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FINANCIAL OUTLOOK

SPRING 2014

RETIREMENT PLANNING THROUGHOUT YOUR LIFE

After working 40 or 50 years, you could find yourself retired for another 20 or 30 years. To support yourself without a

job for 20 or 30 years, you should probably be planning for retirement during your entire working life. However, your concerns and strate-

gies for retirement will change as you age. Consider these tips:

IN YOUR 20s

While you may just be getting started in your career, don't squander the long time period before retirement that can help your retirement funds grow and compound. Some strategies to consider include:

- **START SAVING FOR RETIREMENT NOW.** Saving even small amounts can help you accumulate significant sums by retirement age. For instance, if you invest \$2,000 per year from age 25 to age 65 in a tax-deferred account earning 8% annually, you could potentially accumulate \$518,113 by age 65. *(This example is provided for illustrative purposes only and is not intended to project the performance of a specific investment vehicle.)* Try to save at least 10% of your income; but if you find that difficult to do, at least start saving something. Get in the habit of saving at a young age, before you get used to spending all your income.
- **INVESTIGATE DIFFERENT RETIREMENT SAVINGS VEHICLES.** If your employer offers a 401(k) plan, start contributing as soon as you

CONTINUED ON PAGE 2

CHILDREN AND INVESTMENT PLANNING

When it comes to their children's financial independence, many parents don't give it much thought. Here are six steps to get you started.

STEP 1: START EARLY — It's important to start talking with your children about financial responsibility early. Once your children are old enough to have some responsibility and are able to perform small tasks, give them a list of household responsibilities and pay them a weekly allowance for completing those chores.

Help your children make decisions with the allowance money they earn: How much should go into savings? How much should they spend? Developing an understanding of these concepts gives children the financial confidence that will eventually lead to financial independence.

As your children grow, teach them by modeling financial responsibility. Have budget discussions around the kitchen table with the

children present. Share with them the family budget and talk about the times when you have to make financial trade-offs.

STEP 2: SET GOALS — Encourage your children to set goals; after all, goals are the driving force behind any investment plan at any age. Whether they want that a toy or a car when they turn 16, their investment plan will be driven by the goals they set. Teaching your children to think ahead financially, to defer the instant gratification of spending today in order to achieve tomorrow's goal, will dramatically increase the likelihood that they will become financially independent adults.

STEP 3: DEVELOP A BUDGET — When your children are ready (typically in the preteens), help them create and manage a budget. Whether they earn money from chores around the house or from work outside the home, give them the responsibility to pay for certain things. Help them

CONTINUED ON PAGE 3

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RETIREMENT PLANNING

CONTINUED FROM PAGE 1

can. You should contribute at least enough to take full advantage of any matching contributions offered by your employer, which can significantly increase your savings. For instance, assume you earn \$50,000 per year and your employer matches 50 cents on every dollar of contributions up to 6% of your salary. If you contribute 6%, you will make a contribution of \$3,000 and your employer will contribute \$1,500. If your employer doesn't offer a 401(k) plan, contribute to an individual retirement account (IRA), either traditional or Roth. Investigate the differences to determine which is better for your situation.

IN YOUR 30s

Typically, even though your income is rising, your expenses are also growing as you buy a home and start a family. However, don't lose sight of retirement, since you still have significant time before retirement to help your funds grow. Consider these tips:

- **START THINKING ABOUT RETIREMENT.** Give some thought to how you want to spend your retirement and how much it will cost. While you may feel that retirement is too far away to gauge these things, putting a rough price tag on your retirement and calculating how much you need to save can provide significant motivation in saving for that retirement.
- **DEVISE STRATEGIES TO KEEP SAVING.** Look for ways to remain



committed to saving, even as your expenses are increasing. For instance, whenever you receive a raise, put some of it into your 401(k) plan so you don't get used to spending that money. Before incurring a large new expense, such as a new car or home, look at the impact the additional expense will have on your retirement.

