# Wye Financial Partners

Planning Your Financial Future

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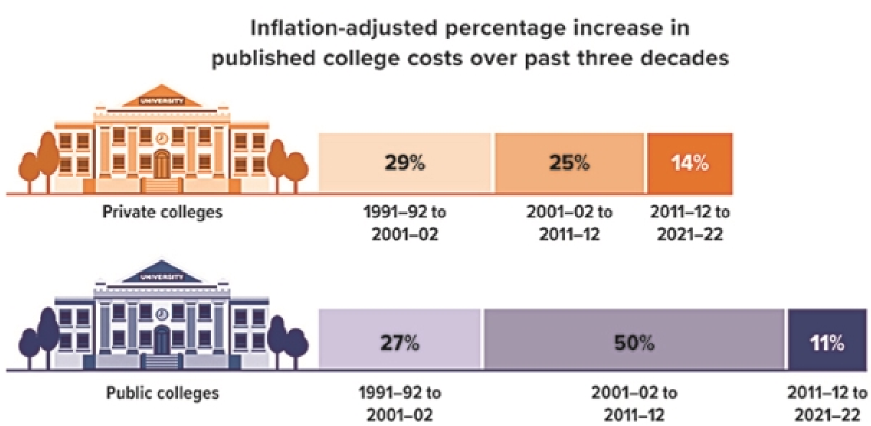
**$27,330**

Average total cost of attendance (COA) for an in-state student at a four-year public college for 2021-2022. Total COA includes direct billed costs for tuition, fees, room, and board, plus an amount for indirect costs for books, transportation, and personal expenses. The average total COA for a four-year private college is $55,800.

Source: *Trends in College Pricing and Student Aid 2021,* College Board

## Three Decades of College Cost Increases

Over the past 30 years, the cost of college tuition, fees, room, and board has increased 85% at private colleges and 111% at public colleges *above and beyond* the rate of general inflation. After significant cost increases during the 1990s and 2000s, colleges have made a concerted effort over the last decade to rein in cost hikes. This is especially true for public colleges, as states have generally allocated more money to their higher-education budgets after years of cuts.




Source: *Trends in College Pricing and Student Aid 2021,* College Board



**April 2022**

# Going Green: A Fast-Growing Corner of the Global Bond Market

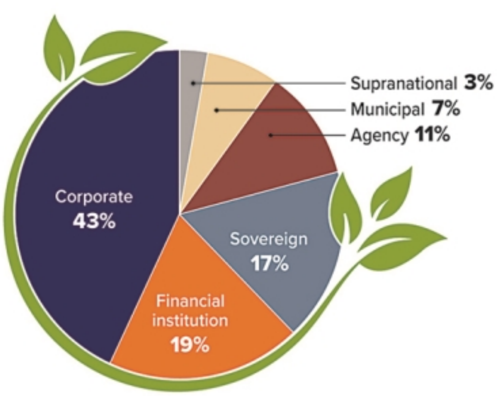
Green bonds are debt instruments that corporations and governments can use exclusively to finance major climate-related or eco-friendly initiatives. Global issuance of green bonds reached a record $523 billion in 2021, and is expected to exceed $775 billion in 2022.[1]

The growth in green bonds is closely tied to a broader investment trend that gained traction in recent years: Investors have increasingly considered environmental, social, and governance (ESG) principles in their efforts to address the world's problems and help reduce the related portfolio risks.

## Prioritizing the Planet

Some common types of projects funded by green bonds include transitioning to renewable energy, modernizing the electric grid, ensuring sustainable water supplies, and building clean transportation systems. Issuers must typically provide investors with certain information, such as a detailed outline of the project they plan to fund, estimates of the environmental impact, and regular progress reports. The European Union and a growing number of sovereign nations have issued green bonds. The U.S. government has not sold green bonds, but mortgage giant Fannie Mae, some states and municipalities, and well-known U.S. corporations have issued them.[2]

### Share of 2021 Global Green Bond Issuance




Source: Moody's, 2022

Like all bonds, green bonds are rated for credit risk. A range of AAA down to BBB (or Baa) is considered "investment grade," and lower-rated or "junk" bonds carry greater risk.

Investors who take on more risk are generally compensated with higher interest rates. Because government entities have the power to raise taxes and fees as needed to pay the interest, municipal bonds are generally considered less risky than corporate bonds, so they typically offer lower interest rates.

Bond prices and interest rates are also influenced by supply and demand. In some cases, enthusiastic investor demand for green bonds has driven up prices and pushed down yields, resulting in a small cost savings (0.1 to 0.2 percentage point) for the issuers. This also suggests that the buyers were willing to pay a slight premium (or "greenium") for bonds that are intended to fund a greener future.[3]

## Evolving Standards

The term "greenwashing" describes the concern that some companies might try to attract eco-conscious investors with misleading claims. Corporations don't always report sufficient ESG data, and currently there is no standardized criteria by which to judge sustainability-related risks and investment opportunities. However, investors may soon have access to more reliable information. The International Sustainability Standards Board has been tasked with setting global standards that may provide a baseline for ESG disclosure.[4] U.S. regulators at the Securities and Exchange Commission are expected to propose new climate-risk disclosure rules.[5]

Some corporate bond issuers enlist third parties to provide verification that their green bonds would indeed finance projects intended to have a positive environmental impact. Still, investors may want to look beyond a bond investment's green label and take a deeper dive into the specific projects being funded, as well as the issuer's finances and overall environmental record.

