

THE EDUCATED INVESTOR

A Guide to Retirement Planning



FEATURED ARTICLE

Analyzing a Company's Stock

What makes a company a good investment? Investment professionals consider several factors when they're selecting companies to include in a stock portfolio. Here are some of the criteria they're likely to use.

A Company's Finances

A strong financial position on the part of the issuing company can make a stock attractive to investors. Analysts typically look at the company's cash flow to evaluate how much money the company spends, how much it brings in, and how much "free" cash is left after the bills are paid. Reviewing revenues, net income, and earnings per share helps analysts assess the company's history of sales and earnings growth. Another gauge of financial health is the amount of debt the company has compared to equity.

A Look at the Business

Stocks of companies that are leaders in their industries generally are desirable choices for a portfolio. Analysts look for profitable companies with limited competition whose products or services are valuable to customers.

Keeping an eye on earnings estimates helps analysts determine whether the company is likely to experience rising profits or unexpected slowdowns in the future.

Valuing Stock

Analysts use different calculations to assess a stock's relative value. Some of the most common include:

Price-to-earnings ratio (P/E) shows the relationship between the current stock price and the company's projected earnings. The P/E is one of the most widely used ratios, and it is used to compare the financial performance of different companies, industries, and markets. The company's forecast P/E (its P/E for the upcoming year) is generally considered more important than its historical P/E. Price-to-book ratio (P/B) is a stock's current price divided by its book value (i.e., total assets minus total liabilities) per share. Both can help identify potentially undervalued stocks and also may be reliable indicators of investor sentiment. Like most ratios, it's best to compare P/B ratios within industries.

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For example, tech stocks often trade above book value, while financial stocks often trade below book value.

Return on equity (ROE) is calculated by dividing a company's earnings per share by its book value per share. The ROE is a measure of how well the company is utilizing its assets to make money. Understanding the trend of ROE is important because it indicates whether the company is improving its financial position or not. Dividend payout ratio is calculated by dividing the dividends paid by a company by its earnings. The dividend payout ratio can also be calculated as dividends per share divided by earnings per share. A high dividend payout ratio indicates that the company is returning a large percentage of company profits back to the shareholders. A low dividend payout ratio indicates that the company is retaining most of its profits for internal growth.

The Personal Factor

While metrics are critical to analyzing a company's stock and whether it may be a good addition to an investor's portfolio, personal circumstances -- e.g., an investor's other portfolio holdings, goals, time frame, and risk tolerance -- should always be considered when determining whether a stock is right for a particular portfolio.

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Can I Sell a Life Insurance Policy and Receive a Payment?

A terminally ill person can sell his or her policy to a viatical settlement company in return for a lump-sum payment.

In certain instances, a terminally ill person can initiate a transaction known as a viatical settlement in which the policy owner sells his or her policy to a viatical settlement company in return for a lump-sum payment. Whole, term, and universal policies are eligible for viatical settlements. The amount of the payment that the policy owner (called the viator in this type of transaction) receives depends on the individual's life expectancy, the financial health of the issuing insurance company, current interest rates, and the amount of premiums owed, since the settlement company continues paying the viator's premiums.

Most settlement companies require a viator to have a life expectancy of 36 months or less, although some companies will purchase policies from individuals with life expectancies of up to five years. In many instances, a life insurance policy must be in effect for two years to be eligible for a viatical settlement. Upon the death of the viator, the settlement company receives the full value of the life insurance policy. A good place to begin a search for a settlement company is to contact the Life Insurance Settlement Association (LISA) at www.viatical.org.

Potential Benefits

One attractive feature of viatical settlements is the tax-free status of proceeds for qualifying individuals. To qualify for tax-free proceeds, an individual typically must have a life expectancy of less than 24 months, although exceptions exist for certain chronic illnesses. To receive the tax benefits, a viator must do business with a settlement company that is properly licensed in the state where the transaction takes place. In states that do not require licensing, the settlement firm must comply with the National Association of Insurance Commissioners' (NAIC) Model Act and Regulations on Viatical Settlements.

Disadvantages

It's important to consider the impact a settlement would have on beneficiaries, who receive no death benefit when a viator sells a policy to a viatical settlement company. Consider the original purpose of the life insurance policy and whether the need still exists. Also, a viatical settlement may reduce Medicaid, Social Security, and other government benefits. If money is owed to creditors or health care providers, they may claim part of the settlement as debt payment.

Also try, as much as possible, to plan for the unexpected. There have been instances of individuals who have been diagnosed with a terminal illness and who have subsequently recovered and enjoyed years of good health. In addition, there is the possibility that a diagnosis can be incorrect. You may want to consider the impact on your heirs should the unexpected happen. Viatical settlements can provide financial stability and peace of mind while allowing the benefits of a life insurance policy to be utilized. However, a thorough analysis of the benefits and trade-offs, including the impact on beneficiaries, should be explored fully with a qualified life insurance professional before a decision is made.

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Cherry Barbecue Sauce Recipe



Source:<http://www.tasteofhome.com/recipes/cherry-barbecue-sauce>

Total Prep Time: 30 Minutes **Makes:** 18 Servings

Ingredients:

1 medium onion, chopped
2 tablespoons butter
2 garlic cloves, minced
2 cups fresh or frozen dark sweet cherries, pitted and coarsely chopped
1 cup ketchup
2/3 cup packed brown sugar
1/4 cup cider vinegar
1 tablespoon Worcestershire sauce
2 teaspoons ground mustard
1/2 teaspoon pepper
1/8 teaspoon Liquid Smoke, optional

Directions:

In a large saucepan, saute onion in butter until tender. Add garlic; cook 1 minute longer. Stir in the remaining ingredients. Cook, uncovered, over medium-low heat for 20 minutes or until cherries are tender and sauce is thickened, stirring occasionally.

Yield: about 3-1/2 cups.



Source:<http://www.mintel.com/blog/retail-market-news/mothers-day-2017>

Mother's Day 2017

In 2016, consumers were most likely to have spent their money on gift products like cards, perfume or clothing, but a significant portion also spent money on more experiential gifts, such as special food to have at home, or a trip away. People are increasingly prioritising leisure as opposed to physical products when spending their disposable income. As a result, a number of retailers are using experiences to attract shoppers.

In terms of products, flowers are now the most popular gift option – stealing the top spot from greetings cards in 2016 – which reflects a willingness amongst people to buy presents that will resonate with the receiver. The rising number of consumers purchasing flowers for seasonal occasions is mirrored by in-store space allocation and marketing, with several key retailers placing an emphasis on the category this Mother's Day.

Mintel research reveals high levels of last-minute shopping for Mother's Day, which means retailers need to ensure they have appropriate products available to purchase right up to those final hours. The challenge goes beyond that for e-commerces: as people become increasingly accustomed to fast order from online retailers, their tendency to leave gift purchasing until the last minute is likely to rise. As such, retailers who can offer fast delivery in the final days in the build-up to such events will be the most likely to capitalise.

Many consumers also want retailers to provide gift ideas for the major seasonal events in the Spring/Summer calendar. This correlates with Mintel Trend 'Guiding Choice', which explores how consumers are faced with too much choice and too little time, and are, therefore, looking for shortcuts to aid their decision making. Online channels are increasingly being used to guide consumers through the gift shopping process.