March – April 2018

Money Moxie®

You Can Be a Financially Savvy Woman

Smedley Financial Services, Inc.®
Tailored Financial Strategies for Your Life

What Drives Happiness?

Dear Friends and Financial Partners!

It's true that 2017 was and will remain one of the most memorable years for the stock market. We all have much for which to be grateful and not just in the monetary sense.

About two years ago I came across a TED Talk: "What makes a good life? Lessons from the longest study on happiness by Robert Waldinger."[1] Waldinger is a Clinical Professor of Psychiatry at Harvard Medical School. He is the fourth director of one of the longest-running studies of adult life ever done. It is the ongoing 75-year-old Harvard Study of Adult Development.

The study answers the important questions about what keeps us happy and healthy. Here's a hint: It's not about fame or money or our stations in life. It's about family. It's about relationships. It's about the people in our lives.

Another validation about relationships comes from the late Randy Pausch. "People are more important than things," Pausch said in his book *The Last Lecture*.[2] When Pausch, a computer science professor at Carnegie Mellon, was asked to give such a lecture, he didn't have to imagine it was his last lecture, since he had recently been diagnosed with terminal cancer.

Again, "People are more important than things." The keys to a good life involve the family and friends in our lives. It's the people we know and our relationships with them that truly drive happiness.

We cherish you, our clients, and our special relationship with each of you. We never want to take you for granted. Thank you for being the greatest people on the planet.

Bullish Best Wishes,

Roger

Roger M. Smedley, CFP®
CEO

1. Robert Waldinger, "What Makes a Good Life?," TED Talk, November 2015.
2. Randy Pausch, "Last Lecture: Achieving Your Childhood Dreams," Carnegie Mellon University, December 20, 2007.

2018 Just For Women – Let it Grow!

Mark your calendars and plan to attend the 3rd annual "Just for Women" event.

Friday, May 11th
9:00 a.m. to 12:00 p.m.

Start with a delicious breakfast, brush up on your financial knowledge, and get fun ideas for spring. We hope to see you there.
RSVP required. Call 801-355-8888.
Watch your mailbox and inbox for more details.

Financially Aware Family ***U.S. Economic Impact*** ***Financial Confidence***
Fresh Herb Cooking ***Container Gardening***

One-Trick Financial Advisors

By Mikal B. Aune, CFP®

It pains me to say this of a profession that I love, but too many financial advisors are just one-trick salesmen who want to make a quick buck.

How do you spot a one-trick financial advisor? Their answer to EVERY question is either life insurance or an annuity. However, they won't tell you that is what they are offering.

You'll hear phrases like, "If you invest with us you can take your money out TAX-FREE in retirement." Or "Do you want double-digit returns with NO DOWNSIDE RISK?" These "advisors" are throwing out flashy fishing lures to hook you. Here is what those phrases really mean.

The way you can take out your money "TAX-FREE in retirement" is by using an insurance policy that is either whole life or indexed universal life. You build up cash value in the policy over years and you can take a LOAN that is potentially tax-free.

However, the "advisors" usually don't mention upfront that this is a life insurance policy. They just want to get you hooked before they share all of the details. They also rarely mention that if you take out too much, then you surrender the policy and may be subject to a large tax bill, blowing up the possibility of tax-free income.

To "avoid DOWNSIDE RISK" you use an indexed annuity–also from an insurance company. You lose some upside potential to avoid some downside risk. Of course, the insurance company takes a healthy cut and the "advisor" gets a nice paycheck too.

However, the sales person usually glosses over the fact that your money will be locked up for 7-10 years and that there are hefty penalties to get out early.

Now, it may sound like I am against insurance and annuities, which is not true. I sell them when they fit a client's needs. I am against how one-trick financial advisors use them as "the only thing you need." They tout their products as the hottest-thing-since-sliced-bread, but there is no one-size-fits-all product.

In reality, there are many good opportunities to use life insurance and/or annuities as ONE PART of your plan. However, doing so should be tied back to meeting your goals.

Life insurance is essential to protect your family if you pass away too soon or great if you want to leave a larger inheritance. Indexed annuities are good as a CD replacement for money that you don't need for 7-10 years. It should typically be 20% or less of your portfolio.

I've seen too many good people get stuck in products that they don't understand and many times don't even need.

