumes a 6% average annual rate of return. This hypothetical example of mathematical compounding is used for illustrative purposes only and does not represent the performance of any specific investment. It assumes a monthly contribution and monthly compounding. Fees, expenses, and taxes were not considered and would reduce the performance shown if included. Actual results will vary.

5. Understand all your plan's features. Work-based retirement savings plans can vary from employer to employer. How familiar are you with your plan's specific features? Does your employer offer a matching and/or profit-sharing contribution? Do you know how it works? Are company contributions and earnings subject to a vesting schedule (i.e., a waiting period before they become fully yours) and, if so, do you understand the parameters? Does your plan offer loans or hardship withdrawals? Under what circumstances might you access the money? Can you make Roth or after-tax contributions, which can provide a source of tax-free income in retirement? Review your plan's Summary Plan Description to ensure you take maximum advantage of all your plan has to offer.

All investing involves risk, including the possible loss of principal, and there is no guarantee that any investment strategy will be successful.

1) Employee Benefit Research Institute, 2020

Sharing Your Money Values Can Be Part of Your Legacy

When it's time to prepare the next generation for a financial legacy, you might want to bring your family members together to talk about money. But sitting down together isn't easy, because money is a complicated and emotionally charged topic. Rather than risk conflict, your family may prefer to avoid talking about it altogether.

If your family isn't quite ready to have a formal conversation, you can still lay the groundwork for the future by identifying and sharing your money values — the principles that guide your financial decisions.

Define Your Own Values

What does money mean to you? Does it signify personal accomplishment? The ability to provide for your family? The chance to make a difference in the world? Is being a wise steward of your money important to you, or would you rather enjoy it now? Taking time to think about your values may help you discover the lessons you might want to pass along to future generations.

Respect Perspectives

The unspoken assumption that others share your financial priorities runs through many money-centered conversations. But no two people have the same money values (even relatives). To one person, money might symbolize independence; to another, money equals security. Generational differences and life experiences may especially influence money values. Invite your family members to share their views and financial priorities whenever you have the opportunity.

See Yourself as a Role Model

Your actions can have a big impact on those around you. You're a financial role model for your children or grandchildren, and they notice how you spend your time and your money.

Look for ways to share your values and your financial knowledge. For example, if you want to teach children to make careful financial decisions, help them shop for an item they want by comparing features, quality, and price. If you want teenagers to prioritize saving for the future, try matching what they save for a car or for college. Teaching financial responsibility starts early, and modeling it is a lifelong effort.

Practice Thoughtful Giving

How you give is another expression of your money values, but if a family member is the recipient, your generosity may be misconstrued. For example, your adult son or daughter might be embarrassed to accept your help or worried that a monetary gift might come with strings attached. Or you may have a family member who often asks for (or needs) more financial support than another, which could lead to family conflicts.

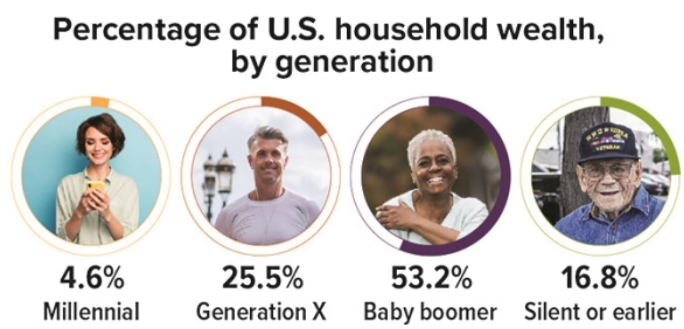
Defining your giving parameters in advance will make it easier to set priorities, explain why you are making certain decisions, and manage expectations. For example are you willing and able to:

- Help fund a college education?
- Provide seed money for a small business?
- Help with a down payment on a home?
- Pay for medical expenses?
- Contribute to an account for a family member with special needs?
- Offer nonfinancial help such as child care or transportation?

There are no right or wrong answers as long as your decisions align with your financial values and you are sure that your gift will benefit both you and your family member. Maintaining consistent boundaries that define what help you are willing and able to provide is key. Gifts that are not freely given may become financial or emotional obligations that disrupt family relationships.

The Great Wealth Transfer

Seventy percent of U.S. household wealth is held by older generations. Although younger people may be far behind today, they stand to inherit much of this wealth in the coming decades, while also accumulating wealth through their own efforts.



Source: Federal Reserve, 2020 (Q2 2020 data)

Reveal Your Experiences with Money

Being more transparent about your own financial hopes and dreams, and your financial concerns or struggles, may help other family members eventually open up about their own.

Share how money makes you feel — for example, the satisfaction you felt when you bought your first home or the pleasure of giving to someone in need. If you have been financially secure for a long time, your children may not realize how difficult it was for you, or for previous generations, to build wealth over time. Your hard-earned wisdom may help the next generation understand your values and serve as the foundation for a shared legacy.

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Four Steps to Rebuilding Your Business

Few business owners have escaped the financial effects of stay-at-home orders, new safety protocols, and consumer fears related to the pandemic. Even if you took advantage of temporary federal, state, or local relief funds to help you stay afloat during the worst months, you could be expecting significantly lower sales and profits for 2020 overall.

The short- and mid-term outlook for small businesses is still uncertain and varies by region and industry. In fact, challenging economic conditions could persist locally and/or nationally for a while. As the situation changes, you may need to think on your feet and approach some aspects of your operation in new ways.

It may help to visualize what a recovery might look like for your business as the economy inches toward normalcy. Here are four steps to get you started.

1. Take a hard look at your losses. Update your financial statements regularly and compare the numbers to last year's performance. It's possible the damage may not be as bad as you feared. However, you might need to adjust your revenue goals for upcoming quarters if they are no longer realistic.

2. Think and act like a start-up. There has never been a better time to update your business strategy or experiment with a new business model altogether, especially if it involves technology that might help you reach new customers, cut costs, or improve efficiency. Start by questioning all pre-crisis business processes and spending priorities. Research nationwide industry trends, your local market, and how your competitors are responding. Finally, consider whether there is emerging or rising demand for a product or service that your business is positioned to fulfill.

3. Have cash or credit ready to go. If you are short on working capital, you might secure financing that could be used to fill short-term revenue gaps or pursue new opportunities. Open or expand a business line of credit or, alternatively, a home-equity line of credit, even if you aren't sure you will need the money. Other potential funding sources include Small Business Administration (SBA) loan programs; term loans from banks, credit unions, or online lenders; vendor tradelines; and accounts receivable financing.

4. Don't go it alone. SCORE has partnered with the SBA to offer access to remote mentoring services, free webinars, and digital guides designed to help small businesses recover from the COVID-19 crisis. The National Federation of Independent Business and the U.S. Chamber of Commerce are providing similar resources on their websites.