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left to right: Brenda C. Bolander, Joe Bowie, Randy Thurman, Carol Ringrose Alexander, Chad Rudy, and Andrew Flinton

## Financial Briefs

MARCH 2019

### Get These Decisions Right

The sheer number of financial decisions required to manage our finances can seem overwhelming. But often we spend an inordinate amount of time on small stuff — getting the bills paid on time, reconciling bank accounts, and calling to have a late charge waived. While those things need to get done, how do we judge whether we're headed on the right course? There are six basic financial decisions that can determine the course of your financial life:

**1. How you earn a living.** Sure, we all want to enjoy our work. But why not choose a job that will pay more than another? Your income is going to drive all your other decisions, so investigate your options:

- Are you sure you're being paid a competitive wage with competitive benefits? Pay attention to what is going on in your field.
- Do you have an outside interest or hobby that can be turned into a paying job? This could be a good way to supplement your current salary.
- Can you get some additional training to help secure a promotion or qualify for another job? Read up on what jobs are expected to experience the highest growth rates and/or highest salaries over the next five years.

**2. How you spend your income.**

The amount of money left over for saving is a direct result of your lifestyle choices, so learn to live within your means. To get a grip on spending, consider these tips:

- Analyze your spending for a month. In which categories do you spend more than you expect-

ed? Give serious thought to your purchasing patterns, trying to find ways to reduce spending.

- One of the most significant spending decisions will be your home. Many people purchase the largest home they can afford, often straining their budget.

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### Preventing Identity Theft

It's a common assumption that most identity thefts occur as a result of Internet usage. But online problems typically result from the user's carelessness — responding to an email message asking for financial information or clicking on links in an email message. A far greater percentage of identity thefts occur as a result of a lost wallet or stolen mail.

Armed with your name, Social Security number, and birthdate, thieves can obtain credit cards, get loans, purchase a car, or apply for a job in your name. This information can be obtained from a variety of places. Many people get checks printed with their Social Security number, driver's license number, and birthdate. Mail theft frequently results in something with a Social Security number. Calls to credit bureaus, posing as prospective landlords, employers, or lenders, often

yield information. Computer-literate thieves can find many ways to garner information over the Internet.

While you typically aren't responsible for anything charged by an identity thief, you will have to work to restore your credit and close all fraudulent accounts. That can be time-consuming and expensive. If you are a victim of identity theft, inform the three major credit bureaus so a fraud alert can be placed on your account. That way, no new credit will be issued without first contacting you. Also file a police report in case a creditor wants proof of the crime. Make sure to report the theft on the Federal Trade Commission's website at [ftc.gov/idtheft](http://ftc.gov/idtheft), which advises many companies and organizations about the theft, and includes pertinent forms.

To help prevent your identity  
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## Get These Decisions

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Purchasing a smaller home will reduce your mortgage payment as well as other costs.

- Prepare a budget to guide your spending. Few people enjoy setting or sticking to a budget, but inefficient and wasted expenditures can be major impediments to accomplishing your financial goals.

**3. How much you save.** You should be saving a minimum of 10% of your gross income. But don't just rely on that rule of thumb. Calculate how much you'll need to meet your financial goals and how much you should be saving on an annual basis. If you can't seem to save that much, go back to your spending analysis and cut spending.

**4. How you invest.** The ultimate size of your portfolio is a function of two factors — how much you save and how much you earn on those savings. Even small differences in return can significantly impact your investment portfolio. Typically, investments with potentially higher rates of return have more volatility than those with lower rates of return. While you don't want to take on excessive risk, you also don't want to leave all your savings in investments with little growth potential. Your portfolio should contain a diversified mix of investment categories based on your return expectations, risk tolerance, and time horizon for investing.

**5. How you manage debt.** Before you take on debt, consider the effect it will have on your long-term goals. If you are already having trouble finding money to save, additional debt will make it even more difficult. To keep your debt in check, consider these tips:

- Mortgage debt is acceptable as long as you can easily afford the home.
- Be careful about taking equity out of your home in the form of a home-equity loan. You might want to set up a home-equity line of credit for emergency use, but

## Loan Carefully

Responding to a request for a loan from family members or friends can be difficult. Often, the reason they're asking is because a bank or other lending source has turned them down, making them a less than ideal credit risk. Consider these points:

- **Make sure the loan won't damage your relationship.** Loaning money can put significant stress on relationships. You may feel uncomfortable asking about missed payments. They may expect you to be more lenient about enforcing repayment terms. And if they can't repay the loan, misunderstandings and resentment can occur on both sides. You don't have to loan, but explain your reasons for not doing so to prevent hurt feelings.
- **Put the arrangement in writing.** If you decide to loan the money, put all terms in writing. You may even want to have a lawyer draw up a formal agreement for significant amounts.

