Morrison Education Series

Summer is here and so is the heat!

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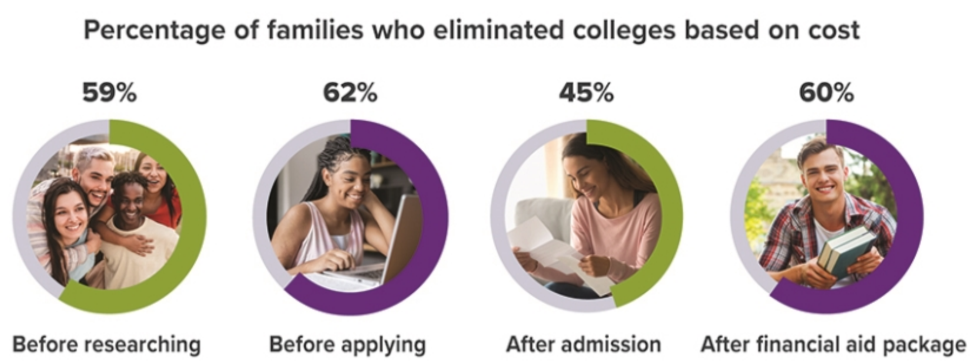
29%

Families who appealed to their college for more financial aid due to the pandemic. Of the families who appealed for more aid, 71% received additional aid, with 52% receiving a higher grant amount.

Source: *How America Pays for College,* 2021, Sallie Mae

Cost Is a Big Factor in College Decisions

For many high school seniors and their families, the period of time from receiving college acceptances to officially committing to a single school can be intense, as they analyze and weigh various factors to arrive at a final decision. In this analysis, cost is a significant factor. But cost often comes into play earlier too, influencing what colleges a student even researches or applies to. At every step of the college process, families crossed schools off their list based on cost.



Source: *How America Pays for College,* 2021, Sallie Mae

Preparing for a Natural Disaster

Most areas in the United States are susceptible to some form of natural disaster, whether it's a wildfire, tornado, hurricane, earthquake, or flood. A severe storm or other catastrophic event often strikes with little warning, can result in costly damage to your home, and puts your family's safety at risk. Being prepared may help you make it through a natural disaster safely.

Protect Your Home

Wherever you live, there are proactive steps you can take to help protect your home from natural disasters:

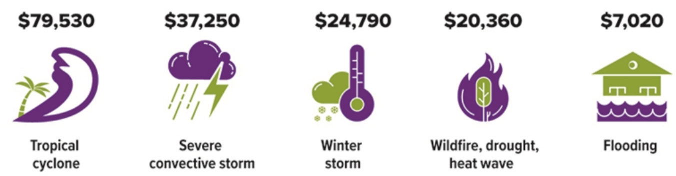
- To help fend off storm damage, inspect and repair roof shingles and flashing, clean your gutters and downspouts so that water can flow freely away from your home, trim overhanging tree limbs, and consider investing in storm windows, doors, and shutters.
- If you live in a fire zone, create a defensible perimeter around the outside of your home, keep roof surfaces and gutters free of flammable materials such as pine needles, leaves, and branches, and consider installing fire-resistant roofing and/or siding material.
- If you live in an area that could experience a major earthquake, retrofitting an older home (strengthening the foundation with braces and bolts) might reduce the amount of damage caused by severe shaking.

Have an Emergency Plan/Disaster Kit

A natural disaster can sometimes cause power outages that last for days. It can also result in downed power lines, fallen trees and/or flooding that make roads impassable. Know evacuation routes and have an emergency plan that identifies a safe place to meet in the event that family members become separated. Keep important addresses and phone numbers readily accessible and identify a place where you can safely stay for an extended period of time if necessary. In addition, assemble a disaster kit with the following items:

- **Food/supplies.** Stock up on several days' worth of nonperishable food and bottled water. Store other items that are specific to your family's needs, such as infant formula, diapers, pet food, clothing, and blankets.
- **First aid/medicine.** Be prepared for any possible medical needs by having a first-aid kit. Also talk to your doctor about obtaining an extra prescription for important medications you take.
- **Communication/safety items.** Make sure your cell phones are fully charged before the storm arrives. Also gather additional safety items, such as matches, flashlights, batteries, and an AM/FM radio.
- **Important documents/valuables.** Place important documents, such as personal/financial/medical records and any valuables in a secure location that is easily accessible in case of an emergency.

U.S. Natural Catastrophe Losses, 2021 (in millions)



Source: Insurance Information Institute, 2022

Review Your Insurance Coverage

Review all of your insurance policies (e.g., homeowners, renters, and auto) to make sure that you have appropriate coverage for your property and belongings. Your home and its contents should be insured to their full replacement cost, including any new additions, remodels, and furniture. To assist with post-storm insurance claims, be sure to take pictures/videos and make an inventory of your home and valuables in case they are damaged or destroyed.

Keep in mind that certain types of damage (e.g., flood and earthquake) may be excluded from a standard homeowners policy, but separate coverage is often available. Contact your insurance agent to determine if you need to purchase additional insurance tailored to the risk in your area.

Be Ready to File a Claim

If your home suffers severe damage from a natural disaster, you'll need to file a claim with your insurance company. To make the claims process easier, take pictures to document the damage (both inside and outside of your home) as soon as possible. While your claim is being processed, take steps to prevent further damage (e.g., putting a tarp on a damaged roof), since the insurance company may not cover anything beyond the initial damage to your property. Claims are paid up to policy limits.

