



## SEPTEMBER 2019 - PONDERINGS & MUSINGS *BACK TO SCHOOL*

"You don't learn to walk by following rules. You learn by doing, and by falling over."

- Richard Branson

"The difference between school and life? In school, you're taught a lesson and then given a test. In life, you're given a test that teaches you a lesson."

- Tom Burdett

"I like a teacher that gives you something to take home to think about besides homework."

- Lily Tomlin

### VWG - Loudoun United Family Night

The VWG team enjoyed a beautiful summer evening on August 14th with the Loudoun United FC professional soccer team. Family and friends shared good cheer and food, then watched a professional soccer match against the Charleston Battery.

The highlight of the night was watching the play of John's son, Collin. Collin is the starting central defender for Loudoun, who are making their inaugural season this year. Loudoun is the affiliate club of the MLS D.C. United, playing in the USL Championship as a Division II professional league. They play at the newly opened Segra Field in Leesburg, Virginia



Top row left to right: Lenny Pick, Patricia Pick, Grant Ruder, Gavin Ruder, Richard Weeks, Susan Verfurth, John Verfurth, Sandy Fine, Jeffrey Grinspoon, Gavin Verfurth, and Ryan Verfurth  
Middle row: Blake Taggart, Delaney Taggart, Christina James, Ashley Ruder, and Elana Fine  
Bottom row: Elliot James, Ari Fine, and Julia Fine

Collin has already been called up twice this season to play for parent D.C. United. His professional pursuit follows very successful college career, where he played four seasons with Virginia Tech in the Atlantic Coast Conference. The Hokies reached the NCAA tournament quarterfinals in 2016.

VWG and the Verfurth family are extremely proud of Collin, and his steadfast dedication that has taken him this far. Please join us in wishing him the best of success in his career pursuit. You can learn more about Loudoun United, and their upcoming game schedule on their [website](#).



## Improving Financial Literacy for Kids and Young Adults

It has been suggested that one of America's greatest shortfalls is failing to incorporate the study of money basics and personal finance into our children's educational curriculum. Visual Capitalist points out that "only five states – encompassing approximately 16.4% of U.S. students – are required to take a personal finance course to graduate from high school." This leads to a large constituent of unprepared and uninformed adults. A 2018 FINRA Foundation study estimated that nearly two-thirds of Americans between the ages of 35 and 54 couldn't pass a basic financial literacy test. Their measures of financial literacy have actually *declined* over the past 9 years, across all age groups.

VWG Wealth Management stands ready to help. By no means comprehensive, here is a starter list of some excellent resources and tools, for children, teens and young adults. We intend to grow this list over time. Please give us your input and let us know your favorite literacy and educational resources.

- **Lemonade in Winter** by Emily Jenkins. Picture book for ages 4-7 telling the story of two siblings who decide to use all their money one winter day to buy supplies and open a lemonade stand. [\(link\)](#)
- **Rich Kid Smart Kid**. Free online site with learning games for young children, and resources for teachers, grades K-12. [\(link\)](#)
- **How to Teach Financial Literacy**. wikiHow site outlining and organizing the basics of budgeting, credit and debt, savings and investments. For parents and teachers of elementary and middle school age children. [\(link\)](#)
- **Banzai!** Free online courses teaching middle school and high school students how to prioritize spending decisions through real-life scenarios and role-playing. [\(link\)](#)
- **Raising Financially Fit Kids** by Joline Godfrey. This combination personal finance and parenting book is designed to help parents, mentors and educators teach children, teens and young adults key money skills required for financial security. [\(link\)](#)
- **Financial Football**. Fast-paced, interactive game that engages teens while teaching them personal finance skills. Available free online and through downloadable iOS and Android apps. [\(link\)](#)
- **Gen i Revolution**. Free online game for kids in grades 7-12, teaching important personal finance skills. Can be played individually or competitively in a classroom, complete with lesson plan and study guide. [\(link\)](#)

- **Spent.** Online game about surviving poverty and homelessness. Players must make the difficult decisions necessary to live for one month on \$1000, often having to choose between equally disagreeable options. The game ends when players either run out of money before the end of the month, or make it through with money left over. ([link](#))
- **Budget Challenge.** Online 10-week personal finance simulation with full curriculum and assessments for use in secondary and college classes. Includes a mobile app. ([link](#))
- **I Will Teach You to Be Rich** by Ramit Sethi. Unpretentious, actionable methods that work in helping young and middle-age adults to use money to live a rich life. Not just focused on personal finance, but all aspects of money including careers, relationships, business and health. ([link](#))
- **Stock Market Game.** Online simulation of the global capital markets that engages students in the world of economics, investing, and personal finance. Designed for 5-12 graders, to be used in a classroom setting complete with lesson plans and other teacher resources. ([link](#))
- **Broke Millennial** by Erin Lowry. Practical, empathetic and helpful advice on money matters and financial questions, written for young adults and millennials. ([link](#))
- **Bad with Money** by Gaby Dunn. The irreverent writer-comedian and host of her popular same-named podcast weaves together memoir, social commentary and financial advice in this book written for college-age kids. ([link](#))
- **Stacking Benjamins.** Award-winning magazine-style podcast covering a broad range of personal finance topics, from basic to advanced. For adults of all ages. ([link](#))

## 529 Plans as a Tool in Education Planning

No VWG newsletter featuring education and “back to school” would be complete without a discussion on how to pay for it. Planning and saving for college tuition and expenses is a daunting challenge for most. VWG advisors can help you and your family understand, and sort through multiple funding options. We can help model, and update these option during periodic reviews to help you stay on track.

