

Southern Capital Services, Inc.

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NEWSLETTER

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**** STOCK MARKET CORRECTION ****

By Terry E. Nager, CFP®, CLU®, ChFC®

There is no longer any doubt that the markets are experiencing a correction. The severity and length of which will likely be dependent on the actions of the Fed. If the Fed moves aggressively, as Chairman Paul Volker did in the 1970's and early 1980's, then this correction could be short but sharp, which led to two decades of growth with low inflation. If the Fed moves more cautiously, as it appears to be doing, then the impact will be less severe; however it will take longer to contain inflation.

We are continuing the steps that we have been taking to deal with this situation. We are shifting a greater portion of the portfolios from growth to value as we

have done twice previously in recent weeks. Value funds hold up better in a rising interest rate environment and generally pay dividends. (For those clients that have taxable accounts this process will produce some tax losses which could be helpful next April 15). Also, we are staying with the dollar-cost averaging into inflation hedges and allocating funds into energy, real estate, and a defense industry exchange traded fund. These investments comprise about 15% of the investments in the portfolios. We intend to proceed on this track until we are convinced that Chairman Powell is getting control of inflation. As always, an unanticipated sequence of events could change our emphasis.

Things to Think About When Preparing for College

By Eric Nager, CRPS®

While the school year is just now ending in many parts of the country, educational planning can be a year-round event, especially planning for college. Next academic year, two of the associates at Southern Capital will have seniors in high school, so it is a subject near and dear to our hearts. We, therefore, thought it

would be timely to include some college preparation tips for those with children or grandchildren of that age.

We have written before about the financial side of college preparation. This includes different types of accounts one can open, such as

Educational Savings Accounts (ESA) and 529 plans. As always, we are prepared to discuss the pros and cons of each type of account in order to help find the one that best fits your individual situation. For this article, we are focusing mainly on the non-financial aspects of college planning, and my source for

****Please remember to notify us if you have had any material changes in your financial circumstances.****

this is Ms. Ellen Blackwell, a guidance counselor at Bayside Academy in Daphne, Alabama.

Take Advantage of School Resources

Not surprisingly, Ms. Blackwell recommends for students to meet regularly with their college counselors. This can be in regard to college application essays, scholarships, and the student's final list of schools. The counselor can also advise on using the Common Application versus an institutional application. The Common Application, as the name implies, is a generic application that goes to all schools someone applies to. Letters of recommendation for this application should not name any specific school in the letter.

Standardized Test Scores Still Matter

There has been much in the news about some high-profile schools, particularly in California, no longer requiring standardized tests such as the SAT and the ACT. However, as Blackwell points out, some schools are going back to requiring a test score, so it is a good idea to take one of these exams.

A friend who is a vice president at a large university tells me that there is a lot of scholarship money available just for the score itself, implying that some sort of test preparation course might be a beneficial idea. Your high school counselor can be a helpful resource in finding a good preparation course.

Consider AP Classes

Advanced Placement classes can offer a few benefits. First, they are geared to preparing students for college work. Second, many high schools take them into consideration when calculating the student's GPA. For example, getting an A in an AP class might be scored as a 4.5 or a 5.0 on a 4.0 scale, thus rewarding the student for taking a more difficult class. Finally, AP classes include an AP exam at the end of the year. Scoring well enough on the exam can count for college credit at many schools.

Financial Aid Forms

Blackwell advises that all families should fill out the Free Application for Federal Student Aid (FAFSA), regardless of how much money they make. Some colleges require this form to be completed in order for students to be considered for scholarships. The FAFSA form goes live each year on October 1 and uses the family's tax return from the prior year. For this year, that means a family filling out the FAFSA would use the tax return for tax year 2020, filed in 2021. Some colleges also require families to fill out the College Scholarship Service Profile, or CSS Profile. This form is more in-depth than the FAFSA and Blackwell recommends that you do not fill it out unless the college you are applying to requires it.

Other Thoughts

Parents and students should have a discussion about what the family budget can handle with re-

gard to tuition before the student begins to apply to schools. Blackwell cautions that parents should not be overly involved in the application process, particularly when it comes to writing essays, even though it can be difficult to strike the proper balance. She recommends comparing each prospective college's profile of admitted students with your student's profile. There should be at least one school on the list that you are sure will admit your student. And each school on the list should be a place where your student feels that he or she would be happy. Finally, she encourages students not to "trophy hunt" or apply to multiple schools you are not interested in attending just to run up the scholarship total. Doing so could keep someone who actually wants to go to one of these schools from being admitted, and sometimes scholarship money, once awarded, cannot be awarded again to another student.

We know this list is not all-inclusive, but we do hope that it is helpful and spurs thought. If there is one thing we learned during the pandemic, it is to question if the value of a four-year degree is worth the cost, especially when so much coursework was done remotely. We also recognize that college is not for every high school student and that junior colleges and vocational schools represent a tremendous opportunity for many. Still, for those who will attend traditional college, there is a strong desire for in-person instruction and camaraderie with other students. It is this "college experience" that remains a strong draw, along with the opportunity to earn a degree.

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