September - October 2015

Money Moxie®

Financial Strategies For Your Life

Surviving A Bear Attack

Since 1982

Smedley Financial Services, Inc.®

You Need a Wealth Manager—Now More Than Ever

Dear Valued Financial Partners and Friends,

Now more than ever, most people need a **Wealth Manager**. While financial conditions are constantly changing, your own financial goals do not. Remember our two guiding principles: "Protect what you have. Then seek to acquire more." As your **Wealth Manager**, here are some of the roles Smedley Financial can play for you.

Financial Bodyguard: As your financial bodyguard, we can help protect what you have acquired. Our goal is to prevent clients from making serious and costly financial mistakes. We can serve as a devil's advocate and sounding board, thus helping you through the process of making wise financial choices.

Financial GPS: With respect to your personal financial goals, you always need to know where you are. As an integral part of your financial GPS system, we can let you know whether or not you are on track.

Financial Lighthouse: You need to know you are headed in the right direction, particularly at difficult times. We can help you maintain a proper course through good times and bad. Naturally, this includes not only bull and bear stock markets, but through your sunny days and, more importantly, through your rainy days and dark nights.

Experienced Guide: With respect to the thousands of financial decisions made during your lifetime, you need an experienced team of certified investment professionals to serve as your guide. While some financial decisions may be changed as circumstances and opportunities present themselves, some financial decisions may be made only once. We can help guide you through the jungle of important financial decisions in your life.

Risk Barometer: With respect to risk management, you need to know when to take risk and how much risk to take. Both of these points are equally important. As your risk barometer or gauge, we help you determine the type and amount of risk you need and want to take. Investment management is all about minimizing your risk taking.

At Smedley Financial, we can play multiple roles for you in our role as your **Wealth Manager**. Remember, your financial success is our passion!

Bullish Best Wishes,

Roger

Roger M. Smedley, CFP®
President

Holiday Open House

We are pleased to announce Smedley Financial will be hosting an open house for our clients and friends.
Please mark your calendar and plan to join us.

Tuesday, December 1, 2015
3:30 PM to 6:30 PM

Come see our new office, enjoy some great food, listen to holiday music, and spend time with friends.
Watch for your invitation.

Surviving A Bear Attack

By James R. Derrick Jr., CFA®

We have all heard that when a bear attacks, the best thing to do is to stand still! Sounds simple enough, right? Well, it isn't that easy. A few years ago I had the privilege of hearing Michael Dunn's story on surviving a grizzly bear attack in the Grand Teton National Park.

Dunn was on a family vacation in the Tetons on August 14, 1994. He woke up before the rest of the family and quietly slipped out the door for a run. He saw signs of danger, but kept moving forward. He had made it just a couple miles on the dirt trail when he heard some branches snap. Suddenly, a large shape moved towards him, knocking him off his feet. He landed nine feet from the trail, where a 500-pound grizzly sunk its teeth into Dunn's hip.

There was little chance for Dunn as he struggled. The bear clawed at his back, swiped at his neck, tore open his face, and almost stuck a claw right into Dunn's eye.

The end seemed near and Dunn decided to play dead, which calmed the bear enough that it was distracted. Dunn's survival was nothing short of miraculous!

Bear markets

Bear markets are not life threatening but can be financially devastating, especially if we make poor decisions. A bear market is typically defined as a loss of 20 percent or more. Smaller losses are often referred to as corrections because they are less damaging and could even be viewed as healthy market behavior. (After all, if stock values just went straight up then how could they represent value from real ownership of real companies?)

This summer, the S&P 500 officially hit correction territory with a 12 percent drop. These drops can be alarming, but often the best thing to do is to stand still. I have compiled more advice for these difficult times.

Over The Last 50 Years

- **37 Positive Years (74%)**
- ***13 Negative Years (26%)***
- ***13 Years With +20% Return***
- ***3 Years With -20% Return***
- ***8% Average Return***

Source: SFS Research

Don't panic

These corrections are normal and are to be expected. Remember 2008 and 2009? The financial markets melted down in a frightening manner, but then recovered to new highs. The current market is nowhere even remotely close to as bad as that was.