To get what you really need, use a holistic planner with a CFP® designation, like the advisors at SFS. We understand the nuances of investment products and use your goals to determine which to use.

So, if you have any questions about something you heard on the radio or from a friend, call us. We are happy to talk about all investment products–how they work and if they fit your financial goals.

Financially Savvy Women

By Sharla J. Jessop, CFP®

Just Getting Started

You are starting your financial life with a blank canvas. . . you are the artist. You can create a lifetime of financial freedom if you start with a few simple habits and follow them purposefully.

3 Tips to get you headed in the right direction:

- Get a handle on your spending and keep debt at a minimum. Save for the things you want rather than borrowing. It may take longer but the reward will be that much sweeter.
- Determine your top three financial goals—build emergency savings, get out of debt, buy a car, save for a down payment for a home, etc.—and create a plan of action.
- Let compound interest work for you. Contribute to a 401(k), IRA, or Roth IRA and be sure to capture the full company match.

Settling Into Life

Mid-life offers the opportunity to regroup. Your family has a routine, your career is well underway, and you are looking to the future. This is an ideal time to create or refine your financial plan.

You may have up to 20 years before your retirement dream becomes a reality. Focusing on these items will help you reach your goals:

- Increase your retirement contribution. If you are falling short, you still have time to make an impact.
- Get rid of mortgage debt before you retire. Debt in retirement can reduce your standard of living and prevent you from living the way you had hoped.
- Update your financial plan. Make adjustments if needed.

On Your Own

Suddenly single. . . now what? You may find yourself unexpectedly on your own. While the prospects of being on your own may seem overwhelming, we are here to help guide you through this transition.

4 items to focus on first. Taking control of your financial situation will give you confidence and peace of mind:

- Sources of income. They may include your salary, insurance proceeds, assets from a settlement.
- Outgoing expenditures. What expenses will you have monthly and annually.
- Update documents. Insurance and retirement plan beneficiaries.
- Review portfolio and plan. This includes investment holdings and options. Make sure they still meet your needs.

Reaping Life's Rewards

You are living the life you've dreamed of and enjoying your standard of living. Count on living a long life. Now is the time to get your house in order—so to speak. What's your financial legacy? Money . . . or financial values.

Top goals. These are the things that should be top on your list:

- Review your income plan. Make sure your money lasts as long as you do.
- Update your estate planning documents. Do they meet your goals? Determine the best way to pass assets to the next generation.
- Have a family meeting. If you want your family to be involved, they need to know what to expect.
- Designate a trusted contact who can help you financially.

Be Smarter with Your Money

By Lynette Watts

Women outlive men by an average of 5 years. That means women can't treat their finances exactly as men treat theirs. Women need to think about money for the long term, that way they can retire worry-free. Here are some things women should be doing now to prepare for the future.

1. Invest early – Why? Because you will need more. After retirement, women will have around three decades to enjoy their lives. Take advantage of your paychecks now. Enroll in a 401(k) or open a Roth IRA. The longer you are invested, the more compound interest you stand to accrue–which means you are making more money. It is never too late to start investing no matter what your age–even $100 can make a huge difference (maybe giving up your Diet Coke habit). It is satisfying to watch your money multiply.

2. Keep your eye on the goal – Because you have more time, that means there are more possibilities for things to go wrong, anything from divorce to job loss or death. It is a great idea to have multiple "what if" scenarios in your plan and have regular financial checkups. Discuss your long-term goals with your Smedley Financial advisor, who can help you stay on track.