IN YOUR 40s

While you still have quite a while before retirement, it's time to get serious about saving. Especially if you haven't saved much during your 20s and 30s, you need to really commit to saving for retirement. Some tips to consider include:

- **SAVE THE MAXIMUM IN YOUR 401(k) PLAN.** Don't make excuses; just make sure you are saving the maximum in your 401(k) plan. Also look at contributing to an IRA.
- **REVIEW YOUR INVESTMENT STRATEGY.** Take a look at all your investments, both inside and outside of retirement accounts. Does your strategy make sense and will it help you reach your retirement goals?

IN YOUR 50s

Retirement is no longer that far away. It's time to assess where you stand and whether your retirement plans are realistic. Consider these tips:

- **LOOK SERIOUSLY AT YOUR RETIREMENT PLANS.** Make sure you have an accurate assessment of how much money you'll need in retirement and compare that to your estimated retirement income sources. If you are short, consider revising your plans. You may need to work longer, scale back your retirement plans, or save more.
- **TAKE ADVANTAGE OF CATCH-UP CONTRIBUTIONS.** In addition to making the maximum contributions to 401(k) plans and IRAs, take advantage of catch-up contributions once you turn 50. In 2014, you can make a \$5,500 catch-up

contribution to your 401(k) plan, if permitted by the plan, and a \$1,000 catch-up contribution to an IRA.

- **TRY TO INCREASE YOUR SAVINGS.** By now, hopefully, some of your larger expenses will be behind you, such as funding a child's college education, and you can divert those sums to your retirement savings.

IN YOUR 60s AND BEYOND

This is the period when people typically transition from a working life to retirement life. Some strategies to consider include:

- **FINALIZE YOUR RETIREMENT PLANS.** Go through your expenses and expected retirement income sources one more time to make sure you haven't forgotten anything. Determine when you can start drawing retirement benefits, such as Social Security, Medicare, and pension plans. Before you leave your job, make sure the timing is right, and you'll be able to comfortably support yourself during retirement.
- **PLAN BEFORE WITHDRAWING YOUR RETIREMENT SAVINGS.** Before you start withdrawals from your 401(k) plans and IRAs, consider all relevant factors. You don't want to drain those funds too quickly.
- **CONSIDER WORKING ON AT LEAST A PART-TIME BASIS.** Even if you think you have sufficient funds for your retirement, consider working at least part-time during the early years of your retirement. This will help keep you active while also supplementing your retirement savings. It is better to work now than to find out late in retirement, when your health may not permit you to work, that you have run out of retirement savings.

To ensure adequate retirement savings, you need to plan for retirement throughout your life. Please call if you'd like help with this process. ○○○

CHILDREN AND

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understand the basic concept that expenses cannot be greater than income. Help them live within their means, suggesting ways to tailor expenses.

Sit down with your children at least once a month to go over the budget. Look at where they spent their money in the previous month or week. How do they feel about those spending decisions in retrospect? Do they wish they would have done things differently? When you have these kinds of conversations with your children, you're showing them how to think about money and how to make decisions.

STEP 4: BUILD CREDIT — Developing credit is a very important part of investment planning. Good credit will enable your children to buy a car and buy a home at reasonable interest rates. Unfortunately, credit is one of the areas where young people tend to have the most trouble.

There are a number of ways to help your children prepare for the responsibility of a credit card:

- Prepaid credit cards function in much the same way as debit cards do — not letting the cardholder spend above the prepaid amount — but at the same time are reported to the credit bureaus like a true credit card, allowing the cardholder to build up credit.
- Once your children have mastered the science of living within their monthly budget, you may allow them to take out a low-limit credit card.

