

FATHER'S DAY 2019: DAD'S BEST ADVICE ABOUT MONEY

With Father's Day arriving on Sunday, June 16, family legends about dad's money acumen may surface as the backyard grilling begins. As you reminisce, you may realize how much of Dad's advice you've incorporated in your own household.

What kind of financial advice did your father pass on to you? We asked our team of specialists at Commerce Trust Company what counsel their fathers shared with them growing up. See if these words of financial wisdom resonate in your household as we celebrate Father's Day.

1. CAN'T HAVE CHAMPAGNE TASTES WHEN YOU ARE ON A BEER BUDGET.

Dad may have been blunt, but he got to the kernel of truth quickly. When you start out on your own with a new job, it's poor judgment to spend money like it's there to burn on cars, nightlife and vacations. Dad wants you to concentrate on making rent or the house payments.

2. LIVE BELOW YOUR MEANS.

Ahh, the corollary to No. 1. You don't need a new car from the showroom floor just because you think your college diploma entitles you to one. Let's try driving a gently used sedan with payments you can afford. If you are fortunate enough to start out with a good salary, try upping your 401(k) contribution at work early and living under the radar for a while. Take care of that student loan or credit card debt and forget about Las Vegas until you've saved money for the airline ticket. At this early stage, "If you can't pay cash, you can't afford it!"

3. PAY YOURSELF FIRST.

As meager as your first paychecks might initially look, make sure you set aside at least 10% for savings in some form or another; the "smart" money uses 20%. Automatic payroll deductions allow you to never see the money until you need it. Pay your bills on time by adhering to rules No. 1 and No. 2 and build a strong credit rating slowly and carefully.

4. MAKE A PLAN, WORK TO THE PLAN.

There are lots of online budgeting tools today, but do this task the old fashioned way. Get out a notebook and write out what your monthly disposable income looks like to the penny. Then write out your total expenditures. If the income column is less than the expenditures, start over until you get it right. Then stick to the plan until you get a promotion and a raise. Have the courage to actually balance your checkbook at the end of the month – sweat the math.

5. KEEP SOME CASH FOR A RAINY DAY.

Even your gently used sedan will suffer a setback some day, so keep that emergency defense fund squirreled away for then. The \$200 concert tickets you purchased in your first year as a wage earner should have gone in your sock drawer. See the free concerts for a while. A \$200 brake job can wreck a carefully planned budget – take the pain out of it early. That Christmas cash or birthday money that grandma gave you really works well here.



6. BUY THE WORST HOUSE IN THE BEST NEIGHBORHOOD.

You just knew something about real estate would eventually make this list. Real estate purchases are likely to be part of your life at some point, and you should pay attention to matching your actual need with your actual space. As another advice contributor put it, you can only live in one room at a time. If you are not handy, get handy with upgrades. You'd be surprised what you can do with simple improvements. Maybe dad can help.

7. YOU NEVER GET A SECOND CHANCE TO MAKE A FIRST IMPRESSION.

You may not think this is financial advice at first glance, but it is. It applies to your career. Dad knows that full employment does not give immunity to young job seekers who don't prepare for an interview or skip it with no notice. This is particularly infuriating to dad. Look at your target company's web site and know something about how they make money when you interview.

8. WAKE UP, DRESS UP AND SHOW UP.

Come to work every day ready to give it your all. When an employer is paying you to perform, it is your responsibility to give your best effort at furthering the business goals of the enterprise. Know and understand your role. Read a daily news source in any media channel to grasp the realities of the outside world. Like it or not, you are part of it.

9. BUY AND HOLD.

"The secret to investing is time... not timing!" Dad wants you buy and hold investments over time in a thoughtful, planned out manner. Very, very few can time the market with any long term success. You have plenty of time to weather corrections because you are young. You can take a flyer on an initial public stock offering when you don't need the money. The power of compounding and the re-investing of dividends will bring you wealth. Start worrying about conservative investments after 60.

10. YOU CAN'T DANCE ON EVERY STAGE.

Obviously, someone had a lot of recitals or a performing arts background for this advice, but the point is solid. You can't take advantage of every opportunity that comes your way – stick to your knitting – what you do well – at least at the outset. Yes, I want to adopt the rescue dog. Yes, I want to serve on local charity's board. Yes, I want to volunteer at my church. You'll get there – pick one and do it well for now. You can also say this applies to investments – stick to some mutual funds in your 401(k) because you can't invest in every stock or sector.

In summary, one contributor reiterated: Don't fall in love with your house, your car, your boat or your property, but stay in love with your family and friends. Happy Father's Day to all our clients out there.

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