

My Success

Personal Finance and Community
Banking Magazine

Volume #1 2019
Issue #2



**FEATURE: 3 PROBLEMS WITH
PERSONAL FINANCE ADVICE**
Page 07

MONEY NOTES

See our redesigned section
discussing short financial
notes. | 11

5 LESSONS I LEARNED ON FINDING A JOB

Take it from a University
Student, It can be difficult
but it's achievable | 12

REALITY CHECK - WHY IT SUCKS FOR GEN Z AND MILLENNIALS TO SAVE FOR RETIREMENT

Experts forgot about reality
| 16

MYSMALLBANK.COM

PERSONAL FINANCE - INSPIRE YOURSELF TO SUCCEED.



IT'S TIME TO GET INSPIRED

At mysmallbank.com and My Success magazine we understand that personal finance is never easy, however sometime the key to success is to push yourself to financial success, which means find a way to inspire yourself, Why?

Inspiration is a powerful tool to help you succeed in reaching your financial goals, but only you can find what motivates you to success. So find your inspiration, set your goals and motivate yourself to reach your goals. It's always important to ensure you follow through and complete your

MY SUCCESS MAGAZINE



Contents

04 - Welcome

05 - Editors Note

**07 - 3 Problems with
Personal Finance advice**

11 - Money Notes

**12 - 5 Lessons I learned on
finding a Job**

**16 - Reality Check - Why it
sucks for Gen Z and
Millennials to save for
retirement**



WELCOME

to our second issue of My Success:

I'd like to welcome you to the second issue of My Success, a magazine designed to provide informative information on personal finance and community banking. The articles are written to help people learn the habits and skills necessary to achieve their financial goals and improved banking experience.

My Success knows that the field of personal finance can be overly optimistic and give people an impression of simplicity, the reality is personal finance is a journey and not a sprint.

My Success also knows that small financial institutions such as community banks and credit unions are an often misunderstood sector that provides superior customer service and lower fees. My Success believes readers can gain insight into community banks and see the value of becoming a valued community bank customer..

Enjoy My Success Magazine

ALLAN R. KIRBY
Editor-In-Chief

CONTACT US:



MYSMALLBANK.COM

*Ottawa, Ontario
Clearwater, Florida*

*Email contact
mysmallbank@gmail.com*

EDITORIAL:

ALLAN R. KIRBY
Editor-In-Chief

JULIA DE LA PUENTE
Assistant Editor

CONTRIBUTORS

Allan R. Kirby

Julia De la Puente

PURCHASE OPTIONS:

**DOWNLOAD
AVAILABLE:**

*See [amazon.com](https://www.amazon.com) for
purchase price and
download options.*

SERVICES

SEE OUR SERVICES
*[www.mysmallbank.com
/services](https://www.mysmallbank.com/services)*


*Contact:
mysmallbank@gmail.*

Editors Notes

**Allan R. Kirby is the
Chief Editor**

My Success Magazine


Life is not perfect, no matter how much we try and learn, we all make mistakes at some point in our lives. This is not different with Personal Finance, because bad things will happen to good savers and for every person who succeeds at personal finance there will be others who do not.

What is important is that we learn from our mistakes, keep ourselves disciplined and ensure we keep ourselves committed to our goals and make adjustments when required. Personal finance is never simple, it takes patients and a lot of learning but in the end, you can be successful in personal finance, you just may not end up being a millionaire. 

5 Ways To Stop Living From Paycheck to Paycheck!

Sometimes you need to make difficult choices in order to stop living from one paycheck to the next.

Are you ready for any unexpected expenses that may come in? Will you be stuck using a high interest credit card just to get things paid? If so, this can lead to a situation where you get further behind and run up more debt and continue to overspend each month. Living Paycheck to Paycheck is a situation that nobody wants to be in. Sometimes bad things happen to the best of us and we land ourselves in this type of situation.

