



ATHENA

WEALTH STRATEGIES

COMMITMENT. WISDOM. GUIDANCE

QUARTERLY NEWSLETTER

FAFSA CHANGES



Robin Starr, CFP®, CRPC

Big changes are coming down the pipe for the Free Application for Federal Student Aid! The 2020 FAFSA Simplification Act doesn't take effect until the 2022 FAFSA (for the 2023-2024 school year), but it mandates the following changes:

- A much shorter form. The current 108 questions will shrink to 36.
- It will be easier for more people to automatically transfer their data from the IRS into the form. This was one of the reasons for a previous change, from using last year's tax return to the prior-prior year.
- If you've applied for financial aid, you know that it's all about the Expected Family Contribution. No more - this measure will be called the SAI or Student Aid Index, to more accurately reflect that it's not a true measure of the out of pocket cost, but an index of the family's financial resources.
- For children of divorced parents, there are changes to who fills out the FAFSA. Previously, it was based on the finances of the parent the child lives with. Now, it will be based on whoever provides more financial support.
- 529 accounts owned by grandparents (or aunts or uncles or any other non-parent) have been at a big disadvantage under the current rules. This will no longer be the case on the new FAFSA, though some institutions (especially those using the CSS Profile to determine financial aid) may still reduce aid to account for these accounts.
- Unlike the EFC, the new SAI measure will not account for families with multiple children in college at once. This could prove very costly for families with children less than four years apart!

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FAFSA Changes Cont.

Since only some types of assets are countable, planning ahead can be very valuable. Only a small portion of after-tax accounts can be shielded from financial aid calculations, but retirement accounts don't count at all (though income contributed or taxable distributions do count). Likewise, money in the child's name is counted very differently than money in a parent's name or in a 529 account.

PET INSURANCE - IS IT WORTH IT?

Maritza Rogers, CFP®, CRPC

When we think about insurance we usually think about medical insurance, auto insurance, and homeowners' insurance to cover our foundational protection needs. How often do we think about pet insurance, though? The chances of something happening to one of our pets is quite high, especially as they age. However, since unlike other protection, pet insurance isn't a requirement and thus many of us let it go. A 2021 report released by the North American Pet Health Insurance Association estimates that 3.45 million pets are insured with an average annual growth rate of 23.4%.

In 2021, our beloved cat, Leon, passed away from his battle with cancer. Our veterinarian bills were in the thousands as we lacked pet insurance. **At the time, the decision to not purchase pet insurance was due to three reasons:**

- 1) I never researched it.
- 2) I thought it was expensive.
- 3) I did not think my pets were insurable due to their age.

The other reason... Well, I thought if we ever had a terminal illness come up, we would make the decision to put our pet down before we incurred any expensive veterinary bills. The look on my husband's face when we found out that Leon had cancer was not one that I ever considered in my planning. The money spent to save our cat was not just for Leon but for our family. In the end, the reason we chose to spend thousands of dollars came down to our personal values as a family. When we lost Leon, we were sad, but we did not regret spending the money we had because we knew in our hearts, we did the right thing.

After a few months of grieving, we decided to adopt a kitten. Our senior cat was lonely, and our boys wanted a kitten, so just before Thanksgiving we adopted a sweet kitten that loves to sleep with my boys. This was our first pet adopted as a family and my two boys felt like they can bond a bit more with our new cat.

On a mission to find pet insurance now, I wanted to compare my options. Many companies now offer coverage that's comprehensive and reasonably priced but there are so many options to choose from that it can be difficult to find the right coverage.

Looking back, another reason I did not get pet insurance is because I was not sure how claims were paid. Thus, my research began with what reputable companies are out there, how the claims work, and what is actually covered. I spent the good part of an evening downloading sample policies from different companies, used a comparison tools from a few reputable sites, and reviewed how valuable the policies were for the premium paid. I also looked at the pet insurance option offered through my husband's employer since they provided a discount to employees. Unfortunately, that plan was not the one I felt worked best for our family, so I chose a different plan that truthfully was not that much of a difference in cost. I also found that some insurers are willing to insure a senior pet; however, pre-existing conditions are excluded.

Here are a few tips I found along the way, that I think will help anyone looking for pet health insurance:

Coverage

- What coverage benefits are you looking for? Are you looking for comprehensive, illness, or accident insurance? Does the policy require preventative care to cover certain illnesses?
- Do you want medications and prescription food to be covered?
- Is dental illness worth having?
- Is there a waiting period?
- Do you have multiple pets to cover?

Cost

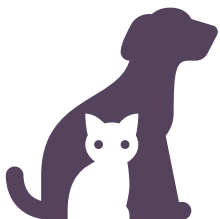
- The premium is based on a few factors including where you live, how much vets in your area charge, and the breed and age of the pet.
- Many companies provide flexibility in reducing premiums by allowing you to choose a higher deductible, lower reimbursement rate, or a cap on the annual coverage limit. Look at what you can honestly afford within your budget and see if any of the companies out there have a plan that works for you.
- If the insurer allows you to pay annually, you may be able to lower your premium.

Discounts

- Check if your employer provides pet insurance as a benefit but make sure it is actually a policy you would buy based on what your needs are.
- Do you belong to any associations that may provide a discount? AARP had a great option with a discount through Fetch.
- Do you have multiple pets?
- Do you have an insurance policy that can get you a multi-policy discount?

Company Strength and Claims Process

- Make sure to learn more about the company and who their underwriter is. What is the claims process? Check out customer reviews.
- Talk to your veterinarian if they recommend any policies based on the claims process.



The National American Pet Health Insurance (NAPHIA) is a great resource to start your search! When thinking about Pet Insurance being worth it, it comes down to love and not being in a position where you do have to choose due to your finances. The decision to spend thousands may end up being a decision to only pay hundreds after the deductible and co-payment. Just make sure to read the fine print of any policy you end up getting.

