If you are like me, tax time presents an opportunity to reassess how we have handled our finances over the past year — what we have done right and what we could have done better. Having a clear overall picture gives us a better understanding of how to pave a path to our financial success.

In this issue we explore how you can rebalance your portfolio to stay on track with your investments and how to freshen your finances. We also look at 5 things the IRS will never do and how to protect your retirement when you find your empty nest bustling again as your sons and daughters move back home after college.

As always, we at Community Resource Credit Union are committed to supporting you through all financial climates with skilled, knowledgeable guidance. We are happy to answer any questions you may have on financial planning or investments. Contact a CFS Financial Advisor today at 281.422.3611, ext. 1135, go online at crcu.org or come in and see us at one of our branches.

Sincerely,
Corby Smith
Corby Smith
Vice President
Community Resource Credit Union
Financial Advisor
CUSO Financial Services, L.P. (Member FINRA/SIPC)
281.420.4135 (office)

More and more parents are finding their empty nests bustling once again due to so-called “boomerang kids” — young adults who move back home after college. In fact, 26 percent of 18- to 34-year-olds shared a household with their parents in 2015 — that is four percentage points higher than it was in 2007.* And while you might welcome seeing your children more often, it can be costly to continue supporting them through adulthood, putting your retirement in jeopardy. Try these tips to keep your retirement on track even when your adult child lives at home:

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Managing your investment portfolio can seem like a delicate balancing act. In order to earn returns that will help you reach your goals while keeping risk manageable, you need the right balance of asset classes. But once you have chosen an asset allocation, it is not as simple as setting and forgetting. Much like a car, your finances will likely need a tune-up from time to time. For your financial portfolio, that means rebalancing.

**WHAT IS REBALANCING?**
Rebalancing is the process of buying and selling parts of your portfolio in order to reset the percentage of your total funds invested in each asset class. You can also use rebalancing to change your asset mix when your risk tolerance changes or you have changed your investment strategy. Through rebalancing, you will take profits from your well-performing investments and reinvest in your other investments that have merit but have not performed as well lately. Although it seems strange to sell assets that are doing well in order to buy ones that are underperforming, this is a strategy to sell high and buy low. Rebalancing is a great way to realize profits from your winners from time to time.

**WHEN TO REBALANCE**
Knowing when you should rebalance is important. If you rebalance too frequently, you could run up transaction costs and have less money to invest. But if you don’t rebalance often enough, you may leave your money open to more risk or reduced returns.

For example, if your asset allocation was initially set up with 50 percent in equities, 40 percent in bonds and 10 percent cash equivalents, and equities have tanked while bonds did well, your balance may be off. Rather than let your portfolio go forward with 41 percent in equities, 49 percent in bonds and 10 percent in cash, it may be time to rebalance.* A good rule of thumb for when you should rebalance is when an asset class weighting has changed by more than 5 percent. Another strategy for rebalancing is to do so regularly, whether it is every six months or on your birthday each year (or any other significant day you’ll remember).

**LET OUR EXPERIENCE GUIDE YOU.**
If you need help rebalancing your portfolio, an investment professional at Community Resource Credit Union can help. We can help you find an appropriate asset allocation for your goals, risk tolerance and timeline.

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* Asset allocations are shown for illustration only and do not represent recommendations for any particular individual.

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Investment products:
Not federally insured
Not a deposit of this institution
May lose value
Spring is the season of new growth and fresh starts. Are you ready to “spring clean” your finances and use money management tools to your advantage? The following checklist can help you get started:

- **Pay down debt.** Seek smart solutions such as consolidating debt, refinancing to a lower-rate loan and creating a plan to manage debt. A representative at Community Resource Credit Union can review your options and help you implement a plan that works for you.

- **Establish emergency savings.** Experts recommend having three to six months of essential living expenses in a liquid savings account for emergencies. Consider making savings automatic with direct deposit designations or recurring transfers.

- **Review retirement savings.** Are you on track for your retirement savings goals? Our savings calculators at [crcu.org](http://crcu.org) can help you measure your progress. We offer investment and retirement services including individual retirement accounts (IRAs) and money market accounts to help you reach your goals.

- **Go digital.** Use online and mobile banking to manage your accounts when it’s convenient for you, and reduce paper clutter in your home by signing up for e-statements.

- **Consolidate accounts.** Save time and money when you bring all of your accounts together at Community Resource Credit Union. We’re happy to help you streamline and simplify your finances. Come visit us or call 281.422.3611, ext. 1135 to get started.

### 5 Things the IRS Will Never Do

**Phone scams**, in which a caller claiming to be a representative of the IRS demands payment of an unpaid balance, are one of the most popular methods of fraud. And scammers have a lot of practice sounding convincing. They may even have figured out how to make it look like the call is coming directly from the IRS on your caller ID.

Scam emails, another method of fraud favored by criminals, will make the claim that there was a problem with your tax filing or you’re owed a refund in order to gain access to your personal information.

**Take Note of These Red Flags**

How can you protect yourself from these scams? A little awareness can go a long way. Here are five things that the IRS will NEVER do:

1. **Contact you via email, text message or social media without first mailing a bill.**
2. **Threaten to sue, arrest or deport you for nonpayment.**
3. **Demand you give a credit card number, Social Security number or other personal information over the phone or through email.**
4. **Require use of a specific payment method such as wired cash or a prepaid debit card.**
5. **Become belligerent. The IRS will never use threatening or profane language to intimidate you.**

Learn about how Community Resource Credit Union helps you protect your identity and personal information at [crcu.org](http://crcu.org).
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1. **Set expectations early.** When your children were younger, you may have been responsible for all or most of their finances. Now that they are adults, it is time for that responsibility to shift to your children. Agree on what their obligations will be as soon as it is clear they will be moving back in. For example, if your child isn’t earning much income, you might help pay for necessities such as food, as well as tools for finding a job. Any other expenses, such as those related to entertainment, would come out of his pocket. If your boomerang kid has no job, he could earn his stay by doing a fair share of household chores.

2. **Create a timeline.** Why is your child living at home? Maybe she is saving up enough money for a down payment on a house. Or maybe she is trying to find a full-time job. Whatever the reason, get on the same page regarding her goal, steps she will take to reach it and a general deadline for when it will be achieved. You might set a rule that your child can stay at home as long as she is continuing to work toward this goal.

3. **Encourage budgeting and saving.** Show a before and after of how moving back home has affected your household bills. Ask your child to come up with ways to reduce these costs. While you both work at reducing costs, also encourage your kid to save money if it is not already a habit. Right after college is a great time to start saving for retirement, so encourage your child to start an IRA or participate in his or her employer-sponsored plan, if possible.

By limiting the impact your boomerang kid has on your finances, you can continue saving for your retirement as planned. And by setting him on the path to financial independence and smart financial decisions, your child will be able to start saving for his own retirement. For advice and assistance with retirement funds, schedule a consultation with an investment professional at Community Resource Credit Union. Learn more about our investment services by visiting crcu.org.

* Source: Pew Research Center.