

## *Financial Decision Making*

*By Founding Partner Chris Caldwell, CFP®, CRC®, AIF®, MBA*

### TEACHING FINANCIAL RESPONSIBILITY TO THE NEXT GENERATIONS

Summer's over, and the kids are back in school. Many of us took time in July and August for back-to-school shopping and the purchase of new clothes and supplies. Have you ever told your child or grandchild that something they want is too expensive or that they do not need to have it, and saw that look of utter disbelief? It is never too early (or late) to start lessons about respecting money, only buying what you really need, and saving more than you spend. It does take patience and discipline, though.

Parenting styles and beliefs can vary, so it is not appropriate to tell everyone what they should do, but we would like to offer a few practices that have worked for many parents.

1. Instead of an allowance, pay an "income" for chores, accomplishments, and/or grades. In other words, only pay for what they do well. Teach them now how they will be paid as an adult for doing good work. An extra step to this practice is deducting a "tax" (which goes into their savings account) and maybe even a church tithe.
2. When shopping with the kids, pay in cash instead of credit cards or checks. It is easy to pull out a credit card, but kids pick up on this habit. Even if you are one of the few who pay the card off every month, kids see it is a way to buy whatever you want without "real" money.

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**Teaching kids about money is never just about money.**

**Dave Ramsey**



# Decision Making in 2016

## Long-Term Travel Planning

Betsy Harter  
Director, Global Escapes

### ACHIEVE YOUR TRAVEL DREAMS WITH A LONG-TERM TRAVEL PLAN



We plan our weddings, we plan our honeymoons, we plan for our children's educations, and we plan for retirement. We even plan out our final days through our last wills and testaments. Why not invest equal energy in long-term travel planning?

Many people look forward to that magical date on the calendar—retirement—when they can finally see the world. However, by the time that day rolls around, they find that they wish they had traveled when they were younger and had more energy.

At Global Escapes, we believe that people should experience life as they are going through it. Will the beautiful rock formations at Arches National Park still be there in 30

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3. When buying for them, give a limit on how much you will spend on an item and have them shop. We just did this with new shoes, telling the kids how much we are willing to spend and letting them search the store. They have the freedom to pick items that cost more, but they have to pay the difference from their own savings. If they pick items that cost less, they keep that difference. The kids will start looking for things on sale, what they really need, and even will pay attention to how much tax adds to the total cost. Also, give them the cash and let them make the purchase at the register so they learn how to interact with clerks.
4. Show kids your bills and receipts. Kids have no idea how much things cost like power, groceries, cell phones, and cable. Explain that when they get a part-time job, the most they might make per hour is \$10 (probably less as minimum wage is only \$7.25) and that a \$400 power bill will take over 40 hours to pay off. This also helps them not be as wasteful (turning off lights, talking fewer minutes on the phone, throwing out less food).
5. Budget items they use daily or weekly. Give your teen drivers one full tank of gas for two weeks. Limit the number of minutes/data on their phones for a month. Load a set dollar on their school lunch cards. If they learn to budget early, it will be easier once they earn paychecks and have bills to pay from that income.
6. Find them a job as early as possible. Of course, there are child labor laws, but kids under 14 can still work at certain jobs. There is no better lesson a parent can teach a child about money and responsibility than getting them a job. Whether babysitting, cutting grass, tutoring, life guarding, or sweeping shop floors, every study shows that adults who worked jobs as teens were more responsible with money throughout life.

### CREATE YOUR OWN SCHOLARSHIP PROGRAM

Scholarships are a wonderful way to support promising and deserving students by assisting them with the costs of their education. Donors often see such scholarships as a meaningful way to honor or memorialize friends, teachers, or family members.

Most commonly, donors contribute to specific programs within a school. However, sometimes, the family may want to create a named scholarship to honor a family member or another person that they desire to recognize. In this case, the simplest and most efficient method is to rely on the school or other charitable organization and its scholarship selection committee to advertise, screen for qualified applicants, and administer the scholarship

Distributions can be made from a donor-advised fund (DAF) to support the scholarship program. The DAF administrator, along with the donor and the school, agree to the terms of the scholarship agreement. For example:

- Mr. Smith worked with the principal of ABC High School to establish a scholarship in memory of his mother, who was a teacher at that school. They agreed on a target annual funding level and the

selection criteria that the selection committee would use in qualifying applicants (Smith family members were not eligible to apply for the scholarship.)

