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Review Your Portfolio's Performance

At least annually, you should review your portfolio's performance, comparing it to relevant benchmarks and determining whether you are making progress toward accomplishing your financial goals. Consider these steps in the process:

1. Measure the performance of each investment in your portfolio. Many investments and investment managers will provide you with periodic performance information. When reviewing this information, keep in mind the following points:

✓ Often, an investment's return is reported on a time-weighted basis, which does not consider when you invested.

✓ Information that reports your portfolio's return is generally expressed on a dollar-weighted basis, which measures the investment return based on when cash inflows and outflows occurred. While this is a more relevant measure when evaluating your portfolio, time-weighted returns can make it easier to compare the returns of different investments.

✓ Investments often report cumulative annualized returns

over a period of time, representing the average annual performance over that time. Since returns can fluctuate significantly on a year-to-year basis, this annualized return can help you evaluate the long-term performance of an investment.

If you invest in individual stocks and bonds, you may need to calculate those returns yourself. Conceptually, your total return on an investment equals the change in market value plus any dividends,

interest, or capital gains, divided by the beginning market value. Total return can be difficult to calculate, especially if you make additional investments or withdrawals during the year. You may need the help of a computer program to calculate your total return precisely.

2. Find an appropriate benchmark to compare to each component of your portfolio. A wide variety of market indexes now

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Insurance Basics

Review all your policies every few years. Make sure you have adequate coverage in all major areas, while also evaluating whether revisions are needed due to changes in your personal circumstances.

Purchase insurance wisely. The primary purpose of insurance is to protect yourself from financially devastating losses, not from every minor loss you might incur. Thus, review all the riders and options in your policies, only retaining those that are important. Check if you qualify for discounts offered by your insurance companies. Consider increasing your deductible periodically.

Avoid insurance you don't need. Don't purchase insurance for minor items you can easily cover yourself, such as extended warranties on small household appliances. When reviewing your policies, make sure you're not paying for duplicate coverage. For instance, you may have disability income insurance at work and through a personal policy. Review the policy limits on both to ensure you aren't paying for benefits that can't be collected because you've exceeded the policy limits. ○○○

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Performance

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exist, covering different segments of the market. Find ones that track investments similar to each component of your portfolio. Making comparisons to a benchmark should help you identify portions of your portfolio that may need to be changed or that you should start monitoring more closely.

3. Calculate your overall rate of return, comparing it to your estimated return. When designing your investment program, you probably assumed a certain rate of return, which determined how much you need to invest to reach your financial goals. Calculating your actual return will determine if you are on track. If your actual return is below the return you estimated, you may need to increase the amount you are saving, invest in alternatives with higher return potential, or settle for less money in the future. Performing this analysis annually should allow you to make these changes gradually.

4. Review your overall investment allocation to determine if changes should be made. This annual review is a good time to compare your actual allocation to your desired allocation. You may find you need to make changes for a variety of reasons. If certain portions of your portfolio have performed well, you may find they make up a larger percentage of your portfolio than originally planned. You may find you need to sell certain investments that are not performing well. You may also need to refine your asset allocation percentages, since your strategy will change over time.

You should review your portfolio's performance annually to ensure your investment strategy is on track. Please call if you'd like help with this analysis. ○○○

The Best Reasons to Save

To help establish your savings goals, you need to think about things you want or need that will help you lead a happy life. Many people are tempted to use credit cards to purchase whatever they want, but financial freedom is difficult if you are overloaded with debt. A savings plan can include many different things, but the following are typically the best reasons to save money to enjoy your life and work toward financial freedom:

Emergencies

One thing you can count on for sure is that emergencies happen. It could be a health issue, flooded basement, or urgent trip. Regardless of the unexpected event, it will most likely be expensive. As part of your savings plan, one of your first short-term goals should be to create an emergency fund so you are prepared for such events.

Job Loss

Hopefully, you won't experience a job loss; but if it does happen, you'll want to be prepared to cover necessary living expenses. Six months of living expenses is what most experts recommend you save.

