



Fee-Only Financial and Investment Planning
 (888) 320-9993



On Course

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Welcome! With the Federal Reserve having raised interest rates twice already in 2018 and with the expectation of continued increases to come, we felt it was important to discuss how the rising interest rate affects different areas of your financial life.

You may have missed our recent series on retirement. For Retirement, Part 1 - Retirement Savings, click [here](#). For Retirement, Part 2 - Social Security, click [here](#). For Retirement, Part 3 - The Retirement Paycheck, click [here](#).

Prepare for rising interest rates. If you need assistance, we are here to help you stay *On Course!*

-Jennifer Lane, CFP

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Plan for Rising Interest Rates

Look at these areas of your finances to ensure you are prepared for higher rates.

Mortgages

- Overall, mortgage rates have been steadily climbing up since the beginning of the year.
- We will see rates on new mortgages continue to creep up.
- If you have a fixed mortgage, you will not see a change.
- If you have an ARM (adjustable rate mortgage), you will see your payment go up. Make sure your budget can handle any upcoming payment adjustments! Explore switching to a fixed rate mortgage.

HELOC - Home Equity Line of Credit

- If you have a variable rate HELOC, you will see the rate go up.

For many people, their home is their biggest asset. Don't paint yourself into a corner by building home equity at the exclusion of all else. Set up your plan so that you're paying down the mortgage as well as building investments in retirement and nonretirement accounts.

Get more tips in

- If possible, pay off or pay down the outstanding balance before rates go up again.

Car Loans and Credit Cards

- Interest rates charges on a new car loan will go up as well.
- The cost to borrow new money will likely be at a higher interest rate than a year ago.
- Most credit cards have a variable interest rate. You will see your credit card rates go up.
- Overall, the cost to borrow money will go up as interest rates continue to rise.
- Calculate whether it makes sense to pay down -- or even pay off -- your debt.

CDs

- The good news is that you are likely to see higher savings interest rates offered.
- If you have a CD locked in already, you will likely see you are earning less interest than new CDs being issued.
- Don't lock into a long-term CD in a volatile interest rate market.
- Consider CD ladders, i.e., buy CDs with staggered maturity dates so you can take advantage as rates go up.

Bond portfolio and investing

- The concern always is that as rates rise, the value of bonds goes down.
- Rising rates should not change the bond allocation in your portfolio.
- Bond duration in your portfolio is important. The longer the duration (either individual bonds or whole bond portfolio), the more risk you incur as rates rise.
- Asset allocation is key! Stick to your allocation and rebalance on schedule.

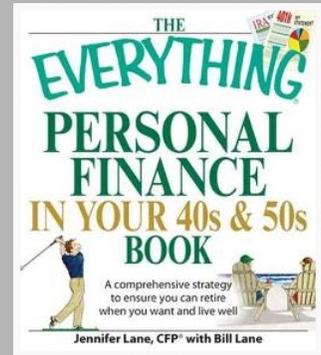
Q&A

Q: With interest rates rising, I would like to save and invest more. The problem is I have a modest income. Any ideas?

-- Gloria, Seekonk

A: Gloria, that's a great goal! Here are some suggestions. Compare online versus in store pricing. Change to brands that will save you money. Minimize extra fees on banking, investment accounts, or credit cards because of overdrafts, sales charges, or late payments. Create a meal plan and shop for food carefully, opting to cook yourself instead of buying convenience or pre-packaged foods. And, finally, pay attention to your health. Stopping smoking, losing weight, and planning regular dental and health care visits are more important to saving money than you would think. Good luck!

Jennifer's book



([click here for link](#))

Helpful Websites

[Bankrate](#)

[Credit Karma](#)

[Investopia](#)

The YWCA NH has invited Jennifer to be the keynote speaker at its upcoming fall conference
Financial Confidence: Everything Women Need to Know.

The event is scheduled for Saturday, September 15, 2018 from 9:00 am to 3:00 pm at the Falls Event Center in Manchester, NH. Tickets are \$25. For more information and to register for the event, click [here](#).



Jennifer in the Media

Below are links to Jennifer's frequent contributions to financial planning articles.

- The ***New York Times*** featured Jennifer in an article titled, "**Balanced Funds Don't Inspire Fear or Greed. That's Why They Are So Useful.**" Click [here](#) to read the article.
- Jennifer discussed both the "snowball" and "avalanche" methods of paying off credit card debt in an article from ***CNN Money***, "**Which Credit Card Should I Pay Off First?**" Click [here](#) to read the article.
- With a contrarian view, Jennifer contributed to an article, "**People are enraged by the idea that you should have twice your salary saved by the time you're 35!**" published recently by ***Business Insider***. Click [here](#) to read the article.
- Moving in together? Click [here](#) for the article from ***Business Insider***, "**Five questions you and your partner should answer before taking the biggest step in your relationship.**"
- ***Insider*** asked Jennifer to contribute to an article on old fashioned ways to manage your money, "**Six money-saving tips your grandma used that are way more effective than any budgeting app.**" Click [here](#) for the article.
- Jennifer contributed to an article on ***Business Insider***. Click [here](#) to read "**This is the best way to do your taxes online - according to experts.**"
- ***CNN Money's Money Moves*** featured Jennifer in an article on how to strike the right balance between retiring early and saving enough. Click [here](#) to read the article.
- Jennifer contributed to a ***CNN Money*** article "**When is the Right Time to See a Financial Advisor?**" Click [here](#) to read the article.
- Jennifer contributed to ***The Wall Street Journal*** article "**The Biggest Money Mistakes We Make -- Decade by Decade.**" Click [here](#) to read the article.

Compass Planning News

- AdvisoryHQ named **Compass Planning** as one of the ten best Boston financial advisors.
- Jennifer recently answered NECN viewer questions about ***part-time and summer jobs as well as self-employment***. Click [here](#) to watch the segment on her blog.
- Jennifer appears on NECN every other Monday morning at 9:30 am in addition to her Tuesday 7:30 pm appearance.

Compass Planning Associates helps families, individuals, and small-business clients achieve financial security, knowledge, and control over their money. Our **fee-only, client-centered approach** provides education and guidance for achieving financial goals and dreams.

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