One of the most popular college savings vehicles is the 529 plan. There are two types of 529 plans:

Prepaid Tuition Plans – these let you pre-pay all or part of the costs of an in-state public education. Subject to limitations, they may also be converted for use at private and out-of-state colleges.

College Savings Plans – these let you invest after-tax contributions which then be used for education expenses. They offer significant tax advantages, similar to a Roth IRA.

*There are 7 major benefits of 529 College Savings Plans:*

1. **Federal income tax breaks.** Although contributions are not tax-deductible, they grow federally tax-free and will not be taxed when funds are taken out to pay for college expenses including tuition, room and board, and expenses including books. \$10,000 per year in private K-12 tuition is also covered.
2. **State income tax breaks.** Over 30 states including Maryland, Virginia, California and Florida, and the District of Columbia, offer a full or partial deduction against state taxable income for contributions to 529 plans. In order to qualify for the deduction, the contribution must be made to a plan created in the specific state of the donor's residence.
3. **The donor of the 529 account remains in control.** Anyone 18 or older can open a 529 account and be the named donor for a single listed beneficiary. Others can contribute to the 529 account regardless of who owns (the donor) the account, but only the account owner has control over how money is invested and used.



4. **Simplified tax treatment and reporting.** Contributions to a 529 plan are not reported on your federal tax return. They are treated as completed gifts. For 2019, contributions up to \$15,000 (\$30,000, if filing jointly) qualify for the annual gift exclusion and do not require to be reported. Additionally, a special IRS provision for 529 plans allows a single person to make a “superfunding” gift of \$75,000 (\$150,000, if married and filing jointly) to a single beneficiary in one year without creating a taxable gift. Even though the account owner retains control, it is not included in their estate.
5. **Flexibility.** The account beneficiary can be changed without penalty to another family member should the account or remaining plan balance no longer be needed by the current beneficiary. Investment options can be changed twice per calendar year. 529 plan funds can be rolled over into another 529 plan, if needed, once in any 12-month period.
6. **Liberal eligibility.** Unlike some other education and retirement savings accounts, 529 plans have no income limits, age limits, or annual contribution limits (subject to tax treatment and a very high lifetime contribution cap).
7. **Favorable financial aid treatment.** 529 plan assets are considered “qualified education benefits” and typically are reported as the account owner’s asset in a financial aid needs analysis. Only 5.64% of 529 plan balances exceeding “Expected Family Contribution” calculations (currently about \$20,000) are counted as being owned by the student or the student’s parents[1] . This is a significant benefit that could lead to the student getting a greater financial aid package. For accounts owned by grandparents or other third parties, the account will not affect a student’s financial aid as long as there are no distributions. Once qualified withdrawals are made, they will be counted as income of the account beneficiary.

[1] “Utah’s Official Nonprofit 529 Educational Savings Program.” Salt Lake City, n.d., 11

## Staying Safe Online: October is National Cybersecurity Awareness Month

As we wrote in August, VWG is committed to educating and partnering with our clients to protect their assets from cybercriminals. Expect to see a regular stream of articles and helpful tips from us on this topic, which is an essential component of your financial health. Fittingly, October is National Cybersecurity Awareness Month. This year’s theme is **“Own IT. Secure IT. Protect IT.”**

October’s awareness efforts are powered by the National Cyber Security Alliance (NCSA). NCSA is a collaborative effort between government and industry to ensure that consumers, small businesses, corporations, educational institutions and young people have the resources they need to stay safe online. Take a look at this [list](#) of online security basics to protect yourself and all of your devices. Please share these with family and friends.

In case you missed it, here is a [link](#) to our August newsletter article highlighting VWG client security enhancements and recommended safe online practices.

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## VWG "Your Life" Series continues on October 8th



We proudly announce the next in our series of events and content focused on enhancing our client's overall financial and personal well-being:

### ***10 Financial Blunders and How to Avoid Them***

*Online Tuesday, October 8th 12:00 PM EDT*

As a follow up to last February's ***10 Financial Tools We Love***, join VWG Wealth Management's team of advisors as we present 10 financial mistakes that are common, but avoidable. During this webinar we'll highlight missteps and

miscalculations people often make that create financial stress and threaten their long-term financial objectives. Suggestions to help avoiding and overcoming these blunders will be provided. Stay tuned over the next few weeks for registration information for this online webinar. A replay will also be available for those with schedule conflicts.

## In Memoriam

This September 11<sup>th</sup>, VWG honors all who responded, sacrificed and served during and after the terrorist attacks eighteen years ago. We are connected to many clients, family and friends who were involved or touched by this horrible event, some fatally. We are eternally grateful for their bravery and courage in standing up for American freedom and values.

We wish you an enjoyable end of summer, and some new, engaging pursuits of learning for this fall.

Regards,

**VWG Wealth Management**

Suzanne, Ashley, Lynette, Michelle, Rashmi, Kay, Justin, Ryan, Delaney, Patricia, Elana, John, Rick and Jeff

## [Who We Are](#)



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*\* Index Data Sourced from FactSet Research and Strategas Research*

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