

July – August 2017

Money Moxie®

TAILORED FINANCIAL STRATEGIES FOR YOUR LIFE

What Tech Employees Need From Financial Advisors



SMEDLEY FINANCIAL SERVICES, INC.®

A Confession from a Successful Investment Advisor

Dear Friends and Financial Partners!

That's quite a headline, "A Confession from a Successful Investment Advisor." Here's the confession:

The truth is astonishingly simple, "If we've been at all successful, it's because you, our clients, have been successful. Our success only comes through your success." Since June 4, 1982, when we became a Registered Investment Advisor, we have always strived to put your best financial interest first.

Over the years, many clients have shared with us how we helped them send their children through college or on missions, retire early, or live comfortably during their declining years. They have told us how our financial planning and investment management have allowed them to maintain lifestyle, travel, and handle life's major medical expenses.

As a fiduciary, we strive to put ourselves in your shoes, endeavoring to give you the best advice based on our professional financial knowledge. So thank you, thank you for trusting us with your financial concerns and assets.

We are grateful to be your financial and investment advisor. By far the most gratifying—not just satisfying—part of our job is seeing you reach your financial goals throughout your lifetime.

Bullish Best Wishes,



Roger M. Smedley, CFP®
CEO

The Savvy Traveler

By Shane P. Thomas

Travel season is in full swing. Here are a few helpful tips to remember:

- Be cautious in tourist areas - guard your wallet/purse from pick-pockets and thieves.
- Avoid using public or shared computers that could have harmful software installed to capture your bank or email login/password information.
- Limit what you carry in your wallet/purse/bags and reduce unnecessary cards, items, documents, etc.
- Don't carry your Social Security card.
- Avoid taking your checkbook.
- Don't trust anyone calling your hotel room directly claiming to be the "front desk." Call them back.



Women in Transition

The Loss of a Spouse

By Sharla J. Jessop, CFP®

One of the hardest life transitions women face is the loss of a spouse. Whether it is from death or divorce, picking up the pieces and moving forward is challenging – emotionally and financially.

Where there were shared responsibilities, suddenly you are in charge of everything from getting the car fixed to managing the daily budget and long-term financial plan. It can feel quite overwhelming. Not to mention, this transition comes at an incredibly emotional time.

Adjusting to your new conditions will not happen overnight and may actually take several years. This is a time of profound self-discovery for women, who may find themselves examining issues of identity, life meaning, and aging. Creating a support group – family, friends, and professionals – gives you a pool of people you can use as a sounding board that will keep your “best interest” in mind when providing advice.

While there will be many things to tackle over the next year, here are some important things to do in the short-term:

Locate and organize your important documents and financial records. It is easy to overlook something when you are dealing with emotional stress. Having a system for gathering and organizing financial records can provide some sense of control.

Important financial documents and records are generally the first items to focus on. The bills still need to be paid and the cash flow needs to be managed.

- Checking and savings accounts statements
- Investment account statements
- Retirement plan statements
- Stock and bond certificates

Legal documents may need to be updated, reviewed, or available for reference. These include:

