

May – June 2017

# Money Moxie®

*TAILORED FINANCIAL STRATEGIES FOR YOUR LIFE*



SMEDLEY FINANCIAL SERVICES, INC.®

## *Forge a New & Powerful Financial Paradigm*

Dear Friends and Financial Partners!

How can you improve your savings and investing before and during your retirement? Here are some nifty (some might say awesome) tips to immediately change your personal money paradigm.

**Change Your Money Mind-set:** Chris Reining, who lives in Madison, Wisconsin, became a millionaire at age 35 by doing one thing differently. Chris started working to save and invest, rather than working to spend. By going through a self-imposed paradigm shift, your life can also transform from a working-to-spend environment to a savings-and-investing world. The outcome speaks for itself. This is one powerful idea.

**Get Professional Financial Help:** Ours, of course. When you are accumulating assets in your 401(k) or 403(b), you are in an automatic investment mode. If you don't know what the sequence-of-returns risk is or how dollar-cost averaging works against you during your withdrawal years, you are already behind and need our help. Social Security has over 2,700 rules and hundreds of exceptions to these rules. Medicare is filled with land mines. Distributing assets during the decumulation phase is exponentially more complex than adding assets.

**Take Charge of Your Emotions:** Don't let your emotions take charge and dictate your actions. Specifically, when the stock market is dropping or has dropped, don't lock in your losses! Remember: Stock market drops are temporary. Locking in losses is permanent. Locking in losses by selling at or near the bottom of a market may be a mistake you and your loved ones will pay for the rest of your lives.

**Ignore the Media:** Call us. We know your specific financial goals. We manage money and segment your accounts by time to avoid the sequence-of-returns risk. Even when the media is all doom and gloom, there's a good chance your accounts will be doing just fine with respect to your own financial goals. "The Sky is Falling" mentality illustrated by Henny Penny, more commonly known in the U.S. as Chicken Little, may cause you to want to lock in your losses. Don't do it. Even well-meaning friends and family members can push you away from financial goals.

**Remember:** Contrary to many, investing is not about beating the market. Financial planning and investment management are about meeting your goals, including having a sustainable income stream during retirement. At Smedley we strive to help you forge a powerful, yet personal financial paradigm. As always, we are on your side.

Bullish Best Wishes,



Roger M. Smedley, CFP®  
CEO

*myStreetscape® is Now Wealthscape<sup>SM</sup> and It's Mobile*

**Streetscape Users:** *Streetscape* has changed its name to *Wealthscape<sup>SM</sup>*. Your login credentials remain the same. A mobile app is now available. Search the App Store for "Wealthscape."

Call us at 800-748-4788 for more information.



# Women in Transition

By Sharla J. Jessop, CFP®

For women, it's sometimes hard to balance the nurturing desire to take care of someone else when in reality, we may need to take care of ourselves. This is often true when facing life transitions. It's at these times when we have to put ourselves first, at least, until we become comfortable with the change.

Throughout life, we face events that result in transition. Some are planned and some are unexpected. How we prepare for these events can help reduce some of the financial and emotional stress.

Over the next few *Money Moxie*® issues, we will discuss some important life transitions and provide guidance to help smooth out the bumps. In this issue, we will focus on women who have left the workforce and are now ready to jump back in.

## Reentering the workforce

Women often follow a different path than men when it comes to a career. Many get a degree or special training and begin a career only to leave the workforce to raise a family or because their income is not necessary to the family's financial situation.

While you have been off the career path, things have changed. Yes, remember that old fax machine? Well, for most companies it's in the corner collecting dust. The business world has been moving forward at a breakneck pace; even those of us living in it day-to-day have a difficult time keeping up.

Software and websites you may have used just a few years ago have been updated and changed. Passwords are your new best (or worst) friend—and you need a separate one for each site. These should be changed every 90 days.

In order for you to reach your marketable potential, you are going to need to brush up on your skills. Find out what programs are in demand for the position you are seeking and learn more about them. Webinars and online tools make this relatively easy.

## Getting paid what you are worth

Don't sell yourself short. Make sure you are getting paid what you are worth. Check out websites that show average salary ranges or pay scales in your geographical location for your occupation. Know before you enter an interview how much you can expect to be compensated. Maybe it's time to hone your negotiation skills.