With a formal repayment schedule, you may feel more comfortable asking about repayments.

- **Exercise caution before cosigning a loan.** When you cosign a loan, you sign a legal document accepting responsibility for the entire debt. If the primary borrower falls behind in payments, the creditor can come to you immediately looking for payment. The debt will be listed on your credit report, which may impact your ability to obtain another loan.
- **Ask for collateral.** Don't be afraid to ask for a lien on a house or car if you are loaning a significant amount. That way, if the person files bankruptcy, your claim will have precedence over general creditors without liens.
- **Don't keep the loan a secret.** If you make a loan to a family member, inform other close family members of the loan and repayment terms, so they don't feel you are giving preferential treatment. ■■■

make sure it is only used for emergencies. It may also make sense to use a home-equity loan to pay off higher interest-rate consumer loans, but don't run those balances up again.

- Never purchase items on credit that decrease in value, such as clothing, vacations, food, and entertainment. If you can't pay cash, don't buy them.
- If you must incur debt, borrow wisely. Make as large a down payment as you can. Consider a shorter loan period, even though your payment will be higher. Since interest rates can vary widely, compare loan terms with several lenders. Review all your debt periodically to see if less-expensive options are available.

**6. How you prepare for financial emergencies.** Making arrange-

ments to handle financial emergencies will help prevent them from adversely affecting your financial goals. Make sure to have:

- An emergency fund covering several months's worth of living expenses. Besides cash, that fund can include readily accessible investments or a line of credit.
- Insurance to cover catastrophes. At a minimum, review your coverage for life, medical, homeowners, auto, disability, and personal liability.
- A power of attorney so someone can step in and take over your finances if you become incapacitated.

Making the correct choices for these six basic financial decisions will help put you on the right financial course. If you'd like help with these decisions, please call. ■■■

## Identity Theft

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from being stolen, follow these tips:

- **Protect your Social Security number.** This is the primary piece of information needed to steal your identity, so only give it out in situations where it is absolutely required, such as on tax forms, employment records, and for banking, stock, and property transactions. Request a personal identification number for phone access to financial information. Don't print your Social Security number on your checks.
- **Only carry essential items in your wallet or purse.** Don't keep anything showing your Social Security number in your wallet. Memorize your Social Security number, so you don't have to carry your card. Don't keep any passwords in your wallet. Thieves can obtain a great deal of information from checks, so consider not carrying them with you.
- **Check your credit report annually.** All consumers are entitled to one free credit report per year, which can be requested at [annualcreditreport.com](http://annualcreditreport.com). Review your credit reports carefully for errors at least annually. It is not uncommon to find information on people with similar names or other family members in a credit file. Make sure you are aware of all accounts listed and that balances are for expected amounts. Check for unfamiliar addresses and inquiries about loans you never applied for. If you find errors, report them immediately in writing. The credit bureau must then investigate the items and resolve those that can't be verified.
- **Carefully share information online.** Never reply to an e-mail message asking for personal financial information. Reputable companies will not request sensitive financial information in this manner. Before giving personal information, review the site's privacy policy, which should tell you how the information will be

## 4 Steps to Create a Budget

A budget shows you where your money is going every month to ensure you are bringing in more than you are spending and saving enough to meet goals. Here are four steps to creating a budget:

1. **Track where your money goes** — You can track your expenses using your bank statements, receipts, or logging it into a journal or smartphone app. Add up the total for each month and then average it out. That will give you a good base to start building a budget you can stick to.
2. **Put your budget on paper** — Once you've tracked your expenses, use a spreadsheet or online/mobile application to put your budget on paper. In the expenses column, include everything you spend money on. In another column, input your income. If you have a salary, you can input how much you receive each paycheck; but if your income varies, you can use the average of the last three months. Subtract expenses from your income to see how much money you have left every month. If you have a negative number, you'll need to make some changes to your budget. If you have a positive number, that can be the amount of money saved each month.
3. **Keep looking for ways to increase your savings** — With

essential expenses of fixed amounts, such as your mortgage, taxes, and insurance, you may be able to refinance your mortgage, find strategies to help reduce taxes, or comparison shop insurance to reduce premiums. Essential expenses that vary in amount, such as food, medical care, and utilities, can usually be reduced by altering your spending or living habits. For instance, you can actively shop for food with coupons, exercise to get in better health, or put energy-saving lightbulbs through your house. Discretionary expenses, such as entertainment, dining out, clothing, travel, and charitable contributions typically offer the most potential for spending reductions.