Learn more in the next edition 



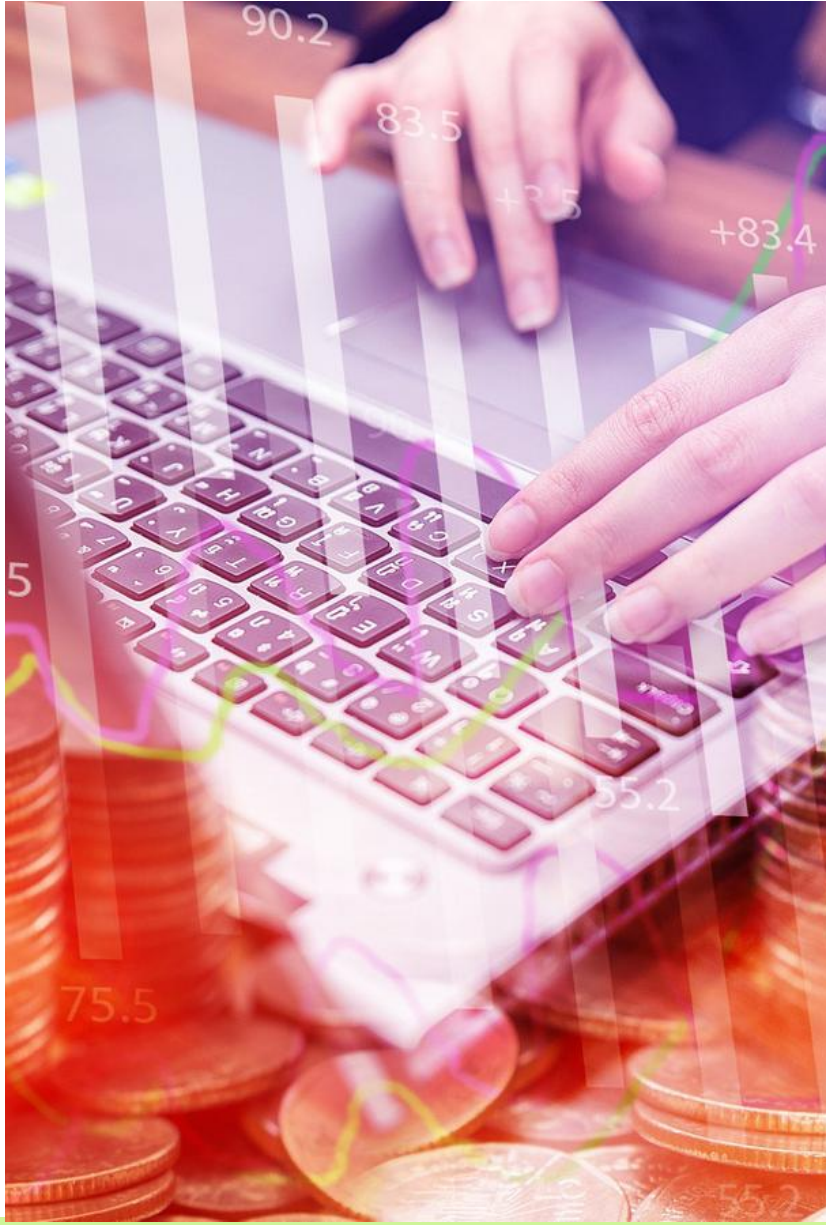
3 PROBLEMS WITH PERSONAL FINANCE ADVICE - YOU CAN ONLY DO YOUR BEST

BY ALLAN KIRBY

"You always need to do what is best for yourself, no one is perfect and never feel guilty."

With the proliferation of personal finance information on the internet such as blogs, YouTube videos, podcasts, TV shows as well as financial software, you would think everyone would be experts at personal finance by now. Yet this has not happened. Even for myself, I am not sure if my personal finance blogging is helping anyone succeed? I am an optimist and I do hope people learn and develop the behaviours and skills necessary to achieve their goals. Unfortunately, the reality is that many people struggle with finances and will continue to struggle even with the vast array of information available. The question becomes why?