STEP 5: SAVE — A savings account is a great way to get your children into the habit of saving (and it is a habit, as well as a mindset). As they get older, you might look into higher earning, low-risk investment accounts, money markets, or government bonds as ways for your children to save toward longer-term goals. These kinds of accounts do not require huge upfront investments and typically have higher rates of re-

DEVELOPING AN INVESTMENT STRATEGY

How do you develop an investment strategy? Here are four steps:

STEP 1: DETERMINE YOUR GOALS. As in any aspect of life, your financial goals will drive your investment strategy. Whether you are planning for retirement, a child's college education, or a vacation, you have to know what you are working toward. If your goal is retirement, for example, what does that look like? An around-the-world cruise? Or visiting the grandchildren down the street? For your strategy to be successful, it has to be founded on a concrete, detailed articulation of what it's designed to achieve.

STEP 2: EXAMINE YOUR FINANCIAL PROFILE. This is a great opportunity to get a detailed view of your finances — your income, your debts, your assets, your budget, and your existing investments. It will help you learn where you are relative to where you want to be and allow you to develop a strategy to get there. If you have mounds of debt, your first priority may be to pay that off. If your finances are in order but you don't have an emergency fund saved, that may be your first priority. Once you know what you have to work with, you can better achieve your goals.

STEP 3: ANALYZE YOUR INVESTMENT APPETITE. Are you a conservative or an aggressive investor? Aggressive investors are willing to accept the potential of substantial

financial loss for the potential of substantial financial gain. Conservative investors are willing to accept smaller financial gain for lower risk of financial loss. Whether it's more appropriate to be an aggressive investor or a conservative investor depends in part on where you are relative to your goals. If your goal is retirement, for example, it is generally more appropriate to invest aggressively when you are younger and further away from that goal. Then it is generally more appropriate to invest more conservatively as you get closer to retirement, pulling your money out of higher-risk investments to avoid losses from which your investments will not have time to recover. Are you striking the right balance?

STEP 4: BE ADVISED. Seeking counsel from a credible financial advisor will help you make the best investment decisions based on your goals, your financial profile, and your risk appetite. A financial advisor will ensure that you are getting the most from your investments and your money is allocated properly, helping you rebalance your profile every year. In addition to having expertise in the different types of investments and a deep understanding of what's going on in the market, advisors are not emotionally attached; that can be invaluable in keeping you aligned with your strategy, especially when the market is fluctuating. ○○○

turn than savings accounts. They're a great start to understanding the different types of investment vehicles and the trade-offs of each.

STEP 6: LET GO — In investment planning, if your children never know what it's like to be truly self-reliant — if they never have the opportunity to make mistakes and correct them — they never will become financially independent.

Resist the temptation to bail out your children every time they are in a financial crisis. When they run out of money before the end of the month, let them feel the consequences of having to eat a sack lunch while their friends go out. Next month, they'll think harder about spending more than their budget.

Please call if you would like to discuss this in more detail. ○○○

FINANCIAL DATA

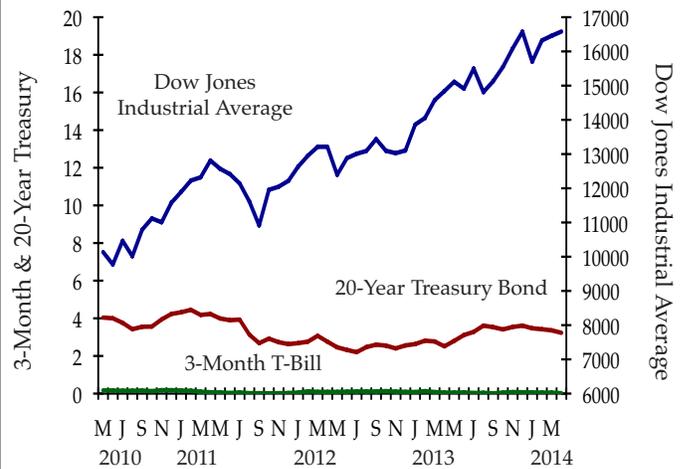
Indicator	Month-end				
	Feb-14	Mar-14	Apr-14	Dec-13	Apr-13
Prime rate	3.25	3.25	3.25	3.25	3.25
Money market rate	0.41	0.41	0.41	0.43	0.47
3-month T-bill yield	0.05	0.05	0.02	0.07	0.05
20-year T-bond yield	3.42	3.36	3.23	3.61	2.51
Dow Jones Corp.	2.83	2.90	2.88	3.11	2.44
30-year fixed mortgage	3.89	3.96	3.90	4.21	2.98
GDP (adj. annual rate)#	+2.50	+4.10	+2.60	+2.60	+0.40