Sing your own praises. Be prepared to articulate your strengths and specific achievements. Express the unique skills and qualities you bring to the table. Avoid the temptation to accept the first salary or pay offered—be prepared to counteroffer.

Be sure to consider other tangible and intangible benefits such as: bonuses, career opportunities, flexible schedule, and supportive culture.

## Maximize your benefits

As a woman who has been out of the workforce, you may have some catching up to do when it comes to retirement savings. Employees are often told to get the maximum company match, which is good. Think bigger!

While the match is a great benefit, that alone may not be enough for you to reach your financial goals and live comfortably in your retirement years. Seek professional advice regarding your future retirement picture and invest with purpose and an achievable goal.

Talk to one of our wealth advisors; we can provide guidance regarding your personal situation and the options available to you. 

## Active Living



Julie Roberts, NP



Julie Roberts, Nurse Practitioner (NP) from the Intermountain LiVE Well Center in Salt Lake City, was a featured presenter at our “Just For Women” Conference held at the Gathering Place at Gardener Village. The ladies from last year’s conference requested her back. It was so great to learn from her again. She spoke on making simple changes that will help us achieve big progress in our healthy living. She focused on the four pillars of health:

**1. Sleep Well:** Make a sleep schedule. Stop eating two hours before bedtime. No TV, electronics, or reading in bed. Set an alarm to go to bed. Target 7-9 hours each night. This helps manage your mood, weight, and chronic disease.

**2. Stress Less:** Get to know your stress and learn how to manage it. Use apps like “Insight” or “Calm” to manage your stress. Breathing techniques can help you lower your blood pressure. Start each day with 10 minutes of stillness. Take a mental break and find time to relax each day.

**3. Eat Well:** The key is to build daily healthy habits and stick with them. Eat a rainbow of color every day. Fill half of your plate with fruits and vegetables. Eat lean meat the size of a deck of cards. Get 25-30 grams of fiber per day. Our snacks should be fruits and vegetables.

**4. Move More:** Get your heart rate up every day. Your goal should be 150 minutes a week of exercise. If you want to lose 1 pound a week, cut out 250 calories by exercise, and reduce your food intake by 250 calories per day. Do strength training two times a week and daily stretching exercises. Use apps as a tool to track your nutrition like “My Fitness Pal” or “Lose it.” Use a prompt to help you remember to exercise. Keep it simple so it will work.

## Estate Planning



Jaelynn R. Jenkins  
Attorney at Law



Jaelynn Jenkins, Attorney at Law with Fetzer Simonsen Booth Jenkins, gave us a step-by-step guide on how to make an estate plan and how to apply it throughout the various stages of life. Jaelynn demonstrated the importance of all aspects of estate planning that includes wills, trusts, and power of attorney to name a few. She also explained when an estate plan needs to be updated:

- Change in marital status
- Birth adoption of a child
- Significant change in financial status
- Significant change in tax laws
- Owning property in more than one state
- The death of a beneficiary
- Your incapacity or the incapacity of a dependant or loved one
- Desire to add or change beneficiary

For more information, check out Jaelynn’s website at [utahestateplanninglaw.com](http://utahestateplanninglaw.com).

Securities America and its representatives do not provide legal advice; therefore it is important to coordinate with your legal advisor regarding your specific situation.

Thank you to all who came to enjoy a wonderful morning with SFS at our  
*Just for Women* event!

We had a delightful time visiting with you and listening to the informative presenters.  
For those who missed the event, we include this recap.

## Cybersecurity



**Stephen B. Olsen**  
FBI Special Agent

The recent outbreak of the “WannaCry” ransomware confirms the responsibility each of us has to protect our personal information. In today’s world we use technology for photos, communication, transactions, and learning. Unfortunately, criminals are getting more sophisticated in their efforts to defraud us.