- Each year, the school's selection committee administers the program and selects the scholarship awardees. (Mr. Smith may be on the scholarship committee but may not have a majority vote).
- Each year, Mr. Smith recommends a grant from his donor-advised fund to the high school to fund the scholarship awards in memory of his mother.

The example above underscores an important note: Per IRS guidelines, as they pertain to scholarships and donor-advised funds, the donor can serve on the committee but cannot be a deciding vote on identifying qualified applicants.

The donor may not amend the scholarship decision in any way nor can any relatives of the donor receive grants from the scholarship.

We have helped clients establish Donor Advised Funds with the American Endowment Foundation (AEF). They have the ability to accept different types of assets for contributions and allow an advisor to manage the investment assets if the client wants that advantage.

AEF has found that schools are very happy to participate in this type of arrangement to fund a scholarship program. It gives them excellent publicity benefits. Donors also enjoy the freedom to redirect their charitable assets if the school is not administering the plan as was agreed.

A Donor Advised Fund can be a great way to simplify charitable giving to numerous organizations and to make sure that funds are set aside for this important family value.



# Community Involvement

## *Our Commitment to the Local Community*

We are excited to be a contributing member of our local community as a sponsor to the athletic programs of several local high schools:



Hope Haven of NE Georgia works with individuals with developmental disabilities. We sponsored their major fundraiser called the Threads of Hope Fashion Show which was held on August 25.



The State of Georgia Division of Aging Services has launched a new service, Georgia's Yellow Dot Program, as a measure to help first responders know more about the medical conditions, allergies, and prescriptions of an individual. It has been rolled out this year in the Athens-Clarke area this year; people who would be transported to Athens Regional Hospital or St. Mary's Hospitals are ideal for the program. Interested individuals complete a questionnaire, and that information is in a system that can be accessed by first responders if they see a sticker (yellow dot) on a home refrigerator or car back window. This new program can save a life, and Highland Trust Partners has adopted the program to enroll interested clients. Please contact us with questions.

## Information & Tools for 2016

### Technology Corner

**Evernote** is essentially a virtually notebook. You can make notes directly in the app, save images and articles from the web, upload pages from physical notebooks, and track tasks. Never forget again!



Evernote

**Slice** searches your email and pulls information on things you have purchased. It will tell you when packages ship and arrive, and it even notifies you on prices drops on items you want. It makes online shopping much easier!



Slice

### Operations Reminder

Operations Section: We have been reviewing 2016 Required Minimum Distributions (RMDs), making sure instructions for distributions are on file. If you have any changes to be made this year or if you have taken an RMD from an account outside of Highland Trust Partners, please let us know. Thank you!

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years? Most likely. Will our clients be able to hike a mile or two up to the most picturesque spots? Maybe not.

It is so important to craft a strategy to check off all the places on a so-called bucket list, sooner rather than later. We advise clients to start thinking about all of the places they are dying to see, and why. We tell them to consider special birthdays, anniversaries, graduations, and

other meaningful occasions that a fabulous trip could help commemorate. We advise them to decide which vacations are couples-only, with the goal of reconnecting, and which trips are more active with the extended family. Once they set some goals, they can begin budgeting to make this long-term travel plan come to fruition. Our clients have found they are more likely to reach these destinations when they map out a strategy.

