

Investing Basics

A guide to understanding
the fundamentals

SYNOVUS®



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The fundamentals of investing – what you need to know



Your first house. Your kid's college education. A getaway near the coast.

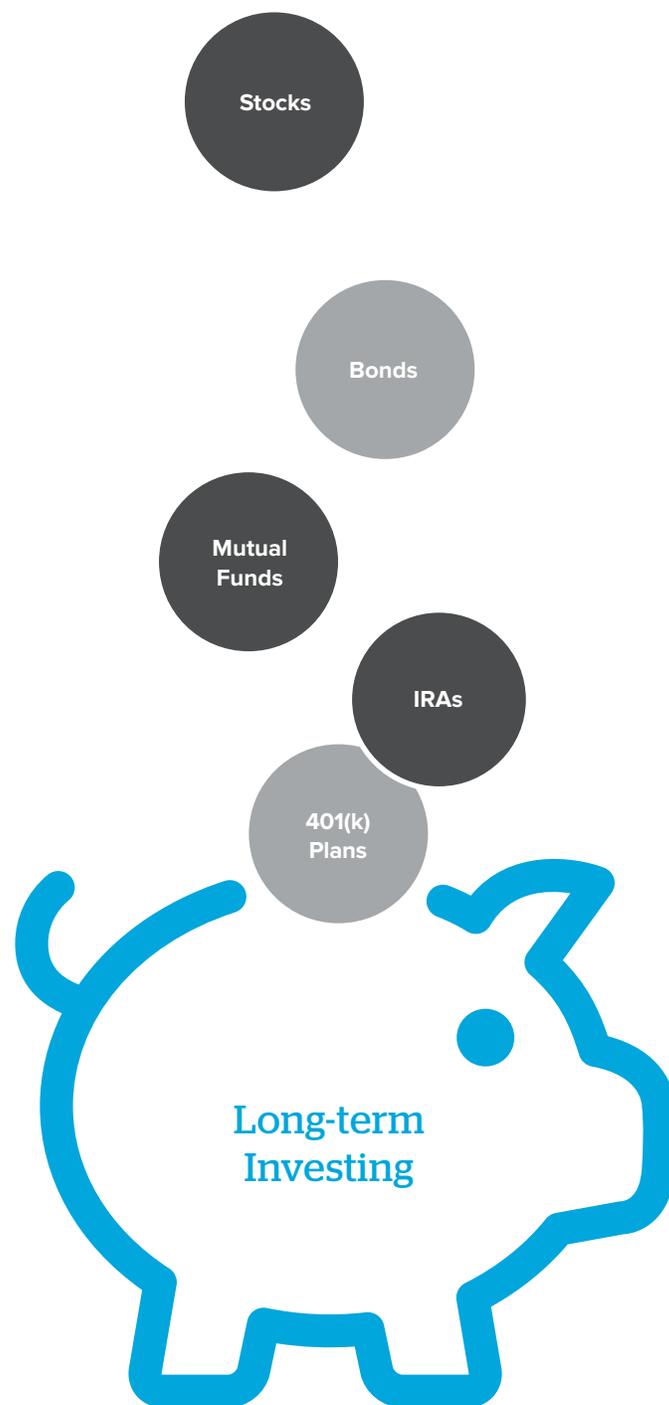
Whatever your personal financial goal is, you need a fundamental understanding of the various investment instruments that can help you put your money to work, ensure you're on the path to beat inflation, reduce your tax burden, and grow the wealth you need to reach your financial goals.

The Five Common Investment Types

1. Stocks

Investing in stocks literally makes you a partial owner, or “shareholder,” in a publicly-traded company. As the value of the company’s stocks grows, so does the value of the stocks you own. Depending on the particular stock, you may also earn money through dividends, which are a percentage of a company’s profit that is paid out to shareholders on a regular basis. Stocks carry more risk than more conservative investments like bonds, as they regularly fluctuate in value on a daily, hourly, or minute-to-minute basis. However, the upside is that stocks have historically beat inflation and interest rates over time — gaining, on average, about 8% annually. This makes them a strong portfolio choice for an investor who plans on holding them for several years or longer.

Important to know about stocks: For the vast majority of investors, experts say the best time to invest in stocks is sooner rather than later. “Stocks are for the long run,” says Robert Johnson, chief executive officer at the American College of Financial Services. “If you have a longtime horizon for goals like retirement savings, invest in stocks as soon as possible.”



2. Bonds

A bond is an investment where you essentially loan money to the issuer (typically a company or a government), and you earn interest on the amount you loaned or invested. Companies and government agencies issue bonds to raise the funds needed to build roads, invest in infrastructure, or conduct much-needed research and development. Bonds are rated by their quality and safety, which is based on the financial condition of the issuer. Bonds are a more conservative type of investment, usually paying out a fixed interest rate over the duration of the bond.

Important to know about bonds: “If you have a shorter time horizon and want to protect wealth, bonds are appropriate as they aren’t as volatile as investing in stocks,” Johnson adds.



A successful long-term investment strategy starts with an understanding of the investment options available to you.

3. Mutual Funds

Mutual funds allow you to “pool” your cash with other investors to invest in a wide range of stocks and bonds. As a mutual fund shareholder, you’ll share in any gains or losses in the fund. Because mutual funds allow you to invest in a variety of types of investments simultaneously, they’re a great way to spread your investment risk while benefiting from the financial success of the companies included in the mutual fund. You can learn more about a particular mutual fund by thoroughly reviewing the fund’s prospectus (essentially an owner’s manual for mutual fund investors) that includes the fund’s investment goals, strategy, fund manager, and fee structure, among other key features.

Important to know about mutual funds: As mutual funds tend to spread investment risk around, they’re considered more conservative than individual stock investments. “In general, someone closer to retirement age will be allocated in more conservative investments (like fixed-income and mutual fund investments), and someone farther from retirement age will be allocated in more aggressive investments, like stocks,” explains Kevin Kleinman, an investment manager with Blue Haven Capital and founder of Watchhimtrade.com.

