

Financial Focus

June 2016

Four Lessons Grandparents and Grandchildren Can Learn Together



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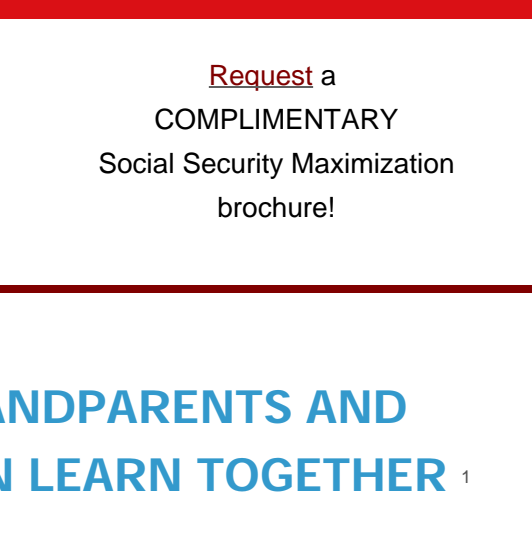
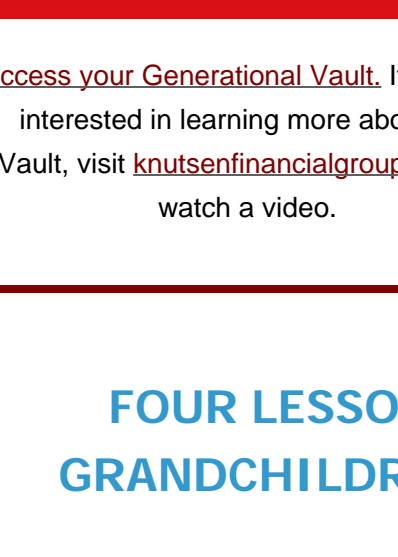
How Can I Reduce My Spending?



To reduce your spending, you first need to know where your money goes. Start out by keeping track of all of your expenses > [Read more...](#)

Stop Worrying About How Much Money You Have for Retirement

Simple Summer Activities to do with Your Younger Grandchildren



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Go on a scavenger hunt, play outdoor miniature golf, go canoeing, visit the newest baby animals at the zoo, have a board game > [Read more...](#)

Plus:

- [Recipe of the Month: Caprese Salad](#)

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	SOCIAL SECURITY MAXIMIZATION
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Access your [Generational Vault](#). If you are interested in learning more about the Vault, visit knutsenfinancialgroup.com to watch a video.

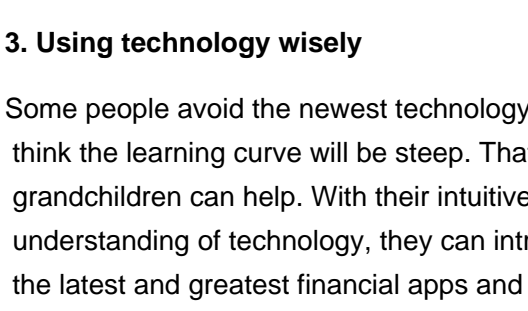
[Request a COMPLIMENTARY Social Security Maximization brochure!](#)

FOUR LESSONS GRANDPARENTS AND GRANDCHILDREN CAN LEARN TOGETHER ¹

If you're a grandparent, maintaining a strong connection with your grandchildren is important, but that may become harder over the years as they leave for college or become busier building their careers and families. While they're just starting out financially, you have a lifetime of experience. Although you're at opposite ends of the spectrum, you have more in common than you think. Focusing on what you can learn together and what you can teach each other about financial matters may help you see that you're not that different after all.

1. Saving toward a financial goal

When your grandchildren were young, you may have encouraged them to save by giving them spare change for their piggy banks or slipping a check into their birthday cards. Now that they're older, they may have trouble saving for the future when they're focused on paying bills.



They may want and need advice, but may not be comfortable asking for it. You're in a good position to share what experience has taught you about balancing priorities, which may include saving for short-term goals such as a home down payment and long-term goals such as retirement. You'll also learn something about what's important to them in the process.

You may even be willing and able to give money to your grandchildren to help them target their goals. Gift tax can generally give up to \$14,000 per person per year without being subject to gift tax rules, you may want to explore the idea of offering matching funds instead of making an outright gift. For example, for every dollar your grandchild is able to save toward a specific goal, you match it, up to whatever limit you decide to set. But avoid giving too much. No matter how generous you want to be, you should prioritize your own retirement.

2. Weathering market ups and downs

Your grandchildren are just starting out as investors, while you have likely been in the market for many years and lived through more than one challenging economic climate. When you're constantly barraged by market news, it's easy to become too focused on short-term results; however, the longer-term picture is also important. As the market goes up, novice investors may become overly enthusiastic, but when the market goes down they may become overly discouraged, which can lead to poor decisions about buying and selling. Sharing your perspective on the historical performance of the market and your own portfolio may help them learn to avoid making decisions based on emotion. Focusing on fundamentals such as asset allocation, diversification, and tolerance for risk can remind you both of the wisdom of having a plan in place to help you weather stormy market conditions.

