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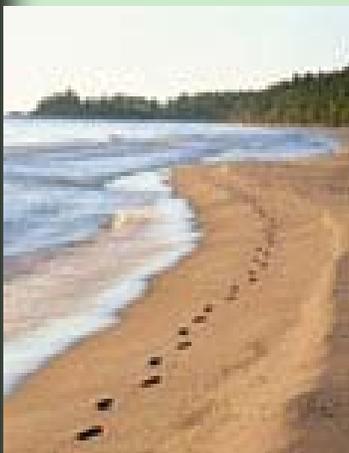
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## Is It Time to Invest in Yourself for a Change?



Retirement. College. An emergency fund. Home repairs. Check, check, check, and check. If you've been saving faithfully each month for some or all of these things, you might feel as though you're on a never-ending financial treadmill. There's no question it takes discipline, perseverance, and sacrifice to maintain a robust savings effort year, after year all while meeting your current financial obligations.

But with such focus, it's possible to get into a rut, a rut of always saving for the future with nothing left for today. If so, it might be time to take a step back and focus on the present. If you can't remember the last time you felt rejuvenated, energized, or inspired in your day-to-day life, consider investing in a new asset: yourself. In fact, focusing on yourself from time to time might just give you the extra motivation you need to stick with your long-term savings plan. Think of it as seeing the trees instead of the forest for a change.

Imagine you find yourself with a small windfall, maybe \$500 to \$2,500 from a tax refund, work bonus, reimbursement from a health or dependent care flexible spending account, or a cut in discretionary expenses. Here are some ideas on how to spend it--on yourself.

### Focus on your health and well-being

Are you feeling a bit sluggish or stressed out? Having trouble sleeping? Watching the pounds creep on little by little each year? Make an effort to focus on your health and well-being. Staying active is critical to maintaining good physical and mental health. Regular exercise can help control your weight, prevent disease, improve your mood, give you more energy, help you sleep better, and generally make it easier for you to tackle all the things--financial and otherwise--on your plate each day.

To get on the health track, you could join a gym; work with a personal trainer or nutritionist; sign up for a yoga, weight, or spinning class; or buy some home exercise equipment and workout gear and start training for trips around the block or a 5K.

Sore muscles? Chronic backache? Neck pain from working at a computer all day? Maybe it's time to see a physical therapist and invest in a new ergonomic office chair.

What about your diet? Do you frequently eat on the run? Rely too much on processed foods? Maybe it's time to invest in some new kitchen equipment, cookbooks, or even a cooking class so you can try new recipes and discover dishes you enjoy.

Along with better physical health, could you benefit from some inner peace and quiet? Consider creating a meditation spot inside or outside your home where you could go to relax, read, or reflect on your day--a bench under a favorite tree, a new chair next to the fireplace, or a small desk tucked away in a corner.

### Expand your horizons--literally and figuratively

Do you feel like Bill Murray in *Groundhog Day*, living the same day over and over? Doing something outside your normal routine can shake out the cobwebs and give you fresh inspiration. Take a weekend trip to a new destination, enroll in an adult continuing-education class, or get involved in a new project or hobby and see how much fun a new creative outlet can be.

Think about sweat equity, too. You might tackle a home improvement project or help out on a local volunteer effort.

### Get up-to-date

Still wearing clothes from your 20s? Have an old laptop or phone with outdated technology? Still wearing a 10-year-old pair of glasses? Maybe it's time to update to something newer.

When you have many financial obligations and family commitments, it's easy to put yourself last. But occasionally, it's important to do something for yourself. In addition to the immediate benefits, investing in your health and interests might pay off in the future in the form of lower health-care costs, a wider social network of friends, and a potential way to earn some extra money in retirement.

*Charles Cheryl Matt*

## Bitcoin: Digital Future or Frenzy?

The five-year-old digital phenomenon known as Bitcoin has received a lot of attention. If you're unclear on what all the fuss is about, here's a brief introduction to what it is, how it works, and some of the potential pitfalls it presents.

Bitcoin isn't a company but a virtual currency supported by a peer-to-peer computer-based electronic cash system first outlined in 2009. Unlike printed currency or coins that are minted, Bitcoin is created by "mining"--using complex software to solve complicated mathematical computations. Solving a problem creates a so-called "block," and the computer that solved it is rewarded with a set number of digital bitcoins, each of which is a set of one public and one private cryptographic key. (The units are generally "bitcoins," while the general system is "Bitcoin.") The number of solutions that can be discovered globally per hour (and thus the number of "blocks" created and bitcoins mined) is limited by the system's software code. The total number of bitcoins available to be mined eventually is said to be limited to 21 million. Most users acquire them either by buying them with physical currencies such as dollars or accepting them as payment for goods and services.

Advocates argue that the advantages of the system are: (1) It's not controlled by any government's central bank, (2) a global virtual currency facilitates global commercial transactions, (3) every block and Bitcoin transaction is recorded, and (4) though transactions are recorded, the payer and payee are anonymous, much like a cash transaction. (However, that anonymity has attracted charges that its chief use so far has been for illegal activities such as money laundering; in October 2013, the FBI shut down the Silk Road Bitcoin exchange and seized its assets.)