4. IRAs

Individual retirement accounts, also known as IRAs, are a tax-efficient way to save for retirement. Let's look at two different options: Traditional IRAs and Roth IRAs.

Contributions to Traditional IRAs — the most common type of IRA investment — are tax-deductible, meaning you do not pay income tax on the money you put into the IRA or any earnings the IRA generates, until you take that money out of the account. Since most investors wind up in a lower tax bracket in retirement, withdrawals from a Traditional IRA are usually taxed at a lower rate than they would've been at the time contributions were made and earnings were accruing.

By contrast, contributions to Roth IRAs are made with post-tax dollars. However, as with Traditional IRAs, any earnings in Roth IRAs accrue tax-free. The real tax savings with a Roth IRA comes at retirement, because all withdrawals from Roth IRAs are tax-free.

Important to know about IRAs: You should begin investing in IRAs as early as possible to build momentum and earn more money. “Younger investors can take more risks (own a larger percentage of equities) with their IRAs and 401(k)s because they [don't need to] use that money until they retire,” says Gabriel Pincus, president of GA Pincus Funds.



5. 401(k) Plans

401(k) plans are employer-sponsored retirement investment plans that enable employees to set aside tax-deferred income for retirement. In some cases, employers will match your contribution dollar-for-dollar, up to a specific percentage (usually between 3% and 6%). Like IRAs, the earlier you start investing in a 401(k) plan, the more money you'll earn over the long term. Most 401(k) plans hold a majority of stocks and mutual funds (which boost returns), especially when plan participants are younger and can take more risk. If your employer offers any kind of matching plan, you should park your retirement money in the 401(k) before investing in an IRA — the rate of return on those matching funds can't be beat!

Important to know about 401(k) plans: 401(k) plans provide long-term tax-deferred investing for retirement. The sooner you start investing in a 401(k) plan, the more likely it is that you will see stronger investment returns. “If you want to lower your tax bill and accumulate wealth for retirement, participate in your employer-sponsored retirement plan,” adds Johnson.



The Key Takeaway

Because everyone has unique financial goals, there isn't just one investment approach that works for everyone. To find the investment strategy that works for your personal situation, talk to a trusted Synovus financial advisor. We can help you create a sound investment strategy and choose the types of investments that best fit your unique financial goals.

Understanding the stock market



Investing money is a way to build wealth over the long term. If you're a beginner, though, making sense of the market isn't always easy. Between the industry jargon the financial planning experts use and all those abbreviations, it can be tough to find your footing. Brushing up on the basics can make your entry into the market a little smoother.

Decoding the investing alphabet soup:

The first thing to familiarize yourself with is the lingo of investing. Here are three terms to know:

1. NYSE

NYSE stands for New York Stock Exchange, and it's one of the largest stock exchanges in the world. In April 2018, 1.2 billion stock shares¹ were traded daily. The NYSE is where investors buy and sell stocks, bonds, mutual funds, exchange-traded funds, and other securities. To be listed on the NYSE, companies have to meet strict criteria, including having well established top-tier financial records. Both U.S. and foreign companies primarily in the financial, manufacturing and natural resource sectors are listed on the exchange. The NYSE is based in New York City, with its trading floor located on Wall Street.



Get to know the market abbreviations.

2. Nasdaq

The Nasdaq (which stands for National Association of Securities Dealers Automated Quotations) is also a stock exchange. However, it's different from the NYSE because there's no physical trading floor. There's also a difference in the companies that are traded on the Nasdaq. The NYSE features a smaller pool of stocks from established, well-known companies like Ford (F) and Exxon (XOM). The Nasdaq is weighted more heavily toward newer companies and tech stocks, like Amazon (AMZN), Google (GOOGL), and Facebook (FB). The Nasdaq Composite Index is a market index that measures performance for all of the more than 3,300 stocks² listed on the Nasdaq exchange.

3. Dow Jones

The Dow Jones Industrial Average (DJIA) isn't a stock exchange; it's an index that tracks the performance of a group of stocks. The DJIA — also known as the Dow — represents the price-weighted average of the 30 largest publicly traded U.S. companies in the stock market. The Dow is a benchmark for measuring how well or poorly the stock market is doing on any given day.

NYSE

New York Stock Exchange

Nasdaq

National Association of Securities Dealers Automated Quotations

Dow Jones

Dow Jones Industrial Average (DJIA)

Making money in the market

There are two basic ways to profit from investing. The first way is to buy stocks or other investments on an exchange, and then sell them at a higher price. Here's a simple example: if you buy 100 shares of stock for \$20 each, then sell them for \$30 each, you've made \$1,000 on your investment. Of course, this is before any tax or commission costs.

There are two ways to profit from investing:

- 1. Buy investments at one price and sell at a higher price**
- 2. Invest in companies that pay a dividend**

The other way to make money in the market is by investing in companies that pay a dividend to investors. A dividend is a payout you could receive (usually quarterly or annually) based on a company's profits and how many shares of that company you own. Dividends are separate from any gains you realize if the value of the stocks you hold goes up. Dividends aren't guaranteed, and not all companies offer them.

How do stocks and other securities increase in value?

If your goal is to make money by investing in the stock market, you likely have one big question: what causes stocks or other investments to increase in value? Stock prices are influenced by a variety of factors, such as:

- Supply and demand
- Financial health of the company whose stock you buy
- Interest rates and inflation
- Global economic conditions
- Political developments
- Investor sentiment

All of these things plus many others can cause a particular stock's price to go up or down, directly affecting the value of the shares you own. Stock traders and analysts tend to focus on fundamentals when deciding which stocks to buy or sell on an exchange.

Fundamentals can be defined as a measure of the company's overall financial health. Companies with good fundamentals — e.g., good cash flow, increasing revenue, profitability, and lower debt load — are typically viewed as better investments because they're more likely to deliver steady returns to investors.

How market swings affect investments

One of the most important things to know about the stock market is that it moves in cycles and is affected by volatility. When the stock market goes up one day, and then goes down for the next several days, and then up again and back down, that's market volatility.