Note: Asset allocation and diversification do not guarantee a profit or protect against investment loss. Past performance is no guarantee of future results.

3. Using technology wisely

Some people avoid the newest technology because they think the learning curve will be steep. That's where your grandchildren can help. With their intuitive understanding of technology, they can introduce you to the latest and greatest financial apps and opportunities, including those that may help you manage your financial accounts online, pay your bills, track investments, and stay in touch with professionals.



Unfortunately, as the use of technology has grown, so have scams that target individuals young and old. Your grandchildren might know a lot about using technology, but you have the experience to know that even financially savvy individuals are vulnerable. Consider making a pact with your grandchildren that if you are asked for financial information over the phone, via email, or online (including account or Social Security numbers); asked to invest in something that promises fast profits; or contacted by a person or business asking for money, you will discuss it with each other and with a trusted professional before taking action.

4. Giving back

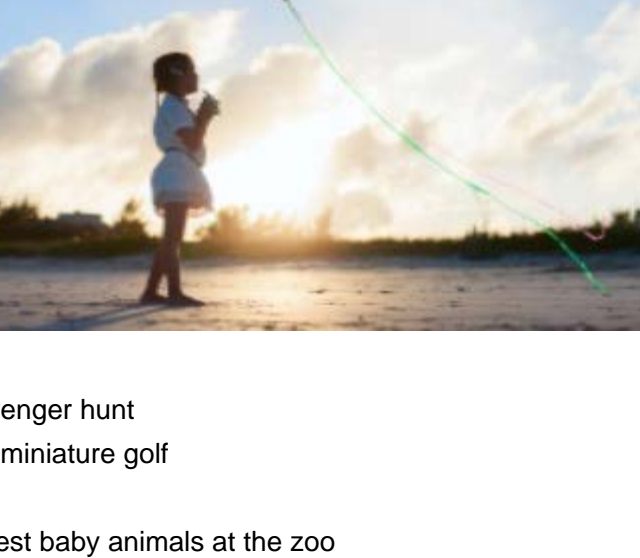
Another thing you and your grandchildren might have in common is that you want to make the world a better place.

Perhaps you are even passionate about the same special causes. If you live in the same area, you might be able to volunteer together in your community, using your time and talents to improve the lives of others. But if not, there are plenty of ways you can give back together. For example, you might donate to a favorite charity, or even find the time to take a "volunteer vacation." Traveling together can be an enjoyable way for you and your grandchildren to bond while you meet other people across the country or globe who share your enthusiasms. Many vacations don't require experience, just a willingness to help--and learn--something you and your grandchildren can do together.

HOW CAN I REDUCE MY SPENDING? ²

To reduce your spending, you first need to know where your money goes. Start out by keeping track of all of your expenses for a month. None are too small or insignificant: the daily newspaper, coffee on the way to work, an extra gallon of milk, that burger at the fast-food outlet. Next, categorize the expenses so you can see what you spend and where you spend it. Be sure to factor into your monthly expenses a pro-rated portion of the annual cost of your irregular expenses (e.g., clothes, gifts, car maintenance, insurance premiums).

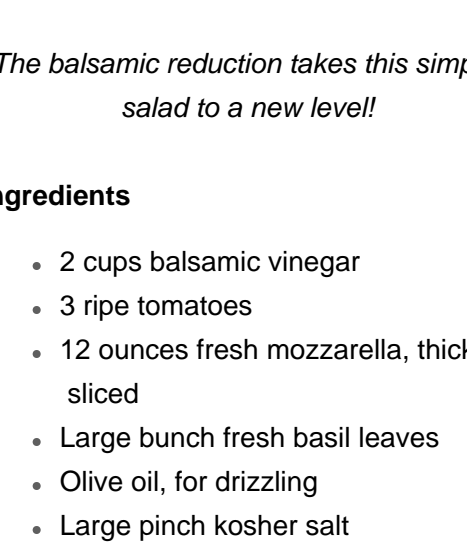
Expenses generally fall into two categories. Essential expenses are ones you can't avoid (e.g., rent, utilities, groceries, car insurance). Discretionary expenses are ones you choose to incur (e.g., eating out, entertainment, gifts, cigarettes, videos). Discretionary expenses are the ones over which you will have the most control. Do you buy a lot of books? Try the library instead. Take coffee or lunch to work rather than buy it once you get there. Limit eating out to once a week rather than twice.



Although essential expenses are fixed, there may be ways to reduce them. Make sure you shut off the lights and TV when you leave the room. E-mail your distant friends and relatives rather than call them long-distance. Change the oil in your car on a regular basis to avoid more costly repairs due to neglect. Review your insurance policies: Can you save on your premiums by taking a nonsmoker discount or increasing your deductibles? Clip the grocery store coupons, always shop from a list, and avoid the impulse items at the end of the aisles.