- Will
- Trust
- Power-of-attorney
- Medical directive

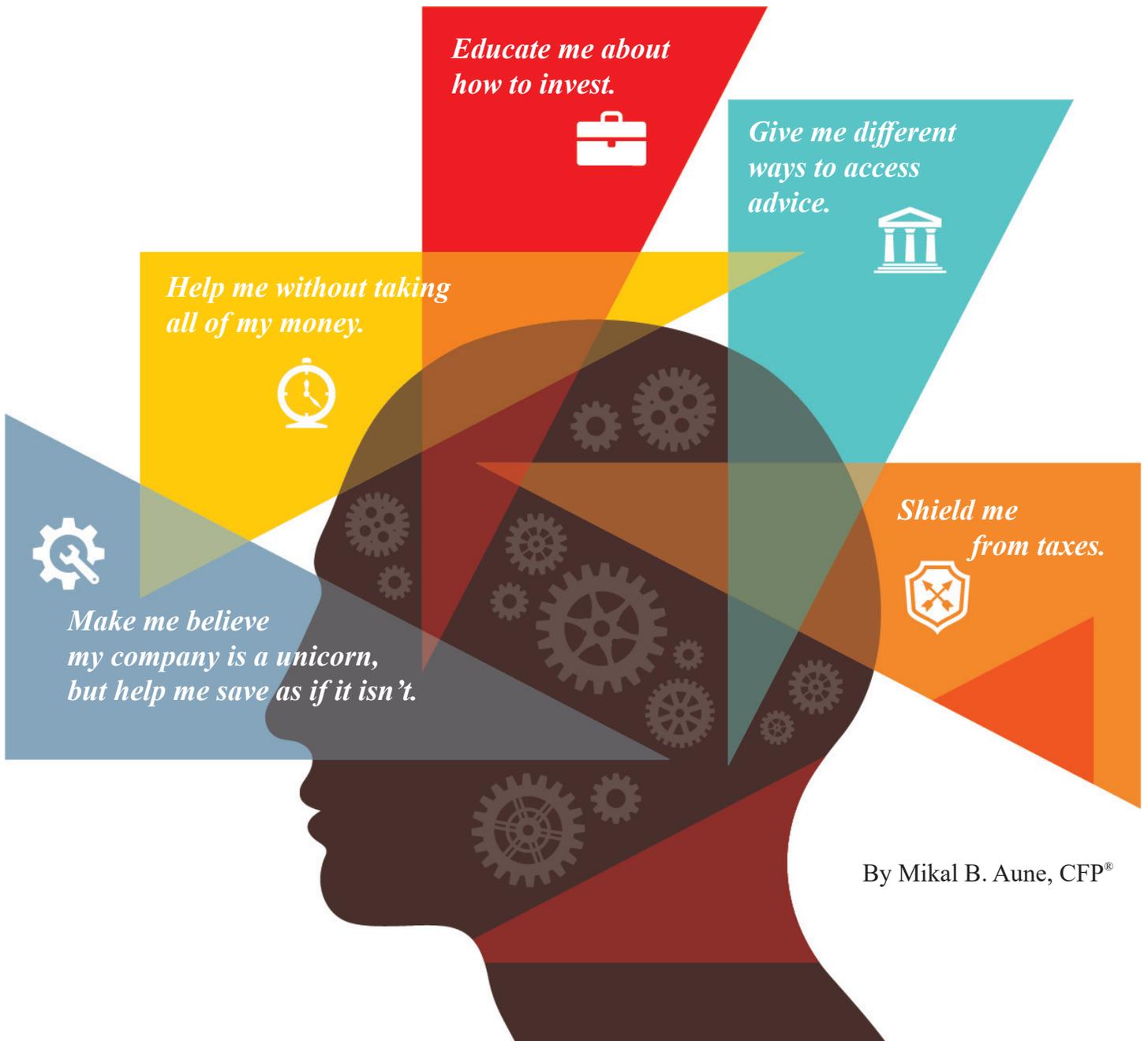
Other important papers should also be organized so that you can determine if adjustments need to be made, such as updating ownership records or beneficiaries. Some may be required for documentation as you make changes.

- Social Security statements
- Insurance policies
- Marriage, birth, and death certificates
- Property deeds
- Ownership titles - vehicles and recreational equipment

Keep in mind that everything does not have to be done immediately. Gathering this information will allow you to set up a system for tracking important details. Keep a notebook or use a computer spreadsheet that you can easily access for account numbers, phone numbers and addresses, who to call for information on accounts, professional contacts, and deadlines to monitor.

After the initial legal and financial matters settle, you will begin adjusting to your new financial circumstances. As you move forward, remember that it may be two steps forward and one step back. Take comfort in knowing you are making the best decisions you can, financially and otherwise, for you and your family.

Remember, you are not alone. Even though you believe you can do it all, reach out to us as your trusted advisors. We can help you navigate this new landscape, avoid some of the pitfalls, give you advice, and be a sounding board as you make important decisions. 



By Mikal B. Aune, CFP®

What Tech Employees Need from a Financial Advisor

I recently surveyed tech employees to find out how financial advisors can better address their biggest concerns. Here's what they had to say.

Make me believe that my company is a unicorn, but help me save as if it isn't.

Even with the tech boom, only 15 to 20 new companies per year will eventually reach the mark of \$100 million in revenue.