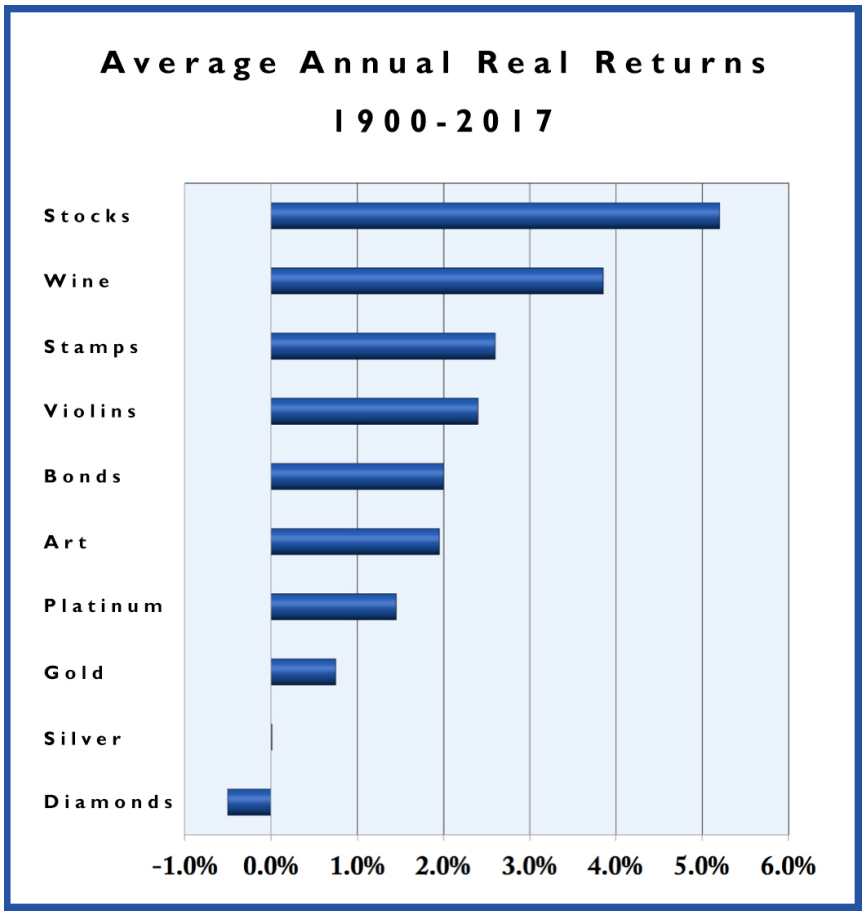
3. Get involved in your finances – even if your spouse is the one "who does it." You should know what is coming in and going out each month. It is important to "know" about your money. For example, your account numbers, passwords, etc.

4. Always be looking out for yourself – Women will spend on average 12 years out of the workforce, raising children or caring for elderly family. Even if you are not getting paid for this work, it is important to invest into an IRA and contribute as much as you can. This will help improve the financial future for you and your family. You can't help others if you can't help yourself.

Source: https://www.mfs.com/subs/redbook/pdf/redbook_fly_9_17.pdf

Stocks Stand Alone

By Jordan R. Hadfield



If you could go back in time 100 years and pick an asset in which to invest, which would you choose? Knowing of events like the Wall Street Crash of 1929 and the Great Depression, 7% inflation in the 1970's, and the stock market crash of 2008, would you still choose to put your money in stocks? If so, you would be making a wise decision.

I recently came across an article posted in the March 2018 issue of *The Wall Street Journal* regarding the average annual returns of 10 popular investments over the last century. (I included a graph showing these investments and their average historical returns above inflation.)

At first glance, I noticed the negative returns of diamonds. Although diamonds are quite popular, especially on the finger of a loved one, they have been a poor investment if appreciation is the goal.

Bonds, which happen to be fifth on the list behind collectable stamps and high-end violins, show an average annual return of 2%.

Gold, a popular investment among some investors, has historically fallen short when compared to fine art and fine wine; the latter of which post returns over 500% more than that of gold.

Stocks have had the highest returns, and by a large margin. Despite the crashes, recessions, and economic contractions, stocks have had the best return in the last 117 years.

As we face volatility in the markets in 2018, we know that a diversified portfolio of stocks and bonds has weathered the storms of years past.

Despite the risks of recession and downturn in the future, I plan to keep my diamonds on my wife's finger and my long-term investments in stocks.

Will Good be Good Enough?

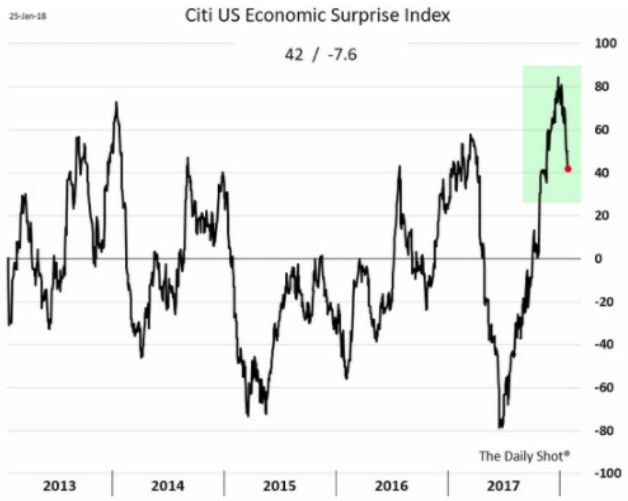
By James R. Derrick Jr., CFA®

Confirmation Bias: The tendency to only accept the facts that support what we already believe.

By virtually every measurement, the U.S. economy is growing–and so it is in just about every other country in the world! That means that even though stock prices are near all-time highs, they are also supported by real economic growth.

The question is, "How long can the stock market continue to grow before cracks begin to form?" The answer: Small cracks are already appearing and most people don't see them, yet.

How could corporations disappoint in such a good economy? No way . . . unless expectations are too high and investors realize this 3, 6, or 12 months from now.

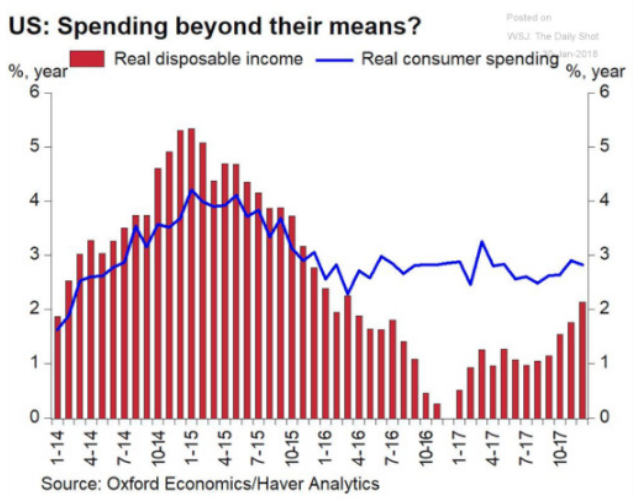


That's exactly what this graph is showing: an inability to exceed high expectations. And the market in 2018 is more likely to be affected by expectations than by economics. After all, the growth that everyone expects is already priced into the market. The bar has been set high for 2018!

The Federal Reserve has a new chairman, Jerome Powell, and he seems determined to get interest rates back to more normal levels. This makes borrowing money more expensive and could, at some point, have a negative impact on stocks.

Consumers could turn the tide in a negative way! Consumers represent 69 percent of economic growth. They have been driving growth upward for two years by spending more than they can afford. How long can this continue?

The savings rate, once at 10 percent, is now approaching an all-time low of 2 percent! The risk is not that Americans have overspent, but that they cannot continue to overspend in the next two years like they have in the last two years! How will American consumers continue to lift the American economy when they run out of money?



What will be the next crack in the economy? It will probably not be in housing this time. Mortgage debt seems low compared to 10 years ago and there is a shortage of homes around the country.

Any further cracks may be in credit card defaults. That's one area we will be watching.

For now, economic growth looks solid. We will keep an eye on things because we know that investments become over-priced while the data is still positive. What we know is that 2018 is already more interesting than 2017! SFS

*Research by SFS. Investing involves risk, including potential loss of principal. Past performance does not guarantee future results. The opinions and forecasts expressed are those of the author and may not actually come to pass. This information is subject to change at any time, based upon changing conditions. This is not a recommendation to purchase any type of investment.

Your SFS Team

Smedley Financial Services, Inc.® is an independent registered investment advisory firm. We work for our clients. Our wealth managers have the flexibility to implement our financial plans, retirement plans, and income distribution plans using the strategies that work towards each client's needs and goals. We work with individuals, businesses, and family estates. We provide financial solutions for your life.

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

Family Protection
- Term Insurance
- Whole Life Insurance
- Universal Life Insurance
- Variable Universal Life Insurance

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

Disability (Injury)
- Short-Term Disability Insurance
- Long-Term Disability Insurance

Elder Care
- Long-Term Care Insurance
- Hybrid LTC

Employers and Self Employed
- Health Insurance
- 401(k) Plans

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