To answer "Why" people have difficulty in finance when there is an abundance of information available, I only need to look at my own experience.



As I journeyed through the labyrinth of personal finance information to achieve my own financial success, I found myself frustrated at times with some of the approaches taken in the personal finance field that were intended to help people. The following are a few examples, well intended or not, that can lead people in the wrong direction when they are trying to achieve their financial goals.

- 1. Assumes success is easy.
- 2. Highlighting mistakes & creating guilt.
- 3. Over simplify investing & rate of returns.

3 PROBLEMS WITH PERSONAL FINANCE ADVICE CON'T

“Time to make the tough choices”

Assuming that success is easy to achieve

It is sometimes assumed in the personal finance industry that following a simple set of rules will lead to success and financial freedom. But is this really reflective of what will happen? I am not so sure this is the case, not because readers do not understand the advice, it has more to do with their situations. People continue to struggle due to a number of economic factors such as: low wages; inability to save and/or low investment returns; increasing medical, education and housing expenses, all of which put tremendous pressures on household finances. Advice is great, however, people sometimes have difficulty doing finances themselves and need to have additional guidance and support, regardless of how simple it may seem. The reality is that success in personal finance can take time, patience and lifestyle adjustments, which can be difficult for some people to make. It is not easy but it can be done.

“Personal Finance just may not be as easy as it seems to be”

Highlighting mistakes

I have read countless articles with titles such as “Mistakes Most People Make...”, which sometimes even frustrate me after reading. They are good eye catching headlines but do nothing to help people with their finances. Yes, I agree it's a mistake to use a credit card for example, but from my own experience and talking with others, people will struggle at times, necessitating the need to leverage high interest debt to get by. While not everyone will be good at managing their money, I do find that most people find themselves in bad situations due to unexpected health problems, job loss, high student debt, having to care for family, and other issues which are at times no fault of the individuals.

3 PROBLEMS WITH PERSONAL FINANCE ADVICE CON'T

We need, as personal finance writers, to understand that bad things can and will happen to good people and we need to stop making readers feel they are to blame. I think that encouraging and guiding people is a better avenue to take than the “in your face”, highlighting money mistakes, because this type of an approach does not work for everyone. We tend to forget that bad things can happen to people who are very good at managing money.

"If investing was simple we would all be millionaires"

Oversimplifying investing and rates of returns

I could write a book on investing, not on how successful you will be, but how difficult it can be. As I read in one article, Personal Finance Advice can be mathematically challenging when it comes to the returns you can achieve by following simple advice. This is not the case. Using long periods of time, 20 to 30 year time horizons with over 8% annualized returns is great, but if your time horizon is shorter and the amount of money you can put away to your retirement is lower, you will not meet the same expectations. What happens if you did everything right? You are ready to retire and suddenly the market goes down 50%. If your luck runs out and you invested in Nortel, what about Enron or Theranos?

We cannot predict the future nor can we know what will happen to the investments we have, so you could do everything right and still be out of luck. As well, just by cutting out coffee does not necessarily mean you will become a millionaire. The actual amount you will have if you are super disciplined and saved every penny, invested it, and got a good return will likely be less than \$100,000 for most people.

3 PROBLEMS WITH PERSONAL FINANCE ADVICE CON'T



Even saving more money, cutting expenses, and being disciplined does not always mean you will get the same expected returns. The reason is simple. Even if you move to an index to eliminate single stock risks, not all mutual funds and ETF's are created equally. You may or may not get the same return expected by the articles. Simply put, if investing was easy we would all be millionaires.

"Listen to your inner voice, try not to despair, you're smarter than you think"

Look, I am not saying it is not possible to be a success. What I do want to do is highlight that fact that personal finance advice can be overly optimistic and give readers an impression of simplicity. The reality is that you need to be committed, disciplined, and continually following up on your finances in order to succeed. It can be a lifestyle change that becomes a little more difficult than you thought when you started. This is why many people who try to follow advice end up frustrated. Personal finance is not a sprint, it's a journey that takes time and patients and in some cases it may be measured in years before someone gets to the point of feeling financially free. 🏠



FINANCIAL FACTS ABOUT WOMEN



A few interesting facts about women and money.