Many tech employees sink all of their excess cash into stock options. This can create a huge windfall or a major money pit. Britt Hawley from InsideSales.com says that tech employees need financial advisors to “help them understand, manage, and factor [stock options] into their financial planning.”

A good financial advisor can help you create a plan to optimize your stock option purchases while giving you

some balance through your 401k, insurance planning, and other investment planning.

Dan Preece from HealthEquity found this to be true when the company he works for went through an IPO, “One of the biggest things for me was having help navigating through stock options, IPOs.”

Part of a holistic plan is creating a way for you to reach your goals even if your company doesn't get bought out or go public. There is a lot of value in diversification and multiple income streams. You should still be contributing 10 to 15 percent of your salary into your 401(k). If your 401(k) ends up being the smallest piece of your net worth, then it is icing on the cake. If your 401(k) is your main retirement, then you will be grateful you chose to save.

Help me without taking all of my money.

Tech employees often seek out good advice only to find a sales person, masquerading as a financial advisor, pushing the “hottest thing since sliced bread.”

Kayden Holt from Pluralsight put it this way, “Employees need people to help them without taking all of their money.” Be wary if an investment planner is only playing on a one-string guitar or sells you something that is too good to be true.

Seek out a holistic advisor, typically a Certified Financial Planner®, that will look at all of your goals and will devise a plan to help you get there. Also make sure the fees they charge are in line with the service provided and that they can prove the value they are providing.

Tech employees “like to know in a tangible way how they are benefitting from a financial advisor,” stated Mr. Hawley. Good advice does not have to be expensive, but bad advice always costs you dearly, no matter how little you pay for it.

Educate me about how to invest.

Tech employees are more savvy than most. “They like to understand the ‘why’ behind an advisor’s actions,” said

Mr. Hawley. Good investment advisors will be able to explain the details of their investing process with its pros and cons. They can explain in concrete ways what they can do for you that you can't do for yourself.

If you want to do your own investing, they can help you do it. If you want to have someone else manage your money, they can do that too.

Most importantly they will be a teacher. “Just as much as we needed grade school to learn how to read and write,” said Mr. Holt, “we need financial advice to learn, grow, and earn.”

Give me different ways to access advice.

The world of advice is changing as the old stockbroker model is dying. In its place you can find different models: Do it yourself, monthly retainer, or assets managed for a fee.

If you don't enjoy researching investment ideas, if you don't have the time, or if you're afraid of not knowing what you don't know, then seek out a holistic fee-based firm that will also give you advice.

Shield me from taxes.

Tech employees tend to excel and get great financial rewards—sometimes they get a huge windfall. In either case, taxes hurt. Mr. Preece stated, “I've worked hard to earn what I've got (often putting in late hours) and I want to ensure that I can enjoy as much of what I've earned as I can.”

The best financial advisors will work in concert with CPAs specializing in stock transactions to help shield tech workers from as much tax as legally possible.

The right financial advisor can help address the specific needs of tech workers to help make their future what they expect it to be. As Mr. Holt said, an “advisor is one of the only ways to balance your money and invest in yourself.” 

Sources:

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Millennial Financial Success

By Alli Osgood

Each generation seems to think the next generation is less prepared and doesn't appreciate what they have. In reality, each generation is changing and evolving to its surroundings.

Time described generational issues, "The young seem curiously unappreciative of the society that supports them. 'Don't trust anyone over 30,' is one of their rallying cries."¹ Surprisingly, this was printed in 1967.

Millennials—those born between 1981 and 2001—are the generation that will be required to forge financial success without a pension. As investors, they need to redefine their landscape. These are some common Millennial financial mistakes:

1. Not having a proper emergency fund: When you don't have an emergency fund, every little unexpected event is a catastrophe. Paying with credit cards is easy, but hard to pay off. Avoid this trap by having an emergency fund of three to six months of living expenses readily available.

2. Forgoing the employer retirement match: About 75 percent of millennials are saving in their employer retirement plan; however, only 40 percent take advantage of the full company match.² Those are free dollars that can help fund a retirement.

3. Holding onto debt: Student loans and car payments seem to hang around for way too long. Most people can afford to pay off debt faster than the minimum payment yet choose not to. Paying off fixed monthly payments frees up money that can work for you, instead of against you. Get aggressive and start to chip away at that debt.