I am happy to say that we now have pet insurance on both our cats!

Meet Athena's Pets!



ADULTING 101: EMERGENCY FUND

Maggie Ou



The series, "Adulthood 101" is aimed to highlight the topics and tasks that people must face as they transition into adulthood. Many parts of growing up - like taxes, budgeting, or even unclogging a drain - are not typically taught in the school system and are left neglected truly needed.. Some may find themselves overwhelmed with the amount of information that must be learned in order to adequately survive as a full-fledged adult. Thus, through our "Adulthood 101" series, we hope to kickstart young adults in achieving their life goals and aspirations by providing guidance with regards to financial responsibility and literacy.

One of the first objectives that anyone hoping to be financially independent should prioritize is building an emergency fund. This emergency fund should ONLY be used for financial emergencies and unplanned expenses. What happens if you suddenly have a medical emergency, or your car broke down? What will happen if you get laid off without prior notice? It is far more beneficial to be prepared for these expenses, rather than dipping into your savings, taking out a loan, or paying from a high-interest credit card.

Here are a few tips to help you get started in building your emergency fund:

💰 Find out what are your monthly expenses are in relation to your income.

Be sure to differentiate what are your "fixed expenses" (rent, mortgage, insurance payments) vs "discretionary" expenses (eating out, entertainment).

💰 An emergency fund should cover at least three to six months of living expenses. Once you determine how much is needed, it's time to implement.

💰 Set your target funding goal and stick by it.

The more detailed and measurable your goal is, the more likely it will be achieved. For instance, "I will contribute \$200 per month into my emergency fund account for the next 3 years". Of course, this amount will vary depending on your situation, but even contributing smaller amounts will eventually accumulate to provide sufficient financial support.

💰 Have your emergency funds in an account that is easily accessible at ANY time.

This could be in a high-yield savings account, traditional bank account, or any other account where your funds are readily available at any moment in time.

💰 This is one part of your financial life where you will want to sacrifice growth for safety.

Part of being accessible at any time means that the value of your account will not drop. Once you have 3-6 months of living expenses in an FDIC-insured cash account, additional savings can start to go towards longer term investments.

The best part of having an emergency fund is the peace of mind in knowing that you will be prepared for the unexpected.

Especially for young adults who may have never experienced an unplanned event or emergency, the mental and physical tolls from financial burdens will cause an extra, unnecessary amount of stress that can be reduced by planning ahead. This way, they can focus on addressing the issue at hand without worrying about, "How on earth am I going to pay for these expenses?" **Remember, consistency is key!**



Team Update



Kaitlyn Zawada, CRPC

In the New Year, there will be exciting developments on the horizon! Since I joined Athena a year and half ago, I've been working remotely in my hometown of Chicago. As part of the financial planning team, I've worked alongside Robin and Julie to gain knowledge and experience with Athena's planning process and the services we extend to clients. I've also focused my efforts on becoming fully licensed as a fiduciary and registered investment adviser to further contribute to the team and client experience.

While Chicago will always be home, I've planned on moving to the Bay Area since the summer of 2020 and am happy to announce that at the end of this month, I'll be making my long-awaited cross country move to Hercules, CA. Having lived in a major city my entire life and been fortunate enough to travel abroad and see other parts of the world, I decided that following college I wanted to embark on this next chapter by moving to another part of the country that would offer a change in lifestyle and easy access to nature all year round. Being able to run along the Bay Trail will be a welcomed change compared to my attempts to run along Chicago's lakefront during the winter months. I'm also looking forward to exploring the vineyards in Napa and Sonoma and venturing a bit farther south along Big Sur Coast starting with Carmel-by-the-Sea.

In addition to my move, I'll be transitioning to a new role on the team as Associate Financial Planner. With my new position and relocation, I will be able to be more involved in the services Athena provides, meet more of our clientele in person, and collaborate with team members in the office. To further bolster my financial planning acumen, I am also taking courses in the evening towards my CFP® designation. Thus far, I have two of the seven required financial planning courses under my belt and recently earned my Chartered Retirement Planning Counselor SM designation.

Having visited the Bay Area several times leading up to my move, I'm excited about the prospect of being able to explore more of the lifestyle that California has to offer and enjoy the culture and beauty of the area. I look forward to what this year has in store and what these changes in my life will bring, both personally and professionally.



→ *Upcoming Virtual Events:*

PLANNING A TAX-EFFICIENT RETIREMENT

WHAT YOU CAN DO NOW TO HELP PROTECT
YOUR PORTFOLIO AND RETIREMENT INCOME

March 2022
Date TBA
@ 12PM PST!

Coming Soon: Visit Athena's website to register for the Zoom webinar!

www.athenawealthstrategies.com

Missed a Webinar?

Past webinars can be viewed on Athena's website under the "Current Topics & Events" tab. Listed below are some of the most recent topics:

- Signs of Dementia & Aging - How to Plan for the Future
- How to Be Prepared for Fire Season in California
- "I Owe How Much?!" Understanding and Taking Control of Your Student Loans
- "What If?" Parent Contingency Planning

→ *Contact Us*

Schedule a Meeting

Be sure to bookmark these links:



Julie VanTilburg, CFP®

Co-Founder | Financial Planner

<https://my.timetrade.com/book/QXH71>



Robin Starr, CFP®, CRPC

Co-Founder | Financial Planner

<https://my.timetrade.com/book/S4P1J>



Kaitlyn Zawada, CRPC

Associate Financial Planner

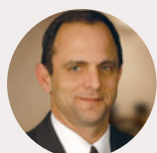
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<https://my.timetrade.com/book/XWDC2>



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