

Leif Jensen and Associates

Newsletter

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Useless Information:

There are seven letters that look the same upside down as right side up.

Your breathing rate increases when you start to type.

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Dear Reader,

As CPA's we are committed to providing a full range of high quality professional services including: accounting, bookkeeping, consulting, payroll, management advisory services, income tax preparation, auditing and other attestation services. Our goal is to meet our client's expectations as their most trusted advisor.

If you need help preparing your 2014 taxes, please call our office to schedule an appointment.

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Student Loan Debt

Student loan debt continues to be a financial burden for more than just millennials. It seems that this problem is becoming a huge and growing problem for many aging Americans who are near or in retirement.

According to the NY Fed, student loan balances among borrowers over 50 made up 17 percent or about \$204 billion of the nearly \$1.2 trillion in outstanding student loan debt in the U.S. last year, .

Student loan balances have grown substantially for borrowers of all ages. Researchers say the fastest growth in total balances are held by borrowers age 60 or older, which have increased nearly nine-fold since 2004.

Student loan debt owed by older Americans includes those who borrowed or co-signed to help a child or grandchild as well as student loans for the borrower's own education.

There have been a number of people in their 40's, 50's and even 60's who were having difficulty finding jobs during and after the "Great Recession". Many chose to return to college to finish their degree or obtain a new degree by financing their own education.

Surprisingly, older borrowers are more likely than younger debtors to have defaulted on loans. Many incorrectly believe their balances can be discharged in bankruptcy. Student loans are cancelled only when a borrower dies.

Part of your retirement planning needs to include the plan to retire your student loans, regardless of the source of the debt.

Dates to Remember

- Second Quarter Reports Due
- Second Quarter IDES Reports Due

This Month's Featured Service

Registered Agent

We can become your Registered Agent for your business entity. Our office becomes the legal addressee for business and we keep track of your filing notifications and required filings including annual reports.

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College

We all know that the cost of college has been increasing significantly more than the cost of inflation. It seems that the current average cost of attending a four-year private university is now nearly \$42,500 per year, triple the price tag in 1990. This is the equivalent of a year's income for a median household today after taxes. Even the state schools cost students nearly \$19,000 on average per year, more than a 100 percent increase over the last 25 years. While wages have stagnated, college tuition has continued to climb, growing at a faster rate than both inflation and median income levels.

Rising costs are putting a college education increasingly out of reach for families. There are those who have chosen to turn to personal savings and student loans to make up the difference. Parents and grandparents are also putting their own retirement savings in jeopardy to aid in the financial gap.

The cost to attain a degree has risen and earnings for college graduates and non-graduates alike have fallen. While there's plenty of evidence that a higher education provides a gateway to higher-paying jobs, the return on a college degree can vary widely, depending on a range of factors.

Which leads to question; is a college degree worth it anymore?

On that question, the consensus is still a resounding yes, at least from a certain segment of the market. The NY Fed has estimated that college graduates still earn about \$1 million more over their lifetime than those without a degree. The so-called college wage "premium", is the difference in average earnings between college graduates and those with just a high school diploma, which averaged about 56 percent over the last three decades.

Those who have started a degree and have not finished they have fallen behind those who have not even started a degree. These former students now have the debt load, but not the increased "premium" to pay off the loans.

Also, a warning has to be issued for which major to get your degree in. There are significant unemployment rates for individuals with certain degrees with low job opportunities. The degree does not automatically generate a decent paying job.

Savings or the Lack Thereof

A survey conducted last month by Bankrate, found that in addition to the 29 percent of Americans who have no savings, another 21 percent have less than three months worth of expenses saved. Based upon my experience, there are a large percentage of the top 10% of taxpayers in this statistic.

Last May, the Federal Reserves' own, separate survey of savings in its Report on the Economic Well-Being, found that in 2014, 55 percent of all respondents had less than three months of expenses saved. Surprisingly, this has improved since 2013, when 61 percent of respondents said they had three months or less of expenses saved.

I caution clients on this annually when we meet. We offer assistance with budgets, debt repayment and savings plans.

Call our office for any questions or assistance.

Featured Client



Socially Promoted is a non-competite networking and cross promotions group and was founded for the purpose of creating a member network that would:

- utilize social media for the purpose of cross promotion;
- provide educational seminars and workshops for its members and clients; and
- offer referral marketing to its members.

We take networking to the next level with the use of social media marketing. Our members fully utilize social media and actually tap those resources as a new source for business. Our members take responsibility for themselves in their social media marketing efforts while helping others grow and expand their businesses by cross promotion within various social media avenues. Socially Promoted is devoted to growing and promoting their own and each other's businesses through the use of social media promotion, educational workshops, and referral marketing. Our Vision is to create the largest network of results-oriented businesses who are active in education of new social technologies and engage in business cross promotion. You will gain knowledge and support to help you manage your company or small businesses social media as well gain social media skills for yourself.

www.sociallypromoted.com