Indicator	Month-end			% Change	
	Feb-14	Mar-14	Apr-14	YTD	12 Mon.
Dow Jones Industrials	16321.71	16457.66	16580.84	0.0%	11.7%
Standard & Poor's 500	1859.45	1872.34	1883.95	1.9%	17.9%
Nasdaq Composite	4308.12	4198.99	4114.56	-1.5%	23.6%
Gold	1326.50	1291.75	1288.50	7.2%	-12.3%
Consumer price index@	233.90	234.80	236.30	1.4%	1.5%
Unemployment rate@	6.60	6.70	6.70	-4.3%	-11.8%
Index of leading ind.@	99.30	100.10	100.90	2.6%	6.9%

— 2nd, 3rd, 4th quarter @ — Jan, Feb, Mar Sources: Barron's, Wall Street Journal

4-YEAR SUMMARY OF DOW JONES INDUSTRIAL AVERAGE, 3-MONTH T-BILL & 20-YEAR TREASURY BOND YIELD

MAY 2010 TO APRIL 2014



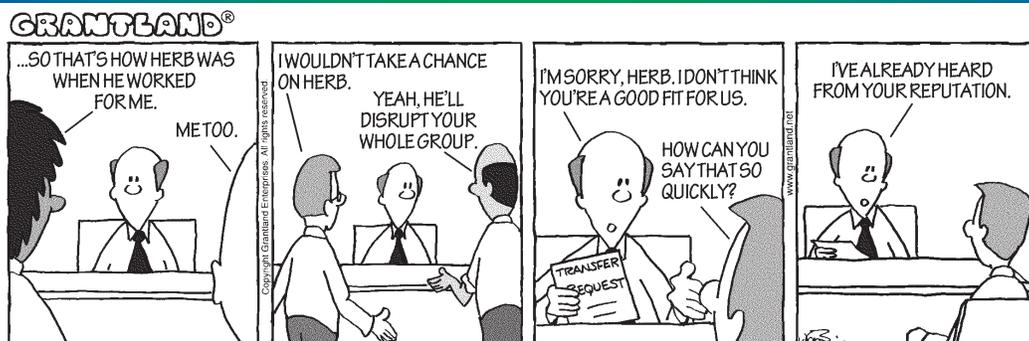
Past performance is not a guarantee of future results.

NEWS AND ANNOUNCEMENTS

At **Saline Wealth Management Group**, our goal is to provide our clients with the best team we can assemble in order to address every aspect of their financial life. After merging with Capital Planning Institute of Cinnaminson, New Jersey, we now have a collective 150+ years of financial planning experience.

We strive to stay at the forefront of the financial world; and as such, we believe that creating a team with strong experience and educational backgrounds is paramount. Many of our team members hold advanced designations in a variety of fields in order to service our clients in a holistic manner. Charles Barley is a Chartered Life Underwriter® (CLU®) and a Chartered Financial Consultant® (ChFC®). His fellow associate from the CPI branch, Kathleen Moore, holds a designation as a Certified Funds Specialist (CFS). Many of you have also had the opportunity to work one-on-one with James Stahl, Jr., who is also a ChFC® and a CERTIFIED FINANCIAL PLANNER® (CFP®). In this vein, Eli Saline has enrolled in classes at the American College this spring in order to start on the path toward his CFP® and ChFC® designations.

After what seemed to be a never-ending winter, all of us at Saline Wealth Management Group wish you a happy spring and an end to all the snow (we hope)!



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