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From the Desk of . . . .

Chuck Testino

Recent market volatility brought fear to investors and questions around market declines. In the article, *Stop Worrying and Love a Market Correction*, insight into the difference between a correction and a bear market is provided. The article below highlights planning with the question of *College vs. Retirement?* Knowing the importance and setting priorities is the basis of this article. On lighter notes, *Budget Busters* may help you expand your wallet, while *Things that Don't Affect Your Credit Score* gives insight into credit reporting.

It is my hope that you find these articles enjoyable and helpful. If interested in learning about any of these topics or if you would like an account review, please call my office. I would be happy to sit down and share added insight to help you plan to meet your goals and achieve your dreams.

COLLEGE vs. RETIREMENT

Parents seem confused about the best way to save for both retirement and college. Student loans are an available source for college funding, however, there are no loans for retirement.

According to a Sallie Mae study, college savings is up 30%.[1] However, the study points out that the savings vehicle often used is the parent's retirement accounts, instead of a 529 plan. This is problematic because:

- Early withdrawals could involve penalties
- Money withdrawn could generate income tax liability
- Additional income can reduce financial aid
- Early withdrawals means fewer dollars for retirement

One of the problems of not making retirement top priority and taking early withdrawals for college expenses is that retirement may come earlier than expected. In an Employee Benefit Research Institute study nearly half of retirees quit work earlier than planned.[2]

While some could afford to quit, many quit early due to unexpected events such as job loss or poor health. While saving for retirement and college are both important, priority should fall to retirement.[3] Be sure to consult with a financial advisor to learn more about how to set goals and save effectively for all your needs.

1.Source: "How America Saves for College, 2014", Sallie Mae, 2014.
2.Source: "2014 Retirement Confidence Survey," Employee Benefit Research Institute and Greenwald & Associates
3.Source: "Save for Retirement First, the Children's Education Second", The New York Times, 2/28/2014.

https://www.hartfordfunds.com/businessbuilding/engaging/client-conversations/CollegeOrRetirementWhatToSaveForFirst.financial-advisors.html

Budget BUSTERS

Here are some tips to cut down unnecessary expenses and leave a little extra padding in your budget.

- **Cable -** The average bill runs about $80 per month. Consider services such as Netflix and Hulu to satisfy your TV fix at a reduced fee.
- **Energy -** You can save 3 percent on your energy bill for every 1 degree difference you set on your thermostat? For 3 degrees of difference, it's almost 10% in savings.
- **Dining Out -** Cooking at home is cheaper, but when dining out, the largest mark-up is on alcohol, soda, pasta, salads and egg dishes. Best value is steak and seafood.
- **Medication -** Generics can cost 80% less but with those drugs without generic formulation, consider using smart-phone apps like GoodRx and LowestMed to compare drug prices at nearby pharmacies for the best saving.

Reviewing your automated payments annually ensures that you are still using the services that you're enrolled. Unused gym memberships and smart-phone apps are two items that often can be eliminated and create an easy cushion in your budget.

http://money.usnews.com/money/personal-finance/slideshows/11-expenses-destroying-your-budget

Chuck Testino

Phone: (520) 323-3036
(800) 323-3036
Fax: (520) 323-3329

E-mail: AIAREDSKINS@AOL.COM

Website: www.AIATucson.com

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The last time the market dropped double digits, numerous Republican candidates were lining up for president, tech fanatics awaited the arrival of Apple's newest offering and the world celebrated a joyful event in the lives of the British Monarchy.

Believe it or not, those events all happened back in 2011.

April to October of 2011 was the last period that the U.S. Stock market experienced a market correction, a drop in the market of more than 10 percent but less than 20 percent.[1] Four years ago is not ancient history by any means but the length of time that has passed between the last market correction and now is atypical. Historically, a correction occurs on average of every 2.1 years. [2]

A correction isn't a crash. A market correction is just what the name implies, a correction to a market that has shot too high in valuation. The drop may seem a bit frightening at first. With 2008 still fresh in investors' minds, it's understandable why most of us would feel a tinge of apprehension.

A correction is a natural part of the life cycle of the market. It doesn't necessarily indicate that the market will nose dive into 2009 territory of 50% market losses. If losses begin to creep above 20%, we're no longer in a correction, we're entering a bear market. The best way to evaluate your stance is by discussing your options with your advisor before a correction takes place.

Timing the market is not advisable. Rather than trying to time the market, investors should focus on time in the market, allowing investment returns to compound year after year.

Failing to plan is planning to fail. Speak with your advisor to better understand how you can position yourself now for what's likely to come when the next correction occurs, whether it's next month, next year, or several years from now. The market's cyclical nature is a fundamental truth investors need to keep in mind.

(1)Source: "The Stock Market Correction That Nobody Noticed," Money, www.time.com/money, July 8, 2014
(2)Source: "What To Do When The Stock Market Drops 1800 Points," Forbes, June 4, 2015

https://www.hartfordfunds.com/businessbuilding/engaging/client-conversations/HowToLearnToWorryLessAndLoveAMarketCorrection.financial-advisors.html

Employers, landlords, banks and lenders often rely on credit scores to determine the worthiness of applicants. Many borrowers don't know how their credit scores are calculated. Here are some things that do not affect credit scores:

1.Debt Cards - Funds come directly from your bank account and are not reported to credit bureaus.

2.Utility Bills - Crediting agencies generally don't report insurance, utility or cell phone bill payments unless turned over to a collection agency.

3.Small Debt - Often times debt under $100 is not reported and will not negatively impact your credit score.

4.Shopping for a Loan - Multiple inquiries for credit has a negative impact on credit scoring. However, multiple inquiries for mortgage, car or student loans are considered to be a single inquiry if the inquiries are made within a 45-day period.

5.High Interest Rates - Interest rates on loans and credit cards are not a factor in credit scoring. Credit scores, however, will impact a lenders offer of the best rates.

6.Checking Your Credit - Request a report won't have a negative impact on your score. Everyone is entitled to a free copy of their credit report annually from each of the three credit reporting bureaus.

To request your report, visit www.AnnualCreditReport.com.

http://www.dailyfinance.com/2015/09/07/things-that-dont-affect-your-credit-score/