4. Not using a financial advisor: A financial advisor can help you dream with numbers. Between work, social commitments, and family, most millennials don't have time to focus on their finances. Financial advisors are here to help and work with all ages, incomes, and stages in life. We can create a plan and help you work toward making it a reality. 

Your Future Is Here. Now What?

By Eric Hencley

You've worked hard for your future and now it is here. Thirty-six holes, a fishing trip, and a dip in the hot springs—and it's only Thursday. Now what?

Maybe you have always dreamed of working with 4H or the Boys and Girls Club of America. Perhaps you've realized that you need a little bit more income in retirement for the lifestyle you want; or you retired early and want health insurance until Medicare kicks in.

If any of these situations sounds familiar, it might be worth considering an encore career. Some encore careers are part-time roles in similar industries, while others involve finding a new role.

Luckily, there are several resources available for those considering an encore career. The AARP website (www.aarp.org) has a section on encore careers while organizations like [encore.org](http://www.encore.org) (www.encore.org) aim to create a movement to give back to communities.

There is also another resource that you may be overlooking: SFS. Hopefully, a successful career and your relationship with us has put you on the path to financial freedom.

We can help you develop an income distribution plan using your current assets to subsidize your new, probably reduced income, and to ensure your monthly income is sustainable.

In addition to helping with the transition, we can help you throughout your encore career. We will continue to monitor your financial health and manage income distribution while also providing advice on things like health insurance, Medicare, and Social Security strategies.

Discuss the options for an encore career with us. It can be a great way to continue being involved in your community and it can help with your financial freedom. 

(1) *Time Magazine*, 1967

(2) <http://www.benefitspro.com/2014/11/17/millennials-arent-meeting-their-match-in-401ks>

Finding a Way to Boost Economic Growth

When Donald Trump was running for president, he promised Americans a huge increase in economic growth reaching 4, 5, and even 6 percent. However, real economic growth in 2017 is expected to be around 2.1 percent¹—equaling the average over the last 10 years.² Boosting growth will require overcoming challenges and capitalizing on opportunities.

By James R. Derrick Jr., CFA[®]

The population of the United States is expected to grow over the next ten years at a rate of 0.1%. (In 1980, the rate was 2.2%.)³

Economic growth is simply the rise in workers and their productivity.

We need more workers, but 10,000 Americans are retiring every day.⁴

Corporations need to reinvest in productivity and the government should look at worthwhile infrastructure projects.

The average age of retirement in the United States.⁵ Many older Americans just don't have the health to productively work full-time.

Growth from productivity leads to a higher standard of living. It is a goal everyone should strive to achieve. Unfortunately, growth in productivity has been slowing for decades.

U.S. corporations are holding around \$3 trillion overseas to avoid taxes. We need policy to encourage that money to be brought home.

(1) David Payne, "Goldilocks GDP Growth: Not Too Hot, Not Too Cold," *Kiplinger*, July 28, 2017.

(2) Federal Reserve Bank of St. Louis.

(3) Nick Timiraos and Andrew Tangel, "Can Trump Deliver 3% Growth? Stubborn Realities Stand in the Way," *WSJ*, May 15, 2017.

(4) Glenn Kessler, "Do 10,000 Baby Boomers Retire Every Day?," *The Washington Post*, July 24, 2014.

(5) Amanda Dixon, "The Average Retirement Age in Every State in 2016," Fox News, December 28, 2016.

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Your SFS Team

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Wealth Accumulation

- Managed Accounts
- Indexed Investing
- Mutual Funds
- Exchange Traded Funds (ETFs)
- Stocks and Bonds
- Alternative Investments

Disability (Injury)

- Short-Term Disability Insurance
- Long-Term Disability Insurance

Family Protection

- Term Insurance
- Whole Life Insurance
- Universal Life Insurance
- Variable Universal Life Insurance

Elder Care

- Long-Term Care Insurance
- Hybrid LTC

Retirement

- Social Security Maximization Strategies
- Medicare Supplement
- Guaranteed Income (Annuities)
- Lifetime Income Planning

Employers and Self Employed

- Health Insurance
- 401(k) Plans



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