Pick a realistic goal for your monthly spending reduction and try not to make too many changes all at once. To see how big a difference this can make, do the math. If you start by committing to reduce your spending by \$2 a day, that's \$730 a year! Set the saved money aside, perhaps in a savings account for your planned vacation, or use it for a specific purpose, such as reducing debt faster.

STOP WORRYING ABOUT HOW MUCH MONEY YOU HAVE FOR RETIREMENT

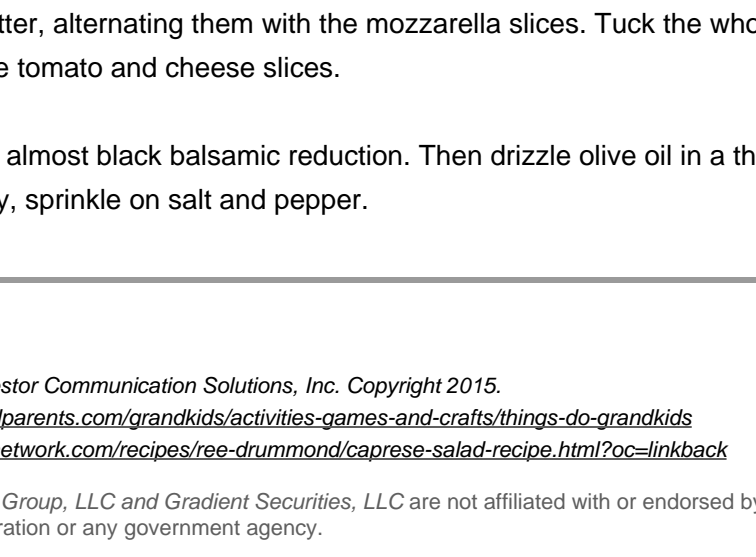


Instead of being concerned with the value of your retirement account, you should be more concerned with the income that account provides.

Income maintains your quality of life so you may live in retirement as you did when you were working. You need to have the income so you can travel, see your grandkids and live whatever retirement dreams you may have.

If you would like to see how you can maximize your income for life, call us today at **(651) 209-1907** to request your Retirement Compass Report. There are options available that many Americans don't know about. Give us one hour to see if we can help you maximize your income for life.

SIMPLE SUMMER ACTIVITIES TO DO WITH YOUR YOUNGER GRANDCHILDREN ³



- Go on a scavenger hunt
- Play outdoor miniature golf
- Go canoeing
- Visit the newest baby animals at the zoo
- Have a board game tournament on the lawn
- Set up a lemonade stand

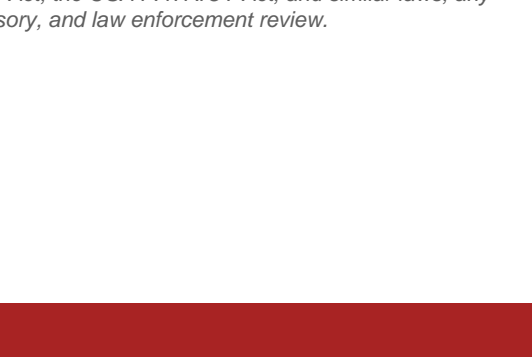
- Pick fresh fruit
- Build a DIY birdhouse
- Fly a kite
- Build sand castles at the beach
- Go on a picnic in the park
- Make paper airplanes
- Go to a farmer's market, and make a game of finding one item for each letter of the alphabet!

RECIPE OF THE MONTH: CAPRESE SALAD ⁴

The balsamic reduction takes this simple salad to a new level!

Ingredients

- 2 cups balsamic vinegar
- 3 ripe tomatoes
- 12 ounces fresh mozzarella, thickly sliced
- Large bunch fresh basil leaves
- Olive oil, for drizzling
- Large pinch kosher salt
- Large pinch freshly ground black pepper



Directions

Measure the balsamic vinegar and pour into a saucepan. Bring it to a gentle boil over a low heat. Cook it until the balsamic vinegar has reduced to a nice thick glaze (but still pourable), about 15 minutes. Allow the reduction to cool to room temperature before you serve it.

When you are ready to assemble the salad, cut the tomatoes into thick slices. Arrange them on a platter, alternating them with the mozzarella slices. Tuck the whole basil leaves in between the tomato and cheese slices.

Drizzle on the almost black balsamic reduction. Then drizzle olive oil in a thin stream over the top. Finally, sprinkle on salt and pepper.

^{1,2} Broadridge Investor Communication Solutions, Inc. Copyright 2015.

³ <http://www.grandparents.com/grandkids/activities-games-and-crafts/things-do-grandkids>

⁴ <http://www.foodnetwork.com/recipes/ree-drummond/caprese-salad-recipe.html?oc=linkback>

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