Otherwise, you may be eligible for immediate disaster relief funds and special programs through the Federal Emergency Management Agency (FEMA). Federal disaster assistance is usually in the form of loans or grants and is available only if the affected area is declared a disaster area by FEMA and not covered by insurance.

A Wealth of Information: How to Read a Mutual Fund Prospectus

With more than 7,400 mutual funds to consider in the United States alone, some investors may feel overwhelmed by the thought of deciding which ones to select for their portfolios. At the same time, most mutual fund-owning households base their purchase decisions on these measures: historical performance (94%), investment objectives and risk potential (91%), and fees and expenses (90%).[1]

Fortunately, reading a mutual fund prospectus is a key way to learn important details about your investment options while learning more about how they may help you pursue your financial goals.

What's in a Prospectus

A prospectus is a document containing specific details about the fund's unique characteristics, designed to help investors better understand their options and make well-informed decisions. The Securities and Exchange Commission requires investment companies to provide prospective investors with a free, up-to-date prospectus for each fund they offer. Although the exact content of each prospectus varies from fund to fund, all prospectuses must include the same general information. (A shorter version, called a summary prospectus, contains much of the same information discussed here in an abbreviated format.)

Here's an overview of what you'll find in a fund prospectus — and why you should care.

Types of Mutual Fund Risk

Business or issuer risk: The risk that a company in which a fund invests will go out of business or suffer another significant financial setback.

Concentration risk: The risk that a fund's holdings may not be well diversified.

Credit risk: The risk that a debt investment's issuer will not be able to make interest payments or repay the principal.

Inflation risk: The risk that the value of investments will not increase in step with rising prices.

Interest-rate risk: The risk that a fund's holdings will lose value if interest rates rise.

Market risk: The risk of loss arising from overall price declines in the broader market.

Investment Objective, Strategies, and Risks

A fund's investment objective describes the financial goal it targets on behalf of shareholders. For example, the objective could be capital appreciation (i.e., providing asset growth), income (providing interest or dividend payments), or a combination of the two.

The section of a prospectus highlighting a fund's investment strategies, on the other hand, explains how the fund will invest its holdings to attempt to pursue its objectives. It typically identifies the geographic regions, industries, and types of securities the fund focuses on. It also lets you know whether the fund is actively managed or passively tracks the performance of a market index.

In addition, a prospectus lists the types of risk a particular fund or group of funds may entail, such as market risk, credit risk, inflation risk, and business or issuer risk. (See table for definitions.) This information clarifies exactly what types of risk you may encounter by adding a fund to your portfolio. All investments are subject to market fluctuations, risk, and loss of principal. Investments, when sold, may be worth more or less than their original cost. Investments seeking to achieve higher yields also involve a higher degree of risk.

Fees, Performance, and Management

The fees you pay to invest in mutual funds, such as sales charges and operating expenses, can have a direct impact on your net investment returns. To offer insight into how they may influence your portfolio's bottom-line performance, a fund's prospectus specifies the types and amount of fees the fund charges. Each prospectus must include a table illustrating the effect of those fees on a hypothetical investment over different time periods. You can also find details about a fund's management team, rules for buying and selling shares, dividend payment policies, and other helpful information.

A prospectus is required to disclose the fund's performance during the past 10 years (or since inception) and to compare its performance with that of a relevant market index. Keep in mind, however, that the performance of an index is not indicative of the performance of any particular investment, individuals cannot invest directly in an index, and past performance is not a guarantee of future results.

Mutual funds are sold by prospectus. Please consider the investment objectives, risks, charges, and expenses carefully before investing. The prospectus, which contains this and other information about the investment company, can be obtained from your financial professional.

1) Investment Company Institute, 2021-2022

Naming a Trusted Contact

When you open an account or update an existing account at a brokerage or a financial firm, you may be asked you if you want to designate a "trusted contact." This individual may be contacted in certain situations such as when financial exploitation is suspected or there are other concerns about your health, welfare, or whereabouts. Naming a trusted contact is optional, but may help protect your account assets.

The person you name as a trusted contact must be at least 18 years old. You'll want to choose someone who can handle the responsibility and who will always act in your best interest — this might be a family member, close friend, attorney, or third-party professional. You may also name more than one trusted contact.

Understandably, you might be concerned that the person you name could make transactions in your account but that's not the case. Your trusted contact will not be able to access your account or make financial decisions on your behalf (unless you previously authorized that person to do so). You are simply giving the financial firm permission to contact the person you have named.

To help protect investors against financial fraud or exploitation, The Financial Industry Regulatory Authority (FINRA) requires that investment firms make a reasonable effort to obtain trusted contact information.

Here are some examples of times when a financial firm might need to reach out to your trusted contact.

- To confirm current contact information when you can't be reached
- If financial exploitation or fraud is suspected
- To validate your health status if the firm suspects you're sick or showing signs of cognitive decline
- To identify any legal guardian, executor, trustee, or holder of a power of attorney on your account

A firm may only share reasonable types of information with your trusted contact. U.S. broker-dealers are required to provide a written disclosure that includes details about when information might be shared. Ask your financial firm or professional if you have any questions about the trusted contact agreement.

You may add, remove, or change your trusted contact at any time, and you'll need to keep your contact's information up-to-date. It's also a good idea to let the person you've chosen know so that he or she is prepared to help if necessary.

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