Buying a Home

The American dream requires money to borrow money, and you need a down payment to buy a house. Depending on the type of mortgage, you will need between 5% to 20% of the purchase price for the down payment. You should also plan to save an additional 5% to cover other associated fees, such as closing costs, title search, etc.

Buying a Car

Like buying a house, you will also need to save for a down payment to get a car loan. A good way

to determine how large a down payment you will need is to use an online car-loan calculator. This will allow you to enter the purchase price of the car, down payment, interest rate, and length of the loan to determine the monthly payments. You can then play with the loan variables to see what will work best within your budget.

An Education

Whether it's college or trade school, one of the best gifts you can give your child is paying for part or all of their education. Completing their education without loans will give them the best start on saving for other things in their future, such as a car, house, and retirement. You may want to consider a 529 plan or an IRA that may give you greater returns than other types of savings accounts.

Traveling

Saving for experiences can be just as important as saving for other things. Life would be pretty boring without the chance to see some of the world. It doesn't have to cost a fortune if you spend the time to research inexpensive options. Also, if you have the discipline to pay off your credit cards monthly, you may want to get a credit card that has travel rewards.

Retirement

This is the big one. Retirement is different than it used to be when most workers received a pension from their employers. And most likely, you will have a difficult time living on Social Security benefits alone. Start early so that you have a long period of time to save. Take full advantage of an employer-sponsored 401(k) if it's available, or open an IRA.

Please call if you'd like to discuss this topic in more detail.
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How to Save More: Step by Step

For many of us, saving money is difficult. The truth is that most people don't keep careful track of how much they spend and so don't do enough to find ways to save. If that describes you, here's an eight-step program to help you find more savings in your household income.

Step 1: Create a budget. Don't think of a budget as a way to scrimp, but as a log that keeps you aware of where your money is going and enables you to manage it better. The key is to keep it organized and in a format that you can return to again and again.

Make a single sheet for each month. Organize it into two sections, one for expenses and the other for income. Divide the expenses section into two parts: the ones you pay for out of your checking account and the ones you pay for at a cash register. Then create a line for every kind of recurring expense you have, from your mortgage or rent, to your utilities, phone, and cable, your memberships and subscriptions, life insurance, and payments for loans and credit cards.

For out-of-pocket expenses, make estimates in advance and create line items for lunches out, personal care like the hairdresser or beauty shop, gas and oil, prescriptions, clothing, and entertainment. In each part, do your best to include everything, but keep in mind that your budget is a living document that you can add to as you remember items.

Devote another column to the net income you expect to receive for the month from all sources. Then, subtract your total expenses from your income. If the result is negative, you've discovered a problem. Fixing it, either by spending less or earning more, will bring your spending in line with what

you make.

Step 2: Track your spending. What you've just created in the first step is a master budget. Now, start tracking what you actually spend. That's not too hard when it comes to making payments out of your checking account. The challenge is when you pay for things at a cash register, whether you use cash or a card.

Keep all your receipts and make a daily record of any expenses for which you don't receive a receipt. Your banking app may also be able to help you keep track of your daily expenses. Then, once a week, enter what you actually spent into your budget. Look for how your actual spending affects the balance between your expenses and total income for the rest of the month.

Step 3: Set a savings goal. As you make your master budget, think about a goal for the extra savings you want to achieve. Enter that amount as a savings line item in your column of recurring monthly expenses.

Step 4: Make the savings automatic. The key to actually saving what you intend to save is to make the transfer from your paycheck automatically. It's best, then, to do one of three things: increase the amount that you contribute to a workplace savings plan by payroll deduction, authorize a deduction every month from your checking account, or write and deposit a check into your savings account as soon as you get paid.

Step 5: Cut down on discretionary spending. The places you'll find savings are the things you can really do without. These range from expensive morning coffee to meals out, movies, shows and concerts, premium TV channels, expensive smart phone data plans, and even your vacations. It can be difficult, at

first, to say no to yourself, but with practice it gets easier, especially when you see your savings balance start to grow faster.

Step 6: Review your big-ticket finances — mortgage, car loans, or lease. You can find your biggest savings by carefully reviewing your biggest expenses. Refinancing your mortgage could save you hundreds of dollars a month. If you're leasing a luxury vehicle, consider downgrading a notch or two when it expires, or buy a recent-year used car — you'll save thousands on the depreciation and could significantly lower your monthly spending.