Stephen Olsen, FBI Special Agent, warned us to be vigilant in the use of electronic devices and gave us many tips to follow:

- Back up your data regularly on another drive. Then unplug the drive. If your backup drive is plugged in then it will be compromised along with your computer.
- Opening an email should be safe. However, links and attachments may not be. Its links may lead you to a nefarious site. Instead of clicking the link, go directly to the correct company website in your internet browser.
- If you were not expecting an email from a friend or associate, contact the sender to verify before opening any links or attachments. This may seem like overkill, but criminals are very adept at enticing unsuspecting victims to open links and attachments. One click could give them access to all your personal information. When in doubt, delete the email.
- Be diligent in creating and changing your passwords. They should be a minimum of eight characters. Use combinations of upper and lower case letters, numbers, and symbols. Use different passwords for your accounts. If you store the passwords on your computer, consider using a password management program instead.
- If you become the victim of a ransomware attack, do not pay the ransom. Criminals often don’t release your computer files after they receive your money and there is little recourse to get your money back.

Protect your personal information by keeping your computer software, including security software, current. Apply updates, upgrades, and patches when they are made available by the software vendor. Please call us with any questions.

## Don’t Be Afraid



**Mary Crafts-Homer**  
President and CEO  
Culinary Crafts

Mary Crafts-Homer was our keynote speaker this year. Mary started Culinary Crafts in 1984 and has been a 13-time “Best of State” winner for catering in Utah. Her message was all about choosing to make decisions based on love and trust instead of making decisions based on fear.

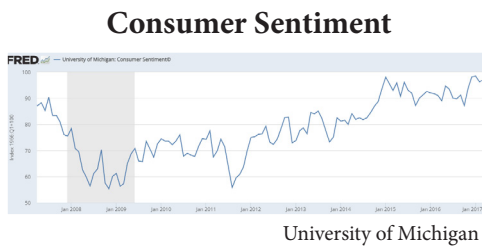
She explained that most of the choices and decisions she made in her younger days were based on fear and how one day she decided to no longer let fear define her life. Her daily mantra is, “What would I do today if I were no longer afraid?” She ended with saying, “If you let go of fear you get to fly and soar.” A lesson for all of us to choose to live life instead of letting life happen to us.

# Confidence is up, but will it lift the economy higher?

By James R. Derrick Jr., CFA®

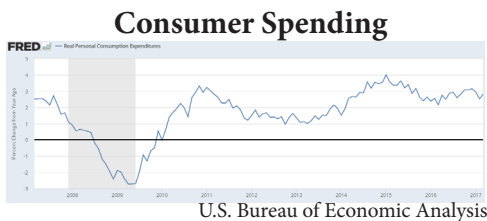
Looking at performance of the stock market over the last 12 months, one might assume that the economy is exploding upward. The rise has been driven mostly by a boost in consumer sentiment, which has taken off since the U.S. elections in November.

In 2017, consumer sentiment hit its highest level in more than 10 years!



Consumers represent 70 percent of the U.S. economy. Their confidence is crucial to future growth. Business spending is much smaller, but it is also much more volatile. So, when businesses are increasing their spending, the economy really has potential to move up. The good news is that optimism is also up for business executives.

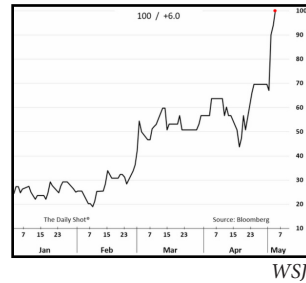
Confidence data is nothing more than opinion polls. This is why they are referred to as soft data. Hard data represents real action. Typically, these go hand-in-hand: A change in one leads to a corresponding change in the other.



After inflation, consumer spending is up, but just by 2.8 percent.

The trend in the hard data does not match that of the soft data. The Federal Reserve does not seem concerned.

## Fed Rate Hike Probability



The Fed raised rates last December and March. Expectations are nearly 100 percent that it will raise them again in June—despite first quarter economic growth of 0.7 percent.

How does one reconcile the gap between opinion polls and actual improvement? What is likely to happen?

The U.S. economy is still improving. Unemployment is down to 4.4 percent. Corporate profits are up. Energy prices are down. Finally, global growth appears to be entering its first synchronized period of growth in two decades. According to BlackRock, European earnings are up nearly 20 percent in the last year.

Add to this good news the potential for positive surprises and it becomes more clear why a glass-is-half-full perspective is better.

- Soft data could finally lift hard