4. **Reevaluate** — It is critical to reevaluate your budget after the first few months to ensure it fits your needs and goals. If you find you are continuously spending more money than budgeted for necessities, adjust your budget. Once you get past the first few months with a new budget, reevaluate every six months or as needed.

Having a budget is key to saving money. Without one, it is easy to spend money blindly. Please call if you'd like to discuss this in more detail. ■■■

used and whether the site sells information to third parties. Leave information blank, especially Social Security numbers, if you are uncomfortable providing data.

- **Shred financial information when discarding.** When discarding old tax returns, bank statements, brokerage statements, canceled checks, charge card statements, or any information with account numbers or identifying information, shred the information first. You may also

want to shred credit card solicitations so someone doesn't use it without your knowledge.

- **Remove yourself from mailing lists.** Preapproved credit card offers are an easy way for thieves to get credit cards quickly. Credit bureaus often sell lists to companies making these offers. Call the credit agencies and request the removal of your name from these lists. ■■■



## News and Announcements

### From the Thurman Household

Our son, Levi, is working on his last semester at OCCC. He is now applying for Physical Therapist assistant school. Currently, he is assisting at PT Central on South Penn. He will come home and say, "Wow! I can't believe I get paid to do this!" I ask, "What do you get paid?" He will say he doesn't even know or really care. A very good sign, but as a financial advisor...

The OSCPA wire recently did a nice little article on me. You can find it here at this link: <http://bit.ly/2XpNq04>. It's a pretty good picture, also—lots of Photoshop involved. ☺

By the time this newsletter arrives, our office will have moved next door to the east. I have officed at 3001 United Founders since January 1997. It is amazing just how much you can accumulate in that time. Moving day is March 1.

My wife, Pati, completed a half marathon (that's 13.1 miles!) at the Cowtown half in Ft. Worth. It was a really great run in about 2½ hours.

Hope you have a great month!

*Randy Thurman, CFP®, CPA/PFS*

### From the Flinton Household

Well, our daughters, Samantha and Emerson, are overjoyed with their new sister. Although I thought I was going to have another male companion in the house, it appears the females well outnumber me four to one now. Although they are enjoying playing and teaching her so many new things, they are also finding out just how much work a 16-week-old can be. Between feedings, potty breaks, treats, etc., it feels like it is a full-time job; which it is! But we couldn't be happier.

I keep reminding the girls that soon enough she will grow up and know how to behave better, that her teething will subside, that she will stop trying to take every fluffy possession they have, and we will all live in harmony again. Nevertheless, she is still quite a lot of work. We've talked about this for so long, the girls were beginning to doubt whether it was ever going to happen, but fortuitous circum-

stances arose, and now we are a family of five.

Although a German Shepherd puppy can be trying at times, we know that all the work we are putting in as a family will ensure we coexist in peace as this dog continues to grow, learn, and test the boundaries as only a dog will. Between our early morning walks, afternoon and weekend trainings, and lazy evenings to wind down, I am finding myself smitten with our new girl, and look forward to so many fun-filled years with our new German Shepherd.

Wishing you a wonderful month,

*Andrew Flinton, CFP®*

### From the Rudy Household

I started coaching basketball for my younger two daughters when they were each in 2nd grade. Megan is now in high school and has decided to give golf a try this year. I coached her rec basketball team until she was in 7th grade and began playing on the middle school basketball team. Tatum is in 6th grade this year, so I have 16 more games with her and her teammates until they move on to middle school basketball.

We play our games at Fieldhouse USA, a facility conveniently located just one mile from our home. If you would have asked me how many games have I coached over the years, I would have guessed about 100 or so. Fieldhouse just updated their software, and suddenly my full coaching history was available. I was shocked to learn it has been 264 games!

I worked hard to make practices fun while developing basketball fundamentals and skills. My goal was always for the girls to enjoy the game of basketball. Over the years, I have coached some amazing young ladies. I really like going to games across the school district to see previous players. Since my coaching days are numbered, I am reminded of how much I have enjoyed this opportunity. I'm looking forward to coaching my final 16 games.

*Chad Rudy, CFP®*

**Please note that our Oklahoma City office has moved next door:  
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