Volatility in stock pricing influences market swings. For example, the announcement of an interest rate hike or a major change to foreign trade policy could send stock prices tumbling. Prices for an entire sector could be driven up if a leading company in that sector releases a stronger than anticipated quarterly earnings report. When a swing happens, you could lose money or get a boost in your portfolio, depending on which way it goes.

A market correction is when stock prices fall by at least 10% from their most recent high³. A correction can be measured for an individual stock or bond, but they're usually measured based on the performance of an index, like the DJIA or the Nasdaq Composite Index. A bear market is when stock prices fall by 20% from their one-year high. Investor sentiment is generally negative, and a bear market is typically characterized by a broader economic slowdown. At the other end of the spectrum is a bull market, which is characterized by a period of steady increases in stock pricing.

Corrections are generally short-lived, lasting on average three to four months, while bull



A bear market is when stock prices fall by 20% from their one-year high.

and bear markets can last for longer periods of time. A correction can be a precursor to a bear market if stock prices continue to fall.

Do your homework

Investing in the stock market offers an opportunity to earn better returns than you might get from a savings account or a certificate of deposit. But it can also be risky. Don't be afraid to seek out and talk with a professional. A trusted Synovus financial consultant can help you create a sound investment strategy and choose the types of investments that best fit your unique financial goals. Ready to talk with someone to help you get started? Call us at 1-888-SYNOVUS (1-888-796-6887).

The importance of diversifying your portfolio



All investments come with risk, and there's a direct relationship between the risks you take and the returns you could potentially earn on the money you're investing. That might sound scary if you're new to investing your money in the market.

But good investing takes steps to manage and mitigate unnecessary risks in your investment accounts and portfolios. Properly diversifying your assets is one of the most important risk-management strategies to use.

What does it mean to diversify your portfolio?

There's an old saying that goes, "don't put all your eggs in one basket." In other words, don't put all your valuables in a single place, because if something happens to your one basket, you lose all of your eggs.

This exact concept applies to your investments. You don't want to hold all your money in one type of investment — all stocks, all bonds, or all of another commodity or asset class — because if something happens and the value of that particular investment drops, your entire portfolio will drop.⁴ In other words, you don't want to be too concentrated in a single investment type. As Ramit Sethi explains, "True diversification protects you from loss because, even if one [of] your investment holdings completely tanks, it won't drag down the rest of your portfolio."⁵



Diversification
protects you from unnecessary
risk by spreading out your
investments across
the entire financial market.

How to keep your investments diversified

Diversification protects you from unnecessary risk by spreading out your investments across the entire financial market rather than concentrating your money in one place. To properly diversify your portfolio, you need to:

- **Invest in various asset classes.** For example, you might put some of your money into stocks and some into bonds.
- **Invest in different types or subclasses of a particular asset class.** For example, when you put money into stocks, you could diversify between large cap, small cap, growth, value, domestic, international, and so on.
- **Invest in different market segments.** Let's say you want to invest heavily in technology when it comes to equities like stocks. That's great, but you should balance that out with investments in other sectors, such as healthcare or manufacturing. When it comes to bonds, you might want to diversify by investing in a way that allows you to hold bonds from various issuers and with different maturity dates.

Clearly, diversification presents you with a lot of options.⁶ The next step is knowing how much variety is enough — and what might be too much.

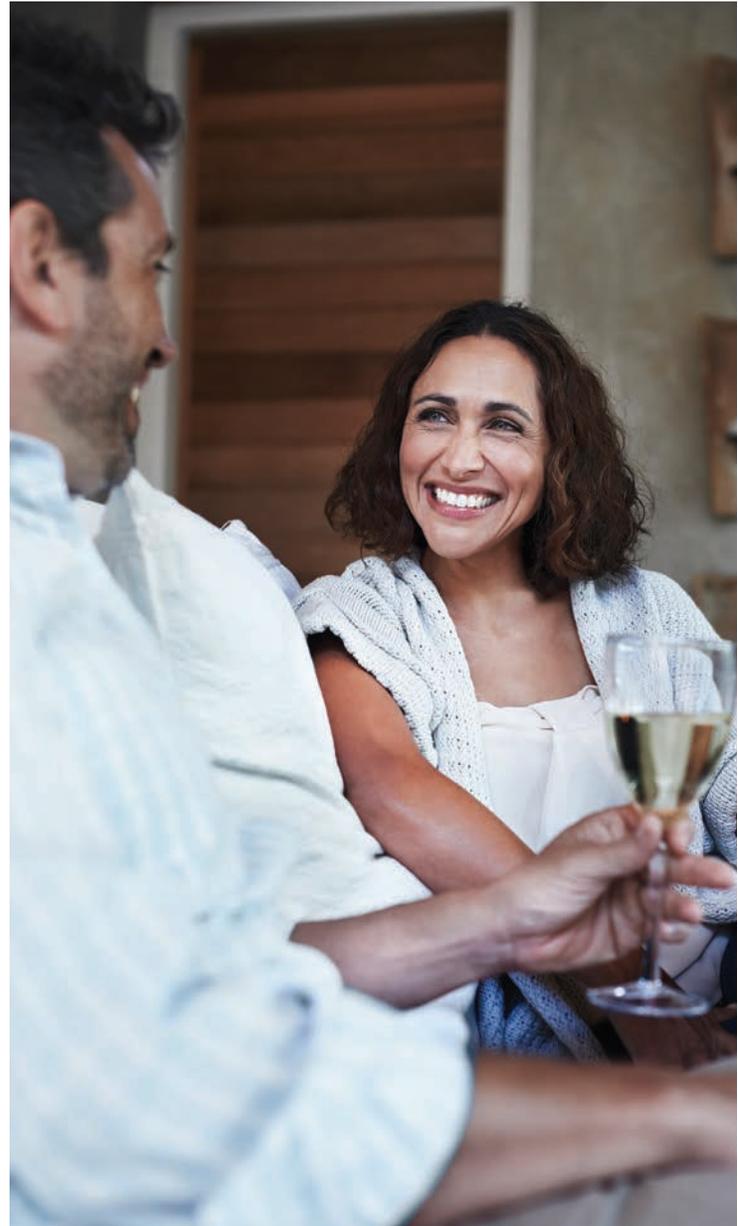
The right level of investment diversity

How much you need to diversify depends on your specific goals and risk tolerance. There is no one answer to what “correct” diversification looks like. But you can over-diversify, or spread your investments too thin.

