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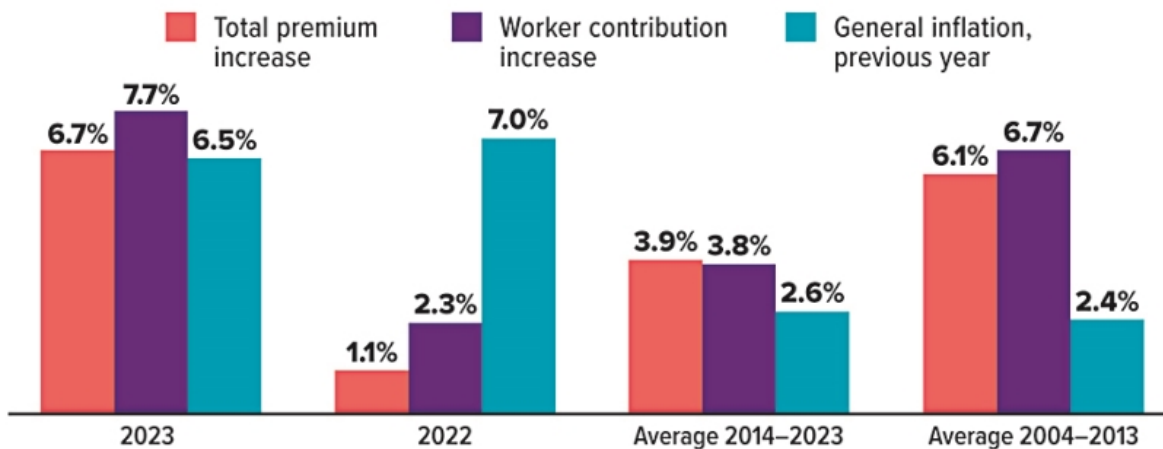


Health Insurance Premiums Jumped in 2023

In 2023, the average total annual premium for employer-sponsored health insurance coverage was \$8,435 for single coverage and \$23,968 for family coverage, with average worker contributions of \$1,401 and \$6,575, respectively. Total premiums for both types of coverage increased a little more than 6.5% over 2022, the highest annual increase since 2011. The increase in worker contributions was 5.6% for single coverage and 7.7% for family coverage, the highest since 2017 and 2019, respectively.

On average, the pace of premium increases has slowed over the last 10 years. The big jumps in 2023 may reflect the cumulative effect of high general inflation in 2021 and 2022, because premiums are typically set before the beginning of the year.

Premium increase for employer-sponsored family coverage



Sources: Kaiser Family Foundation, 2023; U.S. Bureau of Labor Statistics, 2024

Investor, Know Thyself: How Your Biases Can Affect Investment Decisions

Traditional economic models are based on the premise that people make rational decisions to maximize economic and financial benefits. In reality, most humans don't make decisions like robots. While logic does guide us, feelings and emotions — such as fear, excitement, and a desire to be part of the "in" crowd — are also at work.

In recent decades, another school of thought has emerged. This field — known as behavioral economics or behavioral finance — has identified unconscious cognitive biases that can influence even the most stoic investor. Understanding these biases may help you avoid questionable financial decisions.

Sound familiar?

What follows is a brief summary of how some common biases can influence financial decision-making. Can you relate to any of these scenarios?

Anchoring refers to the tendency to become attached to something, even when it may not make sense. Examples include a home that becomes too much to care for or a piece of information that is believed to be true despite contradictory evidence. In investing, it can refer to the tendency to hold an investment too long or rely too much on a certain piece of data or information.

Loss aversion bias describes the tendency to fear losses more than to celebrate gains. For example, you may experience joy at the chance of becoming \$5,000 richer, but the fear of losing \$5,000 might provoke a far greater anxiety, causing you to take on less investment risk than might be necessary to pursue your goals.

The **endowment effect** is similar to anchoring in that it encourages you to "endow" what you currently own with a greater value than other possibilities. You may presume the investments in your portfolio are of higher quality than other available alternatives, simply because you own them.

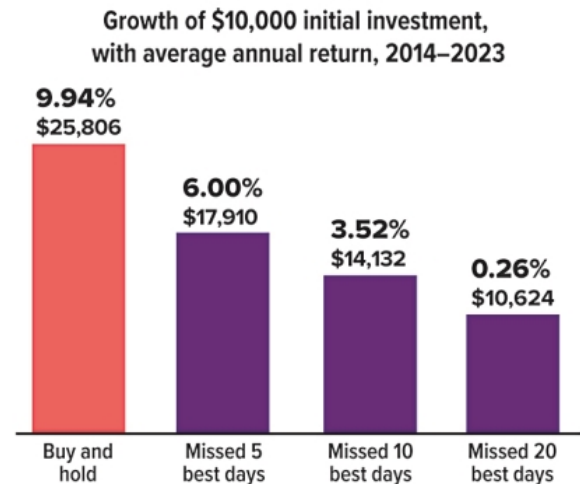
Overconfidence is having so much confidence in your own ability to select investments that you might discount warning signals or the perspective of more experienced professionals.