Step 7: Avoid late payment penalties and overdraft fees. Pay all your bills on time so you avoid being charged costly late charges and fees. Keep your checkbook up to date or monitor your balances regularly to avoid overdraft charges.

Step 8: Buy only with cash. As much as possible, make your purchases with cash instead of using high-interest credit cards. The idea is to force yourself to postpone impulse purchases that increase your balance and rack up interest charges.

It's always better to err on the side of saving too much than too little. Gauging just how much you really need to save, however, is more a matter of science than art, so please call if you would like to discuss this in more detail. ○○○



Which Goal Is More Important?

With limited resources for saving, which is the most important financial goal — saving for your retirement or saving for your child's college education? Many parents want to pay the entire cost of their children's college educations, and there are a variety of ways to save for that education, like personal savings, financial aid, and loans. Unfortunately, there aren't similar options for your retirement. No one is likely to loan you money for retirement if you haven't saved enough. You may want to maximize your retirement savings, realizing there are ways to use those savings to help with education costs. How can that strategy help when it comes time to send your child to college?

✓ **Your retirement savings won't be considered in financial aid formulas.** The federal financial aid formula does not consider retirement accounts, including 401(k) plans and individual retirement accounts (IRAs), when calculating your expected family contribution. For other assets, the formula assumes that 5.6% of the parents' assets and 20% of the student's assets will be used annually for col-

lege costs. Thus, you may actually increase your financial aid award by saving in retirement accounts.

✓ **You can still use these retirement assets to help pay for college costs.** Money in IRAs can be withdrawn to pay higher-education expenses before age 59½ without incurring the 10% federal tax penalty, although income taxes will be assessed on the taxable portion of the distribution. If the money is withdrawn from a Roth IRA, your contributions can be withdrawn at any time without penalty or taxes, while earnings can be withdrawn before age 59½ by paying income taxes but not the 10% tax penalty. With 401(k) plans, you typically can't withdraw the money before retirement age unless it is for a hardship withdrawal, but you can borrow funds if permitted by the plan. If you don't need the money to finance college costs, you can leave it in your retirement plan(s) to continue to grow for your retirement.

If you'd like to discuss the role your retirement accounts should have in financing your children's college educations, please call. ○○○

6 Life Insurance Mistakes to Avoid

Mistake #1: **Thinking you can't afford life insurance.** The abundance of options available can make life insurance attainable for most people.

Mistake #2: Relying entirely on an employer-sponsored life insurance policy. This will almost certainly not provide you with enough coverage.

Mistake #3: Purchasing inadequate coverage. Review your budget and determine if the amount of coverage you've chosen is really enough for your family's needs.

Mistake #4: Choosing the wrong type of insurance. Review your policies and make sure they still meet your needs.

Mistake #5: Not updating your beneficiaries. Make it a habit to review your beneficiaries on a regular basis.

Mistake #6: Not seeking professional advice. Life insurance can be complicated and, to make sure you have not overlooked something important such as the tax implications for your loved ones, it may be wise to consult with a licensed professional. ○○○

Financial Thoughts

Credit scores of millions of Americans have plummeted in the first quarter of 2025 as a result of rising student loan delinquency rates, following the end of a years-long pause on federal payments. The Federal Reserve Bank of New York says nearly six million student loan borrowers — nearly 14% — were 90 or more days delinquent or in default between January and March 2025.

At least \$1.7 trillion languishes in lost or forgotten 401(k) accounts, with an average unclaimed balance of \$56,616. Those 29 million idle accounts represent one quarter of all assets held in 401(k) retirement plans (Source: Capitalize, 2025).

The Retirement Confidence Survey has consistently found that a large percentage of retirees

leave the work force earlier than planned (40%). In the 2025 Retirement Confidence Survey, many who say they retired earlier than planned did so because of a hardship, such as a health problem or disability (31%). Another 31% say that they retired due to changes at their company, but a larger share say they could afford to retire earlier (44%). ○○○