Trying to time the market by getting out at a high point and getting back in at lower prices is almost impossible. Most investors would be better off staying the course. Historically, the U.S. stock market has recovered from every correction and every bear market to eventually reach new highs.

Keep perspective

Stock prices experience dips frequently. In fact, only 53 percent of days are positive. Positive months are only slightly more common at 59 percent.

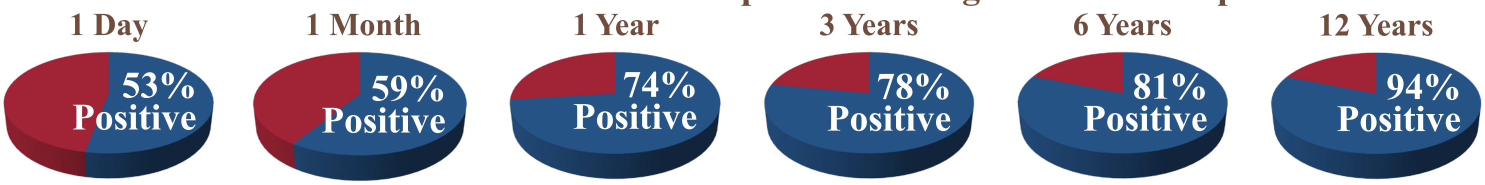
Even though 10 percent corrections occur on average once every three years, the three-year return has been positive 78 percent of the time and the three year average has been a 24 percent increase.

Fortunately, bear markets are rare—occurring, on average, about once every six years. In fact, based upon history, ***an investor willing to diversify and weather the storms is four times more likely to make 20 percent than to lose 20 percent.***

Please see ***Surviving*** *on next page*

***Surviving**, continued from previous page*

How often have the total returns been positive during different time periods?



Source: SFS Research

The real positive difference comes over longer periods as the positive numbers begin to compound. For example, over the last 50 years 74 percent of the calendar years have been positive for the stock market.

Over the same 50 years, the chance of losing 20 percent in a calendar year has been extremely rare—occurring just once every 17 years. (Bear attacks resulting in death have occurred once every 18 years on average in Yellowstone.)

Don't fixate on your statement or the news. If checking your statement every day is going to make you feel like something needs to be done then try checking less often. It is important to stay in tune with what is happening in the world around us, but again, if the news makes you feel like you have to do something then beware. Good news is harder to find in the media, especially regarding financial headlines.

Look for opportunities
A market correction is a good reminder that risk is real. If you or someone you know has any doubt that their investments match their financial plan or their ability to accept financial risk, then come see an SFS Wealth Consultant.

When the market drops, some people get nervous and want to get out. Others welcome the fall as an opportunity to take advantage of better prices.

Remember diversification
"Don't put all of your eggs in one basket" is a classic phrase to describe diversification. Overall, history has shown this to be one of the most prudent ways to invest.

We don't know if the current correction will grow to become a bear market. No one knows. However, we do have over 100 years of combined experience at SFS and we feel confident that the market will come back. Stay the course and your long-term results will not only help you survive, but you may even thrive. SFS

*Research by SFS. Data from public sources. The S&P 500 is often used to represent the U.S. stock market. Calculations are based upon a 50-year history in this index. One cannot invest directly in an index. Investing involves risk, including potential loss of principal. Diversification does not guarantee positive results. 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 on market and other conditions, and should not be construed as a recommendation of any specific security or investment plan.

Open Enrollment

By Sharla J. Jessop, CFP®

For most employees fall is the season to enroll in many of the benefits offered by their company. It is a good time to review your options and make sure you are taking advantage of the benefits available to you. Here are the most common open enrollment benefits:

• Participation in 401(k), 403(b), or other company-sponsored retirement plans

• Health insurance plan selection

• Planned spending account contributions (Cafeteria plan)

• Beginning or increasing group life and disability income benefits

Don't let this opportunity pass you by. If you miss the open enrollment period, you may not be eligible to enroll or make changes for another year.