Confirmation bias is the tendency to assign more authority to opinions that agree with your own. For example, you might give more credence to an analyst report that favors a stock you recently purchased, in spite of several other reports indicating a neutral or negative outlook.

The **bandwagon effect**, also known as **herd behavior**, happens when decisions are made simply because "everyone else is doing it." This can result in buying high and selling low — what most knowledgeable investors strive to avoid.

Risk of Missing Out

Emotion-based decisions can have a significant impact on your portfolio over time. Consider how much a long-term investor might have lost by shifting in and out of the market due to fear, overconfidence, or following the herd, and subsequently missing the best-performing days over the 10-year period ended 2023.



Source: Yahoo Finance, 2024, S&P 500 Index for the period 12/31/2013 to 12/31/2023. The S&P 500 Index is an unmanaged group of securities considered to be representative of the U.S. stock market in general. The performance of an unmanaged index is not indicative of the performance of any specific investment. Individuals cannot invest directly in any index. Past performance is no guarantee of future results. Actual results will vary.

Recency bias refers to the fact that recent events can have a stronger influence on your decisions than those in the past. For example, if you were severely affected by market gyrations in the early days of the pandemic, you may have wanted to sell your stock holdings due to fear. Conversely, if you were encouraged by the stock market's strong performance in 2023, you may have wanted to pour all your money into equities. Yet either of these actions might not have been appropriate for your investment goals and personal circumstances.

An objective view can help

When it comes to our finances, instincts may work against us. Before taking any actions with your portfolio, it might be wise to seek the counsel of a qualified financial professional who can help you identify any unconscious biases at work.

All investing involves risk, including the possible loss of principal, and there is no guarantee that any investment strategy will be successful. There is no assurance that working with a financial professional will improve investment results.

Is Tip Fatigue Wearing You Out?

Traditionally, tipping has been a way to reward workers for providing good service. But the norms around tipping are changing, and if you've recently felt more pressure to tip, you're not alone. A survey by the Pew Research Center found that 72% of adults said that tipping was expected in more places today than it was five years ago, a phenomenon known as "tip creep" or "tipflation."¹

Why tipping culture is changing

Tipping affects everyone (even tipped workers have to tip others!) and confusion and complaints about tipping abound. If you're among those feeling uneasy about tipping, blame the pandemic. That's when tipping culture started to change. Consumers, anxious to reward front-line workers and support struggling businesses, left more and bigger tips. Businesses adopted digital ordering and payment solutions that made tipping more convenient and could be programmed with preset tip suggestions that were often higher than customers were used to.

And then inflation took its toll. Businesses that lost employees during the pandemic increasingly realized that tips could help fill wage gaps and attract employees reluctant to return to service positions. But consumers, already having to make their money go further, began to grow weary of seemingly constant tip requests, especially in situations or places where they had not previously been asked to tip.

Ultimately, tipping is always voluntary and it's up to you to decide who, where, and how much to tip. While there are no set rules, here are some guidelines you can use to inform your decisions.²

- Full-service restaurant or food delivery: 20% of total bill
- Quick service restaurant: 10%
- Online food orders/takeout: \$1 to \$5 per order
- Bar or coffee shop: \$1 to \$2
- Hotel bellstaff: \$1 to \$5 per bag
- Hotel housekeeping: \$1 to \$5 per night
- Valet/parking attendant: \$1 to \$5 when car is delivered
- Rideshare/taxi driver: 15% to 20% of the fare

Finding a balance

Planning ahead can help you avoid some of the frustration around tipping and still tip fairly and appropriately.

Do an informal audit. How much have you spent on tips during the last month or two? Does that align with your budget?

Set tipping limits you're comfortable with. You can always make adjustments at the register.

Reserve higher tips for special situations. This might be rewarding a worker at your favorite coffee shop, or showing your appreciation when someone provides extra-special service.

Don't feel bound by on-screen tip recommendations. Use the "custom" tip option when available to leave the amount you want.