Constantly adding new investments to your portfolio for no reason or holding more than five or six different kinds of assets can make your money harder to track and manage — and it doesn’t help you achieve the point of diversification, which is to better manage the risks you take to earn a reasonable return.⁷

The “right” amount of diversification for you can be difficult to objectively measure on your own, which is why it’s helpful to work with a third-party professional to help you. A qualified investment advisor can help with financial planning to identify how much risk is appropriate for you, and how diversified you need to be to reach your long-term investing goals.

We’re here to help when you are ready.



Understanding risk tolerance

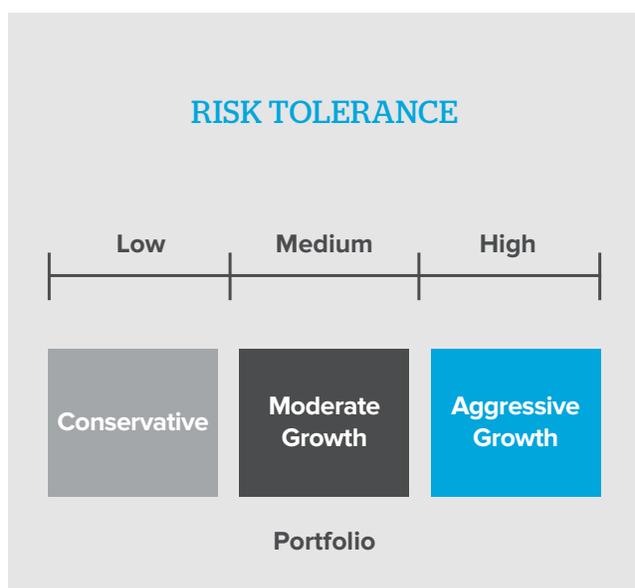


When it comes to investing, there's a relationship between risk and reward.⁸ The higher the risk, the bigger the potential reward. But that relationship goes both ways. The more risk you take when you invest, the more you expose your portfolio to greater volatility and chance of loss.

When it comes to investing, you need to balance your desire for a high return with your ability to handle risk and the potential of losing money in the market.

Understanding your risk tolerance

Risk tolerance⁹ is your ability to handle the ups and downs that occur in the financial markets, and the potential losses that come if you need to sell when the market is down. Those with high risk tolerance are able to stand some red (loss) in their portfolios and are able to stick to an aggressive investment strategy even when the market takes a tumble. On the other hand, those with low risk tolerance hate the idea of losing even a dollar of their hard-earned cash — and aren't able to stomach seeing big losses in their nest egg.



Considering risk when building your portfolio

There's no one right answer to what your risk tolerance "should" be. While you need to know what your tolerance for risk is, you also need to understand what your capacity for risk is.¹⁰

For example: you may be comfortable taking big risks, but if you're five years out from retirement, your capacity for risk might be quite low since you literally can't afford to take a big loss in the nest egg you'll need soon.

On the other hand, you could be decades away from retirement and have a large capacity to take risks, since you have lots of time to recover from losses. If you can keep your money in the market and ride out the volatility that lots of risk can bring, being more aggressive can help you build a bigger nest egg even if you feel like you can't save very much. A higher return could take the pressure off you to contribute a lot to your accounts when your cash flow is limited.

Creating an investment portfolio that merges both your goals and your ability to handle risk is important. You don't want to jeopardize achieving your financial goals.

If your risk tolerance is too high...

If you're overly aggressive when it comes to taking on risk, you could put yourself in a position where you can't recover the money you lose. You need a lot of capital and a long time horizon if you want to take big risks.

Taking on huge risks in the hopes of massive returns may not be a problem if you're young and early in your career. However, if you're approaching retirement or may want to use the money in your investment portfolio within the next five to 10 years, dial down the risk you take and consider playing it a little safer so you don't fail to miss your financial goals because you lost money in the market.



You need a lot of capital and a long time horizon if you want to take big risks.

If your risk tolerance is too low...

On the other hand, you have to be careful with how safe you play it. If your risk tolerance is too low, you could miss out on the chance to build the wealth you need to retire when (and how) you want. Remember, less risk equates to less reward. And less reward in this case means lower returns — and potentially less wealth over time.

You can afford to be more conservative if you plan to start saving early — and save a lot. That takes the pressure off your investments to earn a certain return and may better align with your preference for less risk.

Trying to figure out where you stand in the risk tolerance spectrum? Try taking a risk tolerance assessment.¹¹ Even better than an online quiz? Our financial advisor professionals can help you make investment choices that reflect your appetite for risk.

Understanding market volatility



Hearing a lot about market volatility in the news? It's a common topic the financial media focuses on. This may lead you to believe it's a big deal or even something to fear — but that's rarely the case. Here's what you should know about market volatility and how to handle it.

What is market volatility?

Volatility simply refers to changes in the market over a short period of time. Just how volatile the market is depends on the degree of change it experiences.¹²

In most cases, people think about sharp downward swings when they hear the market is “volatile.” This is what the media most often refers to when reporting on the term. But in reality, a dramatic increase in values of stocks and other securities counts as volatility as well.

Market volatility simply refers to a change in asset prices, and it’s nothing to fear as an investor – as long as you know how to handle it.

That’s one reason not to panic when you hear about market volatility. In a functioning market, volatility is perfectly normal — and, perhaps more importantly, it’s something you can plan for and manage.