THE STATISTICS

12%

INVESTING



women own more diverse portfolios, panic less, trade less, incur fewer fees, these moves mean they earn between 0.4% and 1.0% more than men, 12% over 30 years.

SAVINGS RATE

\$1,000



62% of women have less than \$1,000 in savings while only 53% for men, meaning women were more frequently in a tougher financial position.



BETTER

The Institute for Women's Policy Research in 2017 said the gender pay gap had a statistically significant reduction in the previous year for the first time since 2007.

WAGE GAP



SURVEY SAYS

9%



In a Fidelity survey called "Women and Money," fewer than 9% of respondents believe women were better investors than men. As shown above, this is not the case.

THANKS FOR READING

Want to learn more, join us! Visit www.mysmallbank.com email us at mysmallbank@gmail.com



Retirement

With so much information on retirement planning you would think most of us will be ready when the time has come. However this is simply not the case. Many experts say you need at least one million dollars to retire, but more recently, according to a survey from Charles Schwab, Americans believe they need \$1.7 million, on average, to retire. The simple fact is that these numbers do not even come close. Looking at Fidelity's 401 K balances by age (chart below), you can see that overall from age 50 to age 60 the balances are only between \$174,100 to \$195,000.

The factors that are contributing to such a difference between what you should save and what is actually being saved are likely to be much more complex, with no single factor accounting for everything. Student debt, lack of income, saving for increasing medical expenses, and playing a more active roll in supporting kids or ageing parents are just a few factors that are affecting people's ability to retire.

Average 401(k) balance by Age

How much Americans have in their 401(k) plans as of the first quarter of 2019



5 LESSONS I LEARNED ON FINDING A JOB

BY JULIA DE LA PUENTE



Take it from a University Student, It can be difficult but it's achievable:

Getting Job Skills and an Education is an important investment in yourself

One of the main goals of Personal Finance is about achieving the financial goals that you set out. However, as we all know it is sometimes difficult to achieve some of those goals, even when you do try your best. Take for example, finding a job, which is a very important component to finances.

You cannot achieve your financial goals if you have no job and are gaining no experience.

Getting job skills and an education is an investment in yourself, yet this very important component of finance is one of the most difficult to overcome when you're younger. Even when university students do everything correctly, they could still end up with high debt and

5 LESSONS I LEARNED ON FINDING A JOB CON'T

"When it comes to financial priorities, we do need to spend a little on ourselves. Sometimes its not just about the coffee, its the experience.

When you are fresh out of high school and attending university, chances are your resume is empty or lacking the experience to show your value. This is not surprising since the focus was on getting into university, not getting skills for a job. The problem is that tuition is not cheap; it's expensive and scholarships are rare to obtain, so we need money to help us through university since most of us do not want to be burdened with high debt.

When looking for a job, however, you can quickly encounter the difficulties in finding a job when you have little to no experience. Most employers demand at least a years worth of experience for a good job but that's hard when you're young and focused on school.

"Finding a job takes time and patience, there is no guarantee but you can do it"

Here are a few things that I have found helpful when it comes to increasing your chances of obtaining a job as a young adult:

1) There is no "unworthy" job: within the boundaries of legality. I am not saying that being a "hitman" is a respectable job, every job you can find is decent and helpful to your overall professional growth. One of the first mistakes young students make when looking for a job is that they narrow their search.

If you are someone that has little experience, the probability of you getting hired is low, therefore, increasing your job pool is a good strategy to getting a job and thus adding some points to your resume.