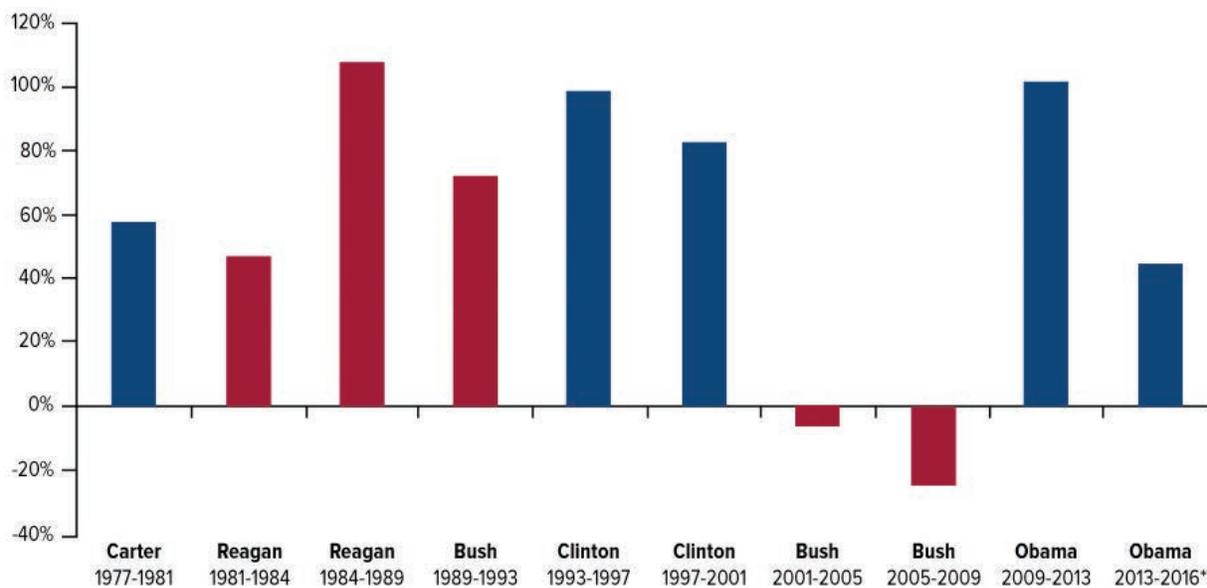
So, take some time over the next few weeks to dream a little. What do you want to experience in your lifetime? It could be the cherry blossoms in Washington, D.C., the migration of the monarch butterflies in San Miguel del Allende, Mexico, or carnevale in Venice. When you are ready, we will help you design a plan to make it happen.

For more information, you can reach Betsy at [info@globalescapes.com](mailto:info@globalescapes.com).<sup>1</sup>

<sup>1</sup>Global Escapes is not affiliated with Highland Trust Partners or LPL Financial.

## Chart of the Quarter

### IT'S THE POLICIES, NOT THE PARTY *(S&P 500 Index Returns for the Four-Year Presidential Term)*



\*As of March 7

Past performance does not guarantee future results.

Source: Bloomberg, U.S. Global Research

## Market Index Returns<sup>2</sup>

Fixed Income	Current Yield 10/10/16
90-Day T-Bill	0.32%
5-Year T-Note	1.26%
10-Year T-Note	1.72%
30-Year T-Bond	2.45%

Source: Bloomberg

Index	2016 (1/1/16-10/7/16)	2015 (One Year)
Dow Jones Ind.	6.88%	-2.23%
S&P 500	7.19%	1.38%
NASDAQ	5.69%	5.73%
MSCI EAFE	0.94%	-0.81%

Source: Morningstar Research

<sup>2</sup>The Dow Jones Industrial Average is comprised of 30 stocks that are major factors in their industries and widely held by individuals and institutional investors. Bond yields are subject to change. Certain call or special redemption features may exist which could impact yield. The Standard & Poor's 500 Index is a capitalization weighted index of 500 stocks designed to measure performance of the broad domestic economy through changes in the aggregate market value of 500 stocks representing all major industries. The NASDAQ Composite Index measures all NASDAQ domestic and non-U.S. based common stocks listed on The NASDAQ Stock Market. The market value, the last sale price multiplied by total shares outstanding, is calculated throughout the trading day, and is related to the total value of the Index. The MSCI EAFE Index is a free float-adjusted market capitalization index that is designed to measure the equity market performance of developed markets, excluding the US & Canada. The MSCI EAFE Index consists of the following developed country indices: Australia, Austria, Belgium, Denmark, Finland, France, Germany, Hong Kong, Ireland, Israel, Italy, Japan, the Netherlands, New Zealand, Norway, Portugal, Singapore, Spain, Sweden, Switzerland and the UK.

Securities offered through LPL Financial, Member FINRA/SIPC. Investment advice offered through Highland Trust Partners, a registered investment advisor and separate entity from LPL Financial.

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