*The principal value of all bonds tends to fluctuate with changes in market conditions. As interest rates rise, bond prices typically fall, and vice versa. Bonds redeemed prior to maturity may be worth more or less than their original cost. Investments seeking to achieve higher yields also involve a higher degree of risk. In addition to credit and interest-rate risks, the risks associated with purchasing bonds from other countries include differences in financial reporting, currency exchange risk, as well as economic and political risks unique to a specific country. This may result in greater price volatility.*

*Interest paid by municipal bonds issued by the owner's state or local government is typically free of federal income tax. If a bond was issued by a municipality outside the home state, the interest could be subject to state and local income taxes. A municipal bond sold at a profit could incur capital gains taxes. Some municipal bond interest could be subject to the [federal and state] alternative minimum tax.*

1) Moody's, January 31, 2022

2) World Economic Forum, October 26, 2021

3) *The Wall Street Journal* , December 17, 2020

4) S&P Global, October 15, 2021

5) Bloomberg, September 15, 2021

# Baseball Lessons That Might Help Change Up Your Finances

Baseball stadiums are filled with optimists. Fans start each new season with the hope that even if last year ended badly, this year could finally be *the year.* After all, teams rally mid-season, curses are broken, and even underdogs sometimes make it to the World Series. As Yogi Berra famously put it, "It ain't over till it's over."[1] Here are a few lessons from America's pastime that might inspire you to take a fresh look at your finances.

## Proceed One Base at a Time

There's nothing like seeing a home run light up the scoreboard, but games are often won by singles and doubles that put runners in scoring position through a series of hits. The one-base-at-a-time approach takes discipline, something you can apply to your finances. What are your financial goals? Do you know how much money comes in and how much goes out? Are you saving regularly for retirement or for a child's college education? Answering some fundamental questions will help you understand where you are now and help you decide where you want to go.

## Cover Your Bases

Baseball players must be positioned and prepared to make a play at the base. What can you do to help protect your financial future in case life throws you a curveball? Try to prepare for those "what ifs." For example, you could buy the insurance coverage you need to help make sure your family is protected. And you could set up an emergency account that you can tap instead of dipping into your retirement funds or using a credit card when an unexpected expense arises.

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### Take Me Out to the Ball Game

The average cost of taking a family of four to a Major League Baseball game during the 2021 season was $253. Costs varied across the league, with Red Sox fans paying the most and Diamondbacks' fans paying the least.*


*Based on the Fan Cost Index from Team Marketing Report, which Includes price of four nonpremium tickets, parking, two draft beers, four soft drinks, four hot dogs, and two adult-sized adjustable hats.

Source: The Athletic, 2021

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## Expect to Strike Out

Fans may have trouble seeing strikeouts in a positive light, but every baseball player knows that striking out is a big part of the game. In fact, striking out is much more common than getting hits. The record for the highest career batting average record is .366, held by Ty Cobb.[2] As Ted Williams once said, "Baseball is the only field of endeavor where a man can succeed three times out of ten and be considered a good performer."[3]

So how does this apply to your finances? As Hank Aaron put it, "Failure is a part of success."[4] If you're prepared for the misses as well as the hits, you can avoid reacting emotionally rather than rationally when things don't work out according to plan. For example, when investing, you have no control over how the market is going to perform, but you can decide what to invest in and when to buy and sell, according to your investment goals and tolerance for risk. In the words of longtime baseball fan Warren Buffett, "What's nice about investing is you don't have to swing at every pitch."[5]

## See Every Day as a New Ball Game

When the trailing team ties the score (often unexpectedly), the announcer shouts, "It's a whole new ball game!"[6]

Whether your investments haven't performed as expected, or you've spent too much money, or you haven't saved enough, there's always hope if you're willing to learn from what you've done right and what you've done wrong. Hall of Famer Bob Feller may have said it best. "Every day is a new opportunity. You can build on yesterday's success or put its failures behind and start over again. That's the way life is, with a new game every day, and that's the way baseball is."[7]

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

1, 3-4, 6-7) BrainyQuote.com

2) ESPN.com

5) quotefancy.com

# Raising Money-Smart Teens

As teens look forward to summer activities, especially those that cost money, the next few months might present an ideal opportunity to help them learn about earning, spending, and saving. Here are a few age-based tips.

## Younger Teens

In recent years, apps have proliferated to help parents teach tweens and teens basic money management skills. Some money apps allow parents to provide an allowance or pay their children for completing chores by transferring money to companion debit cards. Many offer education on the basics of investing. Others allow children to choose from a selection of charities for donations. Some even allow parents to track when and where debit-card transactions are processed and block specific retailers or types of businesses.

Most apps typically charge either a monthly or an annual fee (although some offer limited services for free), so it's best to shop around and check reviews.

## Older Teens

Many teens get their first real-life work experience during the summer months, presenting a variety of teachable moments.

**Review payroll deductions together.** A quick review can be an eye-opening education in deductions for federal and state income taxes, and Social Security and Medicare taxes.

**Open checking and savings accounts.** Many banks allow teens to open a checking account with a parent co-signer. Encouraging teens to have a portion of their earnings automatically transferred to a companion savings account helps them learn the importance of "paying yourself first." They might even be encouraged to write a small check or two to help cover the expenses they help incur, such as Internet, cell phone, food, gas, or auto insurance.

**Consider opening a Roth account.** A teen with earned income could be eligible to contribute to a Roth IRA set up by a parent — a great way to introduce the concept of retirement saving. Because Roth contributions are made on an after-tax basis, they can be withdrawn at any time, for any reason.

Roth IRA earnings can be withdrawn free of taxes as long as the distribution is "qualified"; that is, it occurs after a five-year holding period and the account holder reaches age 59½, dies, or becomes disabled. Nonqualified earnings distributions are taxed as ordinary income and subject to a 10% early-withdrawal penalty; however, if the account is held for at least five years, penalty-free distributions can be taken for a first-time home purchase and to help pay for college expenses, which may be helpful in young adulthood. (Regular income taxes will still apply.)

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