2) Think ahead: although casual work can be good because of flexible schedules and tends to be easier to get, it reads differently in your resume. Someone that has been working for a year as a barista in Starbucks is more appealing to an employer than someone that has been working with a catering company for a year but only works 3 or 4 times a month. Employers like to see that you are someone they can depend on and that will stick around. It is a red flag for most employers to see that the applicant has been jumping from job to job; three months here, two months there. Hiring new people is like an investment, it takes time and resources, so employers want to do it as little as possible; this means sticking with a group of employees long-term. It is recommendable to choose jobs that you know you that can stick with for more than a couple of months. This will look far better in your resume. Remember, a long resume isn't necessarily a good thing.


3) Pro-bono: Getting your first job is hard, but volunteering is easy. Volunteering gives you the opportunity to show in your resume what your interests are, the skills you've acquired and your overall motivation to work.

5 LESSONS I LEARNED ON FINDING A JOB CON'T

"These are all things that an employer is interested in. If you're someone that has no work experience and is trying to improve their resume, being a volunteer is a great way to give your resume more value in the eyes of a potential employer. Plus, you'll learn new things and you'll meet new people, which takes me to my next point

4) Having contacts: most of our first jobs came from someone we knew hiring us; either your mother's friend or your uncle Kevin. This is true for a lot of people and it doesn't stop at your first job. Having contacts will always be an asset when you're job hunting as they can help you get your foot in the door. Volunteering is a great way for you to meet new people and they can eventually be the ones that refer you to someone looking to hire. Referrals are a very effective way to at least get an interview.

5) Cover letters: Lastly, this is one is the savior for those who have a young resume. Cover letters allow you to express to the employer all the unquantifiable attributes you possess that show off your work ethic. Your work ethic is the most valuable thing you possess; an experienced person with a bad work ethic is not as good an employee as an inexperienced person with a good one. You can always learn new skills but your work ethic is harder to sharpen. Cover letters will be the place where the employer will get to know your work ethic. So my advice is to take your time while writing a cover letter since they can be what makes or breaks your case.

I know looking for jobs as a young professional is filled with rejection and can be very frustrating. These are a few things that I've found useful, but overall it takes a lot of patience and dedication. I wish you all good luck in your job hunt. Use a clean t-shirt for your interviews! 

Julia De la Puente, Assistant Editor at MySmallBank.com who writes Personal Finance articles.





**PERSONAL FINANCE
IT'S ABOUT EMPOWERMENT AND NOT FEELING
GUILTY**

At mysmallbank.com and My Success magazine we understand that many of you may feel overwhelmed and even guilty about your current situation, however do not despair, personal finance is about empowering you to succeed.

MY SUCCESS MAGAZINE



Reality Check - Why it sucks for Gen Z and Millennials to save for retirement

BY ALLAN KIRBY

Experts say the earlier you start saving for retirement the more you will have, unfortunately many forgot about reality.

Today Gen Z and Millennials do not have it easy

Experts do forget how tough it is when starting out, because no matter how much you try and explain the idea of saving early, Gen Z and Millennials will struggle. Why? Because the keys to success today include doing more volunteer work, (yes that means no money)

plus all the costs of just trying to get into university (we all can't buy our way in). Once in university, the tuition costs to attend have skyrocketed, not to mention that the housing costs around some universities are ridiculous. As mentioned by CNBC: " Students at public four-year institutions paid an average of \$3,190 in tuition for the 1987-1988 school year, with prices adjusted to reflect 2017 dollars. Thirty years later that average has risen to \$9,970 for the 2017-2018 school year. That's a 213 % increase." (1), In addition wage growth has stagnated meaning the buying power today is substantially less than in the 1980's, in fact, "Over the entire 34-year period between 1979 and 2013, the hourly wages of middle-wage workers (median-wage workers who earned

REALITY CHECK CON'T

more than half the workforce but less than the other half) were stagnant, rising just 6 %—less than 0.2 % per year.” (2), I do not need to be an expert to realize these facts. For example, when I was young I saved up a years’ worth of tuition, guess what? I did it **“In a summer! Making around minimum wage”**.