### How does a Bitcoin payment work?

Just as a physical wallet holds paper money and change, a digital wallet stores the private software keys that are bitcoins. It makes or receives payments by communicating with the network of other Bitcoin wallets. Some merchants and services, especially those that focus on online or international sales, are starting to explore Bitcoin transactions. Physical bitcoins, which have a software key embedded in them, have begun to be minted. However, acceptance of bitcoins as payment is entirely at a seller's discretion; there is no guarantee you'll be able to spend them where you want to or get the value you expect. Also, as outlined below, problems at some exchanges have sometimes impeded access to Bitcoin funds.

### Speculating in Bitcoin

Bitcoin's usage as a currency is a ripple compared to the tidal waves of investment speculation it has fueled. "Investing" in bitcoins simply means acquiring them through one of the methods outlined above. However, to say that Bitcoin as an investment is volatile is an understatement. Over Bitcoin's five-year history, its value has fluctuated wildly as both speculation and confidence in it as a currency have ebbed and surged. In April 2013, after rising from \$90 to \$260 over two weeks, a bitcoin's value plummeted to \$130 in just six hours;\* since then, it has undergone multiple double-digit price swings.\*\* Despite its lack of connection to any central bank, Bitcoin also has been vulnerable to actions by individual governments. After China cracked down on virtual currency transactions by financial institutions in 2013 and halted deposits of yuan at exchanges there, Bitcoin's worth in dollars was cut by more than half.\*\*

That volatility has led to problems for people trying to make payments in bitcoins. It's hard to use a currency when you're not sure whether the amount in your virtual wallet is worth enough to buy a Range Rover or a tank of gas. Complicating the issue is the fact that the value can vary on different Bitcoin exchanges. However, volatility is only one of the problems that have created havoc in the Bitcoin universe. The cyber currency has been subject to cyber attacks that have halted trading briefly on several exchanges. At one point, one of the largest abruptly declared bankruptcies and announced that nearly half a billion dollars' worth of bitcoins held there had vanished. And federal seizure of the Silk Road exchange's assets created problems accessing those funds. Worse than not knowing how much your bitcoins will buy is not knowing whether they're available to buy anything at all.

### The Wild West rides again

So far, regulatory oversight of Bitcoin has been spotty. The currency is not backed by either a government or any physical asset such as gold. Major exchanges are located around the world, and the decentralized nature of the system makes it more challenging for governmental regulators to get a handle on it. If you're considering exploring virtual currency, either for transactions or as a speculative investment, you should become more familiar with it rather than simply relying on this discussion. And because of the issues outlined above, you should be prepared for dramatic price swings and only use money that you aren't relying on for something else.



The Internal Revenue Service has said it will treat Bitcoin holdings as property rather than as a currency for tax purposes. This means the sale or exchange of bitcoins that have gained in value since they were acquired could potentially trigger a tax liability. Also, payments made in bitcoins are subject to the same information reporting requirements as any other payments made in property.

*\*Source: "Bitcoin panic selling halves its value," April 11, 2013, BBC News ([www.bbc.co.uk](http://www.bbc.co.uk))*

*\*\*Source: [www.bitcoincharts.com](http://www.bitcoincharts.com)*

## Quiz: How Much Do You Know about Social Security?



You're probably covered under Social Security, according to the Social Security Administration, an estimated 165 million workers are\*--but how much do you know about this program? Test your knowledge by answering the following questions.

### Questions

**1. If you decide to collect your retirement benefit starting at age 62, your benefit will be how much less than if you wait until your full retirement age?**

- a. 5% to 10% less
- b. 15% to 20% less
- c. 25% to 30% less
- d. 35% to 40% less

**2. Your spouse and children may be eligible for benefits if something happens to you.**

- a. True
- b. False

**3. The Social Security taxes that are collected from your paycheck are called:**

- a. FUTA taxes
- b. FETA taxes
- c. FICA taxes

**4. Once you reach full retirement age, you can work and earn as much as you want without reducing your Social Security benefit.**

- a. True
- b. False

**5. Once you begin receiving your retirement benefit, it will never increase.**

- a. True
- b. False

### Answers

**1. c.** If you were born in 1943 or later, you'll see a 25% to 30% reduction in your retirement benefit if you claim Social Security benefits at age 62, rather than waiting until your full retirement age (which is 66 to 67, depending on your year of birth). This reduction is permanent.

**2. a.** Social Security isn't just for retirees. Your spouse and dependent children may be able to receive survivors or disability benefits based on your earnings record if certain eligibility requirements are met.

**3. c.** Social Security payroll taxes are called FICA taxes because they are collected under the authority of the Federal Insurance Contributions Act. FICA includes two separate taxes: Social Security and Medicare. The Social Security portion is withheld from your pay at a rate of 6.2% (matched by your employer), but only on earnings up to the maximum earnings limit for the year (\$117,000 in 2014).

**4. a.** Before you reach full retirement age, your benefit will be reduced if your earnings exceed certain limits, but these earnings limits no longer apply once you reach full retirement age.

**5. b.** There are several reasons why your benefit might increase after you begin receiving it. First, you'll generally receive annual cost-of-living adjustments (COLA). Second, the Social Security Administration recalculates your benefit every year to account for new earnings, so your benefit might increase as a result. Your benefit might also be adjusted if you qualify for a higher benefit based on your spouse's earnings once he or she files for Social Security.

For more information, visit the Social Security Administration's website, [www.ssa.gov](http://www.ssa.gov).

\*Social Security Basic Facts, 2014

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