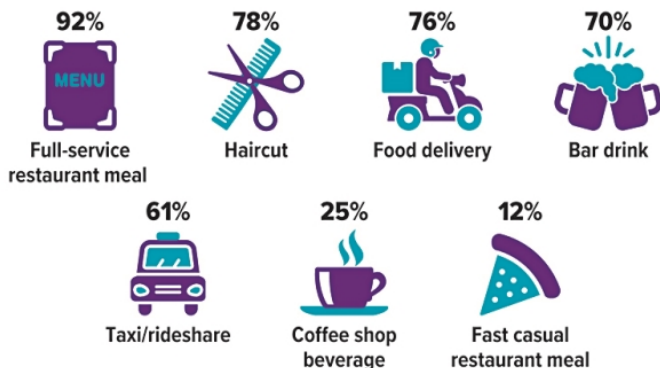
Carry small bills. These can be used in traditional tip jars, or when traveling, to reward workers who don't have access to digital tips.

Talk to the manager or business owner if you have questions or complaints. It's not always clear where your tips are going (for example at fast-casual restaurants or when ordering online), so feel free to ask. And reserve your complaints about tipping expectations for management, rather than workers.

Respect policies. While many businesses encourage tipping, some do not allow their employees to accept tips for legal reasons. Instead, consider leaving positive feedback.

To Tip or Not to Tip?

Percentage of U.S. adults who say they always or often tip for:



Source: Pew Research Center, 2023

Tipping guidelines

Tipping often feels good, but the pressure to tip can be guilt-provoking and confusing. When a worker turns a screen around and you're prompted to choose a preset tip, it can feel wrong to choose the lowest option.

While you might always tip your server at a sit-down restaurant, in situations where you've had little to no direct interaction with any employee, should you even tip at all?

1) Pew Research Center, 2023

2) Toast, 2023; American Hotel & Lodging Association, 2023; *U.S. News & World Report*, 2023

Do You Need to Adjust Your Tax Withholding?

Once you've filed last year's tax return and can see where your finances are headed this year, it may be a good time to adjust your income tax withholding to help make sure you're having the right amount withheld from your paycheck.

Tax withholding is a balancing act. If you have too much tax withheld, you will receive a refund when you file your income tax return. If you prefer to receive more in your paycheck instead, you will need to reduce your withholding. However, if you have too little tax withheld, you will owe tax when you file your tax return and might owe a penalty.

Two tools — IRS Form W-4 and the Tax Withholding Estimator on [irs.gov](https://www.irs.gov) — can be used to help figure out the right amount of federal income tax to have withheld from your paycheck. Using these can be beneficial when tax laws change, your filing status changes, you start a new job, or you have other major life changes. You might make a special effort to review your withholding if any of the following situations apply:

- Filing as a two-income family
- Holding more than one job at the same time
- Working for only part of the year
- Claiming credits, such as the child tax credit
- Itemizing deductions
- Having a high income and a complex return

How to adjust your withholding

Your employer will withhold tax from your paycheck based on the information you provide on Form W-4 and the IRS withholding tables. In some cases, you will need to give your employer a new Form W-4 within 10 days of a change in personal circumstances (for example, if the number of allowances you are allowed to claim is reduced or your filing status changes from married to single). In other cases, you can submit a new Form W-4 whenever you wish. See IRS Publication 505 for more information.

If you have a large amount of nonwage income, such as interest, dividends, or capital gains, you might want to increase the tax withheld or claim fewer allowances. In this situation, also consider making estimated tax payments using IRS Form 1040-ES.

You can claim exemption from federal tax withholding on Form W-4 if both of these situations apply: (1) in the prior tax year, you were entitled to a refund of all federal income tax withheld because you had no tax liability, and (2) for the current year, you expect a refund of all federal income tax withheld because you anticipate having no tax liability.

This is a resource that will answer your most important financial question, namely:

- If employed – When can I retire?
- If not employed – Can I stay retired?

Contour Financial will answer this question, suggest alternative scenarios, if needed, and implement investment strategies in order to reach your objectives.

Customized strategies are developed and implemented. Personalized service is provided by Certified Financial Planners (CFP) and/or Certified Public Accountants (CPA) to clients. Investment, retirement, tax planning & preparation, estate, insurance, cash flow and education planning are all integral parts to the process.

Contour Financial is a private wealth management business located in Orland Park, Illinois. We work primarily with middle income and wealthy clients. As a long-term National Association of Personal Financial Advisors (NAPFA) fee-only firm, all compensation is fully disclosed. For clients seeking investment management by our firm, assets are held at Charles Schwab Institutional, an industry leader.