Handling volatility in your portfolio: 4 tips for success

There are many strategies you can use to help ensure your portfolio can handle market volatility when things swing up or down — or back and forth! Here are just a few:

1. Diversify your portfolio

In simple terms, diversification is a strategy that prevents you from keeping all your eggs in one basket — or all your wealth in one type of asset.¹³ Keeping a mix of assets means that your wealth isn’t tied to the performance of any one thing. When volatility happens, you may see part of your portfolio decline in value, but you don’t risk losing it all.

2. Think of volatility as an opportunity

As Jonathan Clements explains to Marketwatch, “Seasoned investors don’t get nervous when the market declines. Rather, they get excited by the prospect of buying shares at much cheaper prices.”¹⁴

Remember that buying into the market when prices are low is exactly what you want to do as a successful investor (as you want to minimize buying when prices are at their highest, or most expensive). Dollar cost averaging allows you to buy more when the market is low and less when the market is high, because you make the same contribution to the same set of investments at the same time every month.¹⁵

This strategy prevents you from having a knee-jerk reaction to financial reporting, which could leave you buying high or selling low if markets get volatile and change unexpectedly. By creating a smart investment strategy before you begin — and having a plan that accounts for volatility — you won’t be tempted to react emotionally.



3. Create a long-term plan

Market volatility could be more of an issue if you needed to get cash from your investments tomorrow. But as a general rule, you should only invest the money you know you won't need for at least five years — which is typically long enough to ride out any short-term volatility.

This means there's no reason to keep an eye on the daily movements of the market. We know the market will fluctuate up and down. And, those fluctuations might look like big fluctuations if you only look at day-to-day activity.

Take a step back and consider the stock market from the bigger perspective. If you plan to stay invested for the long term to reach your goals, whatever happens today will most likely be a blip on the radar five to 10 years from now. So when you hear the news about volatility, don't worry. Take the long view and don't get caught up in the daily hype.

4. Know your own risk tolerance

If you know you can't stand to see dramatic market volatility — even after creating a long-term investment plan — then you may need to take less risk with your investments.

The tradeoff is a smaller return, but that might be worth it if you have little appetite for risk and thinking about potential losses keeps you up at night.



Just be careful you don't prioritize avoiding risk over taking the appropriate risks. Risk and return are related.

Volatility is a normal part of the financial markets you'll likely invest in as you work toward your personal savings goal. While failing to manage that volatility in your portfolio could leave you exposed to unnecessary risk, it's nothing to fear as long as you put the right strategies in place and expect it, so you don't panic when it happens.

What is a bear market?



If you tune into the financial news — or listen to your coworker who likes to talk about the next hot stock pick — you might be worried about the stock market taking a turn for the worse. These periodic downturns in the market are called “bear markets.”

While it’s possible that we’ll see a bear market in the near future, there’s no reason for panic. Why? Because the stock market is cyclical. Sure, it goes down sometimes, but history tells us it will eventually come back up again.

What is a bear market?

A bear market describes market conditions where the prices of securities (like stocks) fall or decline.¹⁶ This often sparks an emotional reaction in many investors, and they start selling their positions out of fear — which only pushes prices farther down.

It can be a vicious cycle, and a tough one to deal with when you're invested in the market. But when you're invested for the long term, it helps to remember that bear markets are a normal part of the market cycle.

Understanding market cycles

Even though bear markets mean falling stock prices (and therefore a potential loss of value in your portfolio), there's no reason to fear them. For one, those losses are just paper losses. You only incur an actual loss if you sell during a bear market.

Therefore, for most investors, selling during a bear market is the exact opposite of what you need to do. It's usually wiser to stay put and not move the majority of your portfolio to cash.

Why? Because what usually follows a bear market is a bull market — that is, a market where prices of securities rise. If you can keep investing in a downturn, you are effectively buying at a discount, since the value of your portfolio will likely rise during the next part of the cycle.



The overall value of the market can drop during a bear market — but investors who stay calm have little to fear.

If you look at the stock market's performance over time, you'll see that, historically, the value of the market has always trended upward.¹⁷ That doesn't mean that crashes don't happen and bad years don't strike — they most certainly do. What it does mean is that things are likely to rise again at some point in the future, and the investors who sold during the bear market almost always miss out on the climb back up.

How to prepare your portfolio for a bear market

None of this means a bear market is fun for an investor. It can be scary to see prices falling — especially when it feels like they'll never stop going down. However, you can prepare your portfolio to better weather a bear market.

By taking the following steps, you'll help stem losses when the market is going through an inevitable downturn.

- **Understand market volatility:** The more you understand normal market behavior, the less you'll be spooked by volatility when it occurs.
- **Diversify appropriately:** Diversifying your portfolio keeps you from putting all of your eggs in the same basket. When one part of the market goes down, another part might not be as affected. For example, during the Great Recession, businesses that offered customers access to low-cost products, such as McDonald's and Dollar Tree, actually performed well.¹⁸ Spreading your portfolio across market segments helps avoid having everything crash all at once.¹⁹



Because the stock market is cyclical, it goes down sometimes. But history tells us it will eventually come back up again.

- **Know your risk tolerance and capacity:** You need to know how much risk you can afford to take and how much you can emotionally handle. If your tolerance and capacity for risk are both low, then your portfolio should be invested more conservatively so you don't ride a bear market all the way to the bottom. Just know that there are always trade-offs with risk and reward — the less risk you take, the smaller you should expect your reward to be.
- **Have a plan:** Investing in a vacuum doesn't work. You need a complete financial plan to help you understand the right moves to make — through both bull and bear markets.

The best thing you can do when markets swing is to remain calm and don't overact.

The best defense against a downturn: keep calm

While it's good to have a solid plan, the best thing you can do might have nothing to do with how you manage your portfolio — and everything to do with how you manage yourself. Investor fear and worry are often contributors to bear markets — and it is usually in response to a sluggish economy or uncertainty around political events.

When people start feeling fearful, they start selling, and the price of stocks tends to fall. The falling stock price causes even more fear, and can even lead to full-blown panic. The best thing you can do for yourself in the face of everyone else's fear is to remain calm and not give way to hysteria.

Of course, this might be easier said than done. That's why an objective third party, like a financial advisor, can provide so much value. It's not easy to sit on the sidelines and not react emotionally when everyone else is panicking and the news headlines get increasingly dramatic.

A good advisor can help you navigate through the noise and remain calm, especially when the best action to take with your investments is no action at all.

To learn more about partnering with someone who can help keep you on the right track even when markets go through turbulent times, find an experienced Synovus financial consultant who can help you be prepared whatever the market does.



Sometimes the best action is
no action at all.

Traditional IRA vs Roth IRA



According to a 2018 report from the National Institute on Retirement Security,²⁰ about 66% of millennials have nothing saved for retirement. With fewer employers offering a retirement plan, young adults in particular can be confused about how and where to start.

Most experts recommend that you save at least 10–15% of your income for a comfortable retirement, so it's worth exploring tax-advantaged Individual Retirement Accounts (IRAs) as part of your overall retirement plan.

Benefits of investing with an IRA

An IRA is an investment account designed to help you save money for retirement. It can be used in place of — or as a supplement to — an employer-sponsored 401(k) plan. IRAs combine the power of compound interest with lucrative federal tax benefits, which can lead to substantial growth over time. The earlier you start to save, the better, since your savings will have more time to grow.

Which type of IRA is right for you?

The two most popular types of IRAs are traditional IRAs and Roth IRAs.

To know which is right for you, ask yourself this question: When it comes to taxes, would you rather pay now or pay later? Generally, if you expect to be in a higher tax bracket when you retire than you are in now, then you'll want to choose a Roth IRA. But if you think your tax bracket will be lower in retirement (more likely the case), then you should choose a traditional IRA. Here's why:

- **A traditional IRA** offers upfront tax savings since your contributions are tax-deductible as are the earnings. That tax break makes



When deciding between a traditional IRA or Roth IRA, consider your income and whether you prefer to pay taxes now or when you retire.

it easier to save more money now, which is especially useful if you can't afford to contribute a substantial amount to your IRA in a given year. But you will have to pay taxes on your contributions — and any earnings in the account — when you withdraw. (Pay later.)

- **With a Roth IRA**, you make contributions with post-tax dollars, so your contributions are not tax-deductible. The upside: your savings grow tax-free, and in most cases neither the money you put in nor the earnings you accrue will be taxed when you withdraw. (Pay now.)

If you're not sure what your tax bracket will look like in your retirement years, consider contribution limits and withdrawals.

Contribution limits

For 2019, the IRS allows up to \$6,000 per year (up to \$7,000 for those 50 or older) in total contributions to your traditional and Roth IRAs combined.²¹ However, with a Roth IRA, your annual contribution limit is based on your modified adjusted gross income (AGI).²² If your AGI is:

- Less than \$122,000 (less than \$193,000 if married filing jointly), you will be eligible to contribute the maximum amount.
- Between \$122,000 and \$136,999 (between \$193,000 and \$202,999 if married filing jointly), your limit will be reduced.
- \$137,000 or more (\$203,000 or more if married filing jointly), then your only option is a traditional IRA.

Withdrawals

Whether you invest with a traditional IRA or a Roth IRA, if you take an early withdrawal (before age 59½), then your nest egg could be subject to taxes and a 10% penalty. For both types of IRAs, there are a few exceptions to the 10% penalty, such as paying for the down payment on your first home or certain medical expenses.²³

An important difference between traditional and Roth IRA withdrawals is how long you can wait before you begin withdrawing money.

- With a traditional IRA, you must start taking required minimum distributions each year once you turn 70½, and the amount will vary based on certain parameters, such as your age and account balance.
- There are no required minimum distributions with a Roth IRA.

How to open an IRA

Once you decide which type of IRA you want, start researching your options. Pay attention to account minimums, account maintenance or setup fees, and transactional costs. Fees and expenses can eat into your retirement savings, so keep an eye out for those when comparing options. Regardless of which type of retirement account you choose, the most important thing is to start saving as early as possible.

If you need help with your decision, a financial advisor can provide additional guidance. Questions? Please give us a call at 1-888-SYNOVUS (1-888-796-6887).

For a comfortable retirement, most experts recommend that you save at least 10 - 15% of your income.

What is an annuity?



As you build your financial vocabulary, one term you may run into often is annuity. An annuity can provide an additional income stream for your investment strategy, but it's different from investing in stocks or bonds.

Here's a high-level look at what you need to know about annuities for investment planning.

What is an annuity?

In simple terms, an annuity is a contract between you and a life insurance company.²⁴

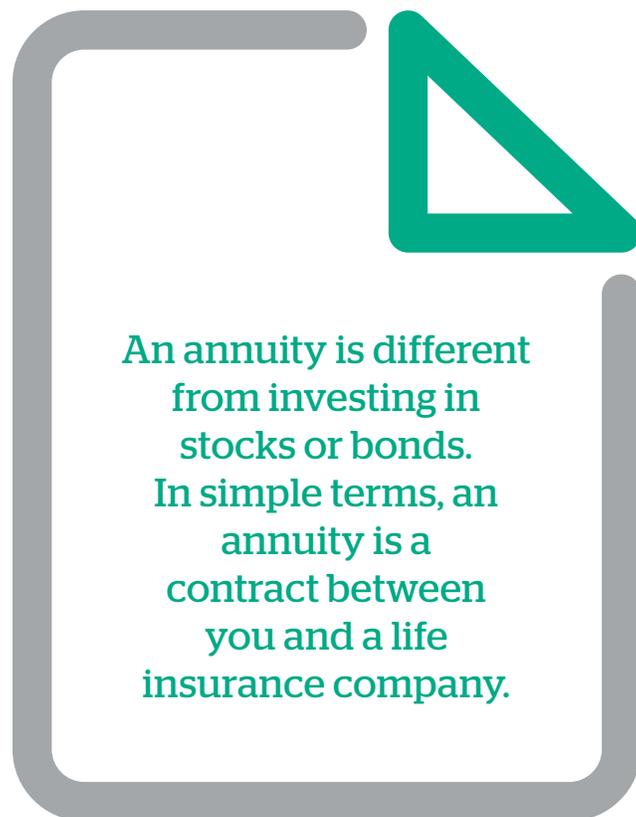
It's not the same thing as a life insurance policy, which pays out a death benefit to your beneficiaries when you pass away. Instead, annuities are designed to generate income for you during your lifetime, either before or after you retire, making it the opposite of life insurance.

Here's how it works. You buy an annuity contract from an insurance company and pay either one single premium payment or monthly premiums. The insurer then makes payments to you, either as a lump sum or in a series of payments over time.²⁵

There are three main kinds of annuities, all of which generate returns in different ways:²⁵

- **Fixed** – Earns a guaranteed interest rate, which is set by the insurance company you purchased the annuity from.
- **Variable** – Returns are generated by underlying annuity investments, or sub-accounts.
- **Indexed** – Returns are based on the performance of an underlying index, such as the Standard and Poor's 500 index.

Annuities have a funding period, in which money is paid in, and a payment period, in



which money is paid out to you. The three types of annuities outlined here can be further classified as immediate or deferred, based on when the payment period begins.

- An immediate annuity can begin making payments as soon as the annuity is funded.
- With deferred annuities, payments begin at a future date of your choosing.

Regardless of whether you choose an immediate or deferred annuity, your annuity may continue to grow during the funding period.

The pros and cons of annuities

The biggest advantage of purchasing an annuity is the potential to create guaranteed lifetime income. That's something 8 in 10 workers²⁶ say they'd like to have in retirement.

For instance, you could structure your annuity to deliver a monthly payment beginning when you retire and continuing until you pass away. If you're married, you can structure the annuity to transfer that payment over to your spouse after your death. If you're unmarried or widowed, any remaining annuity payments can be distributed to the beneficiary of your choice.

Annuities are advantageous from an investment-planning perspective because of their tax-deferred nature. Taxes aren't due on gains earned with an annuity until you begin receiving payments.²⁵

If you're considering an annuity as part of your investment strategy, there are a few potential downsides to keep in mind:

- Review the costs of purchasing an annuity, as you may pay a sales commission or stiff management fee.
- Consider also the annuity's return potential. If your goal with investment planning is to drive growth in your portfolio, you need to understand what kind of returns an annuity can deliver.

- Remember that while a fixed annuity can generate a guaranteed return, there may be more risk involved with variable or indexed annuities.

Finally, be aware that fees may apply if you need to access the funds in the annuity, or surrender the annuity.



Annuities are advantageous from an investment-planning perspective because they can provide constant income and taxes are deferred until you begin receiving payments.²⁵

Think about your larger investment strategy

An annuity may be a welcome addition to your portfolio if lifetime income is something you're interested in as part of your broader retirement plan, or if you're seeking diversification in your portfolio. However, if you have yet to consistently max out contributions to your employer-sponsored retirement plan or an IRA, an annuity may not be the right move.

If you're not sure whether an annuity is appropriate for you, Synovus is here to help.

What is a stock dividend?



Investing in stocks can be a great way to grow your portfolio, but it's important to remember that not all stocks are the same. Some stocks pay dividends to investors, in addition to any gains you may earn when the stock increases in value. If you're still learning basic investing lingo, here's a quick breakdown of everything you need to know about dividends.

Stock dividends explained

The simplest way to think of dividends is as a bonus or reward you receive simply for owning a stock. Dividends are set as a percentage of the company's profits — you're paid a dividend for each share of stock you own.

Dividends can be paid to investors in cash or in additional shares of stock. Typically, dividend payouts are made to investors quarterly, although some companies may issue annualized dividends instead.

Which companies pay dividends?

Not all stocks are dividend stocks. Companies can choose whether to pay dividends to investors or not.

Most often, dividends are associated with larger, established companies that have a history of stable earnings. Apple (AAPL), Microsoft (MSFT), AT&T (T), and Exxon Mobil (XOM)²⁷ are examples of companies that pay dividends.

When companies opt not to pay dividends, it may be because profits are being reinvested to fuel growth. Alternately, some companies may simply choose to stockpile cash generated from earnings.



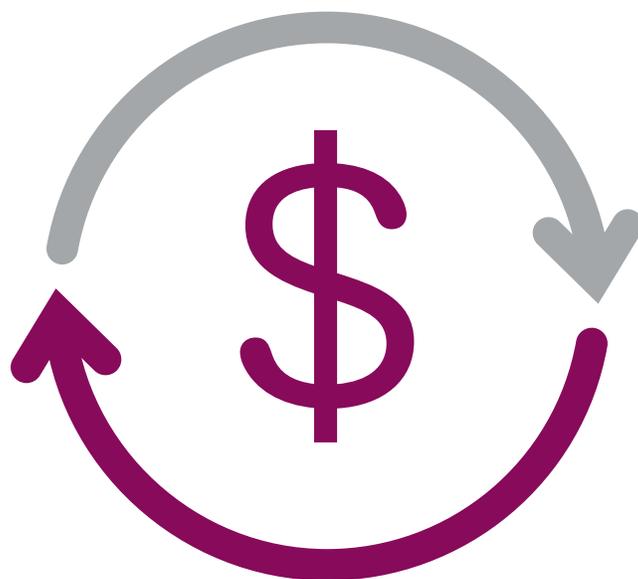
When investing for dividends, focus on dividend aristocrats, which are stocks that have increased their payout for 25+ consecutive years.

Benefits of investing in dividend stocks

There's a strong case to be made for investing part of your portfolio in dividend stocks. Dividends are income, and when they're associated with a company that's financially sound, that income can be consistent for both the short-term and long-term. You can decide to take the dividends as cash income, or if you don't need to access your dividend income yet, you can reinvest your dividends in additional shares of stock. This allows you to increase the size of your portfolio. It's also a potentially cost-effective way to invest since most companies don't charge fees to reinvest cash dividends.

Historically, dividend stocks have generated the highest returns relative to other stocks since 1972.²⁸ At the same time, they're also less volatile, meaning they're less susceptible to negative impacts associated with market swings between highs and lows. This means that dividend stocks can act as a hedge against volatility — that is, the up and down movements that occur in the market.

Of course, investing in dividend stocks is like investing in anything else — there is risk involved. When choosing dividend stocks for your portfolio, it's helpful to have a trusted advisor you can turn to for guidance. Synovus is here if you have questions about dividends or investing. Call us at 1-888-SYNOVUS (1-888-796-6887.)



6 reasons why you need a financial plan



Wherever you are in your financial journey, a financial plan can help you identify your goals — and show you where you are today and outline what you need to do to reach your goals. Most importantly, a financial plan will provide you with a road map of clear action steps to get you from here to there.

What's included in a financial plan?

Your financial plan is based on your financial reality, your wants and needs, your goals, and the challenges you need to overcome on the way to achieving your goals.

For that reason, every financial plan looks a little different — but there are some standard elements:

- A statement of your net worth, which shows all of your assets (like cash and investments) and liabilities (like debt). Your net worth is your assets minus any liabilities, and it helps show where you financially stand today.
- A look at your current cash flow, which is the money coming in and going out of your accounts each month. The plan might include suggestions on how you can adjust your cash flow so you have more to save and invest.
- An analysis of your biggest financial goals and how much money you'll need to reach them. Your plan should also include a breakdown of the steps you need to take between now and when you want to achieve that goal.
- A retirement plan that helps you understand what you'll need to cover your living expenses after you stop working. That could also mean an analysis of the accounts you should invest in, how much you should contribute, and any tax strategies you can take advantage of to maximize how much you keep in your nest egg.



Every financial plan looks a little different.

- An investment strategy that's appropriate for your risk tolerance and capacity, time horizons for your goals, and your own personal philosophy on investing your money.
- Reviews and recommendations on insurance coverage, estate planning needs, and any other special considerations specific to you and your financial life. This will largely depend on what you want to do with your money and what other financial responsibilities or obligations you might have. You might need to account for buying a home or starting a business. Other people may need a debt repayment strategy or a plan for saving for their kids' college education.

Having a financial plan helps you:

1. Gain clarity on your goals

A plan can help you better understand what you actually want to use your money for, help you achieve the lifestyle you want, and prioritize your goals.

2. Remain accountable

A huge benefit of a financial plan put together by a trusted advisor, as Jean Chatzky and Michael F. Roizen, MD note,²⁹ is the fact that you don't just get a clear list of to-dos. You get someone to hold you accountable to actually getting them done and helping you follow your financial plan.

A financial plan can help you get clear goals, stay accountable, and leave you feeling happier about money.

3. Stay in tune with your financial reality

When you actually know the numbers in your financial life, you're no longer relying on guesswork or simply hoping that it will somehow all work out. If you understand precisely where you stand, you can make informed decisions and smarter choices about how to move forward.

4. Worry less about money

A plan puts the power in your hands by showing you exactly what you need to do with your finances. Taking control often means gaining more peace of mind, knowing that you have a step-by-step process to follow to reach financial success.

5. Feel happier

That's what Farnoosh Torabi (author of *When She Makes More*, host of CNBC's "Follow the Leader," and creator of the award-winning podcast "So Money") found when she talked with the American College of Financial Services.³⁰ A financial plan can give you confidence and a positive outlook because it eliminates uncertainty and confusion around finances.

6. Organize your finances

With a plan, you can worry less about things slipping through the cracks or missing opportunities simply because you are disorganized. A financial plan isn't a standalone document: it's got the backing of a financial professional who can make good recommendations, provide guidance, and give advice. Working with a professional means seeing more angles of the situation — including aspects of your finances that you may not have thought of before.

Ready to get your financial plan in place?

Selecting a financial advisor who's right for you

While professional certifications are important, it's equally important that you actually like and get along with the financial planner you select. You should be able to trust that your advisor works in your best interest.

You need to make sure a potential financial advisor understands and respects your goals and values. If you don't feel like someone is truly listening to you, or if they try to convince you to drastically alter your goals, keep looking for someone who listens attentively and gets what's important to you.

Don't be afraid to ask specific questions to get more information about how much an advisor knows about working with someone in your situation, too. Look for someone who works with clients in your age demographic and has experience working through some of the specific planning scenarios you might be facing (like retiring from a career and starting a new business or dealing with a unique tax situation).

Money is a sensitive topic for most folks. Finding someone that you feel comfortable with is essential. Once you identify a potential advisor, spend some time talking with him or her — and then trust your gut. If you don't feel comfortable, there are plenty of other financial professionals to choose from.



It's important to find a financial advisor who truly listens to you and understands your goals.

Where to start your search

Now that you're equipped with the knowledge you need to make a sound decision, it's time to start your search. Here are a few places to begin looking for a financial advisor:

- Your local bank. Because it's important to know and like your advisor, start with financial professionals you already trust. Your local bank may have experienced financial advisors on staff who are familiar with your financial situation and can help you set up what you need all in one place.
- Ask for referrals. Turn to family, friends, or coworkers and ask if they have a financial advisor they really like. Just be sure to vet this professional — even if they came recommended by someone you know.

Ready to talk with someone to help you get started? Find a Synovus financial advisor near you or call us at 1-888-SYNOVUS (1-888-796-6887.)



About us

Synovus Financial Corp. is a financial services company based in Columbus, Ga., with more than \$45 billion in assets. Through our wholly-owned subsidiary, Synovus Bank, we provide commercial and retail banking services, including private banking, treasury management, wealth management, premium finance, and international banking. Synovus also provides mortgages, financial planning, and investment advisory services through Synovus Mortgage, Synovus Trust Company, N.A., and Synovus Securities, Inc.*

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Appendix

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Diversification does not ensure against loss.