Rightsizing For Retirement

By Sharla J. Jessop, CFP®

Most seniors prefer to stay in their own homes as long as possible – we refer to this as aging in place. This is more likely to happen with sufficient retirement funds and a willing family close by to help when needed. However, there are many reasons to consider rightsizing your home as retirement grows near. Before making a decision to rightsize, consider these scenarios:

Moving to a state or city to reduce your cost of living. If your career has kept you in the same location, retirement may be a great time to consider a move. This is especially true if you live in an area with higher costs of living. In looking for a new location consider these points:

- Personal visit: Take a trip and spend some time in the areas that you may want to call home. Stay at a local hotel. Visit local restaurants and grocery stores. Go to the local parks, malls, and entertainment districts.
- Talk to the locals: You can learn more about an area, good and bad, from the people who live there. They are generally happy to share what they love about an area. They can also steer you to other acceptable areas.
- Property tax: Contact the county assessor's office to find out how local property taxes stack up based on home size in the locations you desire.
- State and local tax: There are seven states that do not charge income tax. But you have to do some research. They make up the difference through sales, property, excise, and franchise taxes.

> *For those 75 years or older, 36 percent of expenses go to housing.*
>
> *-Legg Mason*

Getting closer to children and grandchildren. If your children have moved out of state, you may consider relocating closer to them. This creates the opportunity to be more involved in their lives and build a closer relationship. You may also have the support of your children as you age.

Acquiring a home more conducive to entertaining. This generally means having fewer bedrooms and more common area. As your family grows, the holiday parties and family gatherings include more people; suddenly your five-bedroom home feels cramped.

- Floor plan: Consider a new floor plan with fewer bedrooms and a large family room and kitchen area. It may also mean a smaller home in a planned unit development (PUD) for seniors, offering a clubhouse, park, or even a swimming pool that residents can use to entertain.
- Neighborhood living: If you age in a single family home, there may come a time when you can no longer keep up with the physical demands of taking care of the yard and exterior of your home. You can hire someone to do the work or rely on your family members to step in and help out. Either way there may be a cost.
- Planned community living: One benefit that is easily overlooked in a PUD community is living among neighbors in a similar stage of life. These communities offer planned events and entertainment. Landscaping and maintenance of common area buildings are included in the association dues.

Converting real estate appreciation into income. For many, the motivation behind a move may be cash flow. Downsizing allows a homeowner to take a portion of the capital they have amassed in their home and use it to supplement retirement income. While this may be true, there are some hurdles to overcome.

Homeowners may find their home sold for less than they had planned and the new home may cost as much as the one left behind. When all is said and done, there may be little cash left over to supplement income.

Get the details before putting your house on the market. A real estate agent can provide you with comparison of home sales in your particular area, having the same size and features to gauge the value of your home. When looking for your new home, contemplate the costs and fees associated with the purchase as well as any ongoing expenses that might be incurred. Having the details before you make a move will help prevent a financial blunder. SfS

Untimely Disasters

How to Protect Your Home

By Shane P. Thomas

Disasters are going to happen. There have been a number of them this year. Unfortunately, we don't know when or what will happen next. It might be a forest fire, electrical fire, hurricane, tornado, flood, or earthquake. You can't protect yourself from every disaster, but there are steps to help you put the odds in your favor.

Start by making a checklist of all the items you feel cannot be replaced. Save this list where it can be located quickly. This will help avoid an important item being left behind as your mind is racing during an emergency.

Examples of items for your list:

- Home and auto insurance paperwork
- Automobile titles
- Healthcare information
- Passports, marriage and birth certificates
- Wills and trusts
- Memorabilia, keepsakes, heirlooms
- Photos (not already backed up digitally)
- Statements: banking, mortgage, credit cards
- Investments and retirement information
- A few years of tax returns

Many of these are available online. Of the items that are not available digitally, scan them to your computer and save them on your home computer and in your backup location (preferably off site or in a fireproof safe).

If your home is destroyed, the insurance company will want a list of damaged items. The best way to do this is with pictures or video. Start with the exterior of the home and yard. Then move through each room, closet, and storage area. Label the pictures or videos and save them to your computer (and your backup). Remember to update as necessary.

This might be a good time to check with your insurance to make certain you have proper coverage to rebuild or repair your home in the event of a disaster. Go through scenarios that concern you to confirm you are covered. (Many policies do not cover floods or earthquakes.)

As we have seen, disasters can happen anytime, anywhere, and to anyone. Take time to be prepared should disaster regrettably strike.

Where to Stash Your Cash

By Rodney A. Walker, CFP®

In an emergency, having quick access to cash can provide a means of obtaining food and shelter.

Be Prepared
Families should keep enough cash to cover their needs for two weeks. There is a chance that change will not be given so denominations of bills such as $1, $5, and $10 should be kept.

Be Safe
Having cash at home can be risky since it could be lost or stolen. Safes are a common place to store cash since many are fireproof and can be secured to the wall or floor, making them difficult to remove.

Be Creative
If you don't have a safe, then it becomes necessary to create effective hiding places for your emergency cash.

Below are eight places money can be hidden instead of under the mattress:

1. Placed between book pages
2. Buried in flower pots
3. Taped to the back of a picture
4. Taped to underside of a drawer
5. In a wall socket safe
6. On the back of a clock
7. On top of a door that has a drilled hole
8. In a fake food jar

Be Mindful
Don't forget where your special hiding place is, since in an emergency money needs to be accessed quickly with no time to hunt. Your trusted loved one(s) may also need to know where to find your hidden treasure.

Medicare Open Enrollment

By Mikal B. Aune, CFP®

Medicare open enrollment is right around the corner. If you are already using a Medigap plan or a Medicare advantage plan, now is your time to move if you don't like your current carrier.

If you have a Medicare card that you give to your doctor, then you have traditional Medicare. If you only have a card from an insurance provider that you give to doctors, then you have Medicare Advantage.

When is the open enrollment period? October 15th through December 7th every year.

Who needs to pay attention?
Those that are currently using a Medigap plan, Medicare advantage plan, prescription drug plan, or if during your initial enrollment period you opted not to purchase additional coverage up and above traditional Medicare parts A & B.

What is traditional Medicare?
Traditional Medicare is composed of three parts: A, B, and D. Part A is coverage for hospitals and doesn't have monthly costs. Part B is coverage for doctor visits, etc. and the base cost is $104 per month. This typically comes out of your Social Security check. Part D is prescription drug coverage, which is purchased through a third party.

What is the difference between a Medigap and Medicare advantage plan?
Medigap is a "gap" insurance that covers most of the holes that are not covered by traditional Medicare parts A & B. You can go to any doctor that accepts Medicare. Medicare Advantage plans combine parts, A, B, D, and Medigap into one nice package. They operate more like traditional insurance where you have a service provider and you are tied to their network.

What else should I know about Medigap?
Medigap plans are lettered from A to N with costs that vary depending on the benefits provided. The most popular plan is F as it is the most comprehensive and covers things like the Part B deductible and foreign travel emergency. Because it is the most comprehensive, it is also the most costly.

By law, all Medigap plans have the same benefits regardless of the service provider. The only difference will be the level of service. Price then is a major driving factor, but you should use a provider that is reputable. People that have comprehensive Medigap plans typically pay more on a monthly basis but feel like they don't have to pay very much out of pocket.

What else should I know about Medicare Advantage?
Medicare advantage plans, also called Part C, will often cost less than Medigap plans and will have deductibles and co-insurance like traditional insurance through an employer. It works by Medicare giving an insurance provider a certain amount per year to manage your expenses. If the insurance provider manages your expenses for less, then they make money. Because of that, monthly costs vary significantly with some plans as low as $0 per month. People that use Medicare Advantage Plans usually pay less on a monthly basis but feel like they have more out of pocket expenses.

What are some small facts that have big impacts?
When you originally sign up for Medicare, you can choose either Medigap or Medicare Advantage without being denied. If you are on a Medicare Advantage plan and then try to go back to a Medigap plan, you could be denied based on health. You will never be denied access to a Medicare Advantage plan.

Are there differences between prescription providers?
Yes, costs can vary significantly based on the provider and the types of medications you are taking. Shop around to find out who will give you the best deal for your specific medication regimen. You can also go to Medicare.gov and enter the prescriptions you take, and it will screen for the best providers. Visit Medicare.gov and click on *Drug Coverage (Part D)*, then click on *Find Health & Drug Plans*.

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

Self Employed
- Health Insurance
- 401(k) Plans

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