“I did my own research and found it shocking on the costs of getting the same education as I have”

Checking today's tuition prices at one of my old schools, to my shock, I found that a similar program still exists but comparing my tuition to today's costs, the price has increased over 300% since I attended. This does not include transportation, housing, books and any other fees that may have gone up more than wages. Simply put, Gen Z and Millennials will struggle more if they want to get an education and the skills necessary to succeed.

“Tuition has gone up significantly more than inflation, wages have stagnated for younger works and entrance into university is tougher than before”

There is no guarantee that saving for retirement will be successful

When I was younger I was given a good piece of advice. Save as much as you can for retirement and that is exactly what I tried to do. It was not easy, between university, rent, food and “Student Loans.” I really did not have much to put away. I did, however, open a retirement account when I was 19 years old, but the problem was

I could only put a small amount away. My initial mistake was not realizing that having a retirement account was only half the battle, I needed to invest, which I eventually did by investing in mutual funds later on. The problem was that after a few years, I had not accumulated close to what the experts said I would because of the following:

1. Fees killed what little returns I was getting.
2. Returns where not what I expected.
3. Sporadic savings, I simply did not have the money.

“Nothing worked the way I thought it would”

I really do get it, the more you save along with higher returns, the more you will have for retirement. For example, if you start investing at age 19 and contribute \$2,000 to your account every year until you reach age 27. Then from 27 to 65, you contribute \$0, you could end up with over \$1 million dollars by 65 assuming a 10% annual rate of return. But this is a big assumption! Most Gen Z and Millennials starting out will struggle to even come up with a few hundred dollars and no two ETF's are the same, so to assume 10% annualized return is nothing short of crazy. I would be more comfortable assuming a 6-8% annualized return.


“Picking stocks is similar to gambling, you can win or you can lose.”

REALITY CHECK CON'T

Trading Stock Most people are not traders but you can luck out and buy a stock that turns out to be an Amazon or a Google. However, for every mega successful stock there are dozens more that end up in failure. Take it from me, who has been investing for years on my own, there is some element of luck. People who boast about being millionaire by picking the right stock in many cases are just lucky. They could have easily been involved in an Enron or a Nortel, both of which saw their stocks go to \$0. You never know what can happen to a stock. Take the bank stocks during the great recession in the latter part of the first decade of the 2000's. They were considered a rock solid investment, but it turned out not to be the case. Many people learned the hard way there is no guarantees with investments.



It sucks for Gen Z and Millennials

I have no quick answer for the younger generation. As I mentioned before, higher tuition costs, stagnate wages, and increased competition to get into university along with requirements to volunteer instead of working for money have all contributed to younger generations struggling to make ends meet and get ahead with their retirement. It's not easy for many and although there are exceptions, most of the Gen Z and Millennial generations will find it a tough go in order to succeed at retirement. My only advice is to do your best; try and put as much money away as you can, invest wisely and build your wealth up over time. It will not be easy but even if you regularly contribute a little, you can start to build a nice nest egg. 

References

1. Elkins, Kathleen, (2019). ***Self-made millionaire: A simple chart changed the way I think about money***, www.cnn.com/2019/07/08/self-made-millionaire-david-bach-a-chart-changed-the-way-i-think-about-money.html
2. Mishel, Lawrence; Gould, Elise; & Bivens, Josh (2015) ***Wage Stagnation in Nine Charts, Report*** www.epi.org/publication/charting-wage-stagnation/

Find a path to financial freedom Together



IT'S TIME TO WORK TOGETHER

It may be one of the most difficult issues to discuss as a couple; finances. In fact a survey from Learnvest found that “Nearly half of Americans (48%) don’t know the balances of their significant other’s investment accounts and nearly a third of Americans (32%) don’t know their partner’s salary (32%) or the balances of their partner’s bank accounts (31%)”.

It's never easy to discuss, but the key to success is not avoidance, it's communication. Take a deep breath and sit down with your partner today to find a way to financial success.

MY SUCCESS MAGAZINE



Mysmallbank.com