



MERITAS ADVISORS

# FINANCIAL Insights

## Improving Finances In The New Year

For many of us, a New Year's resolution is a great way to simplify what we want out of the coming year. Each year, many people set financial goals like "be smarter with money" or "save more of my income."

However, making the resolution to save money is easy; the difficulty comes from deciding how to save that money in the first place. Fortunately, improving your financial situation can be a pleasant side effect of making other positive changes in your life.

Learn how some popular New Year's resolutions, as well as financial goals, can save you money.

### Losing Weight

Losing weight and increasing overall health nearly always tops the list of most common resolutions, but a healthier lifestyle is more than just the physical and mental benefits. On average, obese adults spend 42 percent more on health care costs than adults with a healthy weight. Good health can provide you with more than just a higher quality of life, including a sizeable financial benefit over the course of your life. Additionally, health-focused commuting options (like walking or biking) can provide additional savings to your budget.

### Eat Less Fast Food

According to the Bureau of Labor Statistics, the average household spent \$7,023 on food in 2015. From this, money spent on food away from home accounted for over \$3,000. Aside from the financial impact, a 2014 study from Public Health Nutrition indicates that those who ate out consumed about 200 more calories than those who ate at home. Though grabbing a bite to eat is a fun, relaxing and communal experience, it leaves a heavy dent in the checkbook and could add a notch or two to your belt.

### Giving Up Smoking

Smoking, in addition to the well-known physical effects, is a financial lose-lose. It's an expensive habit upfront and can lead to myriad health problems later on in life. Buying a

## JANUARY

pack per day at \$6.28 will cost you \$2,300 each year—over \$80,000 in 20 years with inflation—and can generate thousands of additional dollars in medical costs. That money could be in a bank account instead of vanishing in a puff of smoke. The good news: when a person quits smoking, the physical and financial benefits start to become noticeable within less than a month.

### Reading More

Many people make a resolution to read more in the coming year but end their efforts when they can't fit the expense of new books into their budget. Fortunately, if you go about it carefully, reading can actually be used to lower your monthly expenses. Libraries and thrift stores can make access to reading materials cheap or free. By turning these books into a primary source of entertainment, you can cut back or eliminate the media that costs the most, like movies or cable subscriptions.

### Paying off a Major Loan

Aside from health-related resolutions, the new year is an opportunity to start implementing new financial habits. Learning to live with extra payments towards loans may be a difficult adjustment at first, but by paying off a loan early, you save money that would have otherwise been lost to accumulating interest. When the loan is completed, you will have funds available that you've already learned to live without, providing you with a great opportunity to save more for your next goal.

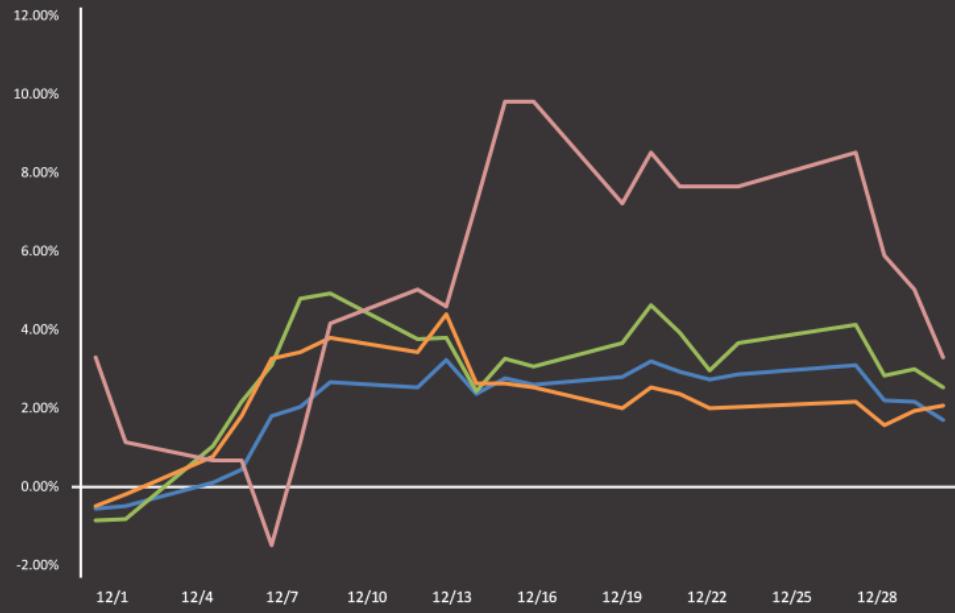
### Adjust Savings Percentage

The new year may come with a bonus or a raise. If your salary increases, consider putting some of that new money towards your savings. Increasing contributions to a company-sponsored retirement plan, no matter how small, can aid your retirement plan while not compromising your current standard of living.

# the market at a glance

## DECEMBER

<span style="color: #0070C0;">■</span> U.S. Large Cap (S&P 500)	<b>2,238.83</b> (1.82%) ▲
<span style="color: #A9F54E;">■</span> U.S. Mid/Small (Russell 2000)	<b>1,1357.13</b> (2.63%) ▲
<span style="color: #E69138;">■</span> International Large (NYSE International 100)	<b>4,857.09</b> (2.18%) ▲
<span style="color: #E91E63;">■</span> U.S. Bond Market (Dow Jones Equal Weight U.S. Issued Corporate Bond Index)	<b>2.45</b> (3.38%) ▲



Past performance is no guarantee of future results. Indices are unmanaged and cannot be invested into directly.

## The market in action

- Following months of speculation, the Fed increased the target interest rate for only the second time since 2009. Janet Yellen, chairwoman of the Fed, noted nationwide progress towards “maximum employment and price stability” as justification for the hike.
- The US trade deficit grew to \$42.5 billion in October, representing an 18 percent increase from the previous month. This marked the steepest one-month increase since March 2015.
- Gross Product Income increased 3.2% in the third quarter, which marked the largest single-quarter gain since Q3 of 2014.
- The FTSE 100 index, which tracks major stocks in the UK, had its best single-year performance since 2013 and closed at an all-time high on the final trading day of the year.
- The US unemployment rate fell to 4.6% in November, its lowest since August of 2007. However, a significant increase in the amount of Americans who exited the workforce dampened the optimism of the news.
- A recent report from JUST Capital indicates that only 15 percent of American retail workers make a living wage. The study cites “living wage” as the amount needed to cover all expenses for a working couple with one child.
- Venezuelan president Nicolás Maduro announced that the country will replace the bolívar dollar with higher-denomination bills. This decision comes as a result of the rampant hyperinflation Venezuela has endured recently.
- Following the worldwide success of Pokémon Go, Nintendo releases Super Mario Run for iPhone. Initial revenue reports were underwhelming, which led to share prices falling approximately 16 percent in the weeks following the release.
- Allstate Financial services was fined \$1 million by FINRA for not meeting standards regarding client communication, recordkeeping and supervision of transactions. Allstate announced that many of these issues were self-reported to FINRA.
- Peter Pan, a subsidiary of ConAgra, reached an \$11.2 million settlement for contaminated peanut butter that caused illness in hundreds of Americans nearly a decade ago.



# The Uptrends We Never See

Most of us suspect that the world is going to hell in a handbasket—or at least getting worse over the long term. In the U.S., only 4% of respondents will tell you that our world living conditions are improving.

If you're in the majority, the website "Our World in Data" (<https://ourworldindata.org/a-history-of-global-living-conditions-in-5-charts/>) has posted some charts that might change your mind. Looking back over the long-term, it finds that we're living at the very peak of world living conditions. And the trend still seems to be upward.

Consider global poverty. The accompanying chart shows the share of the world population living in extreme poverty—and you can see that this was a very high percentage in 1820, when the dataset begins. Since then, the share of extremely poor people has fallen dramatically and steadily, as more world regions have embraced industrialization, created social safety nets and slowly built a middle class. Today only about 10% of the world's citizens live in extreme poverty.

Take another example: literacy. In 1800, only around 10% of the human population could read. Today, as you can see from the chart, the number hovers around 80%. If you believe that science, technology and political freedom are important to solving the world's problems, then it helps if more people can read and write and therefore participate.

Finally, there have been dramatic changes in the percentage of people around the world who live in a democratically free vs. closed totalitarian society. The accompanying chart shows that virtually no people live in colonies any more, and closed autocracies are becoming scarce. Meanwhile, the green-shaded area shows the percentage growth of individuals who now live in a democratic society—more than half currently, up from nearly zero in 1816.

What does all this mean? If we take a longer-term perspective than, say, the recent presidential election cycle or last quarter's earnings reports, we begin to see that all the time and energy and labor that all of us are putting in every day to improve the world, are actually paying off with substantial—if sometimes incremental—results. Other charts show that we're healthier, better-educated and better off than our ancestors.

Let's hope we can keep it up. The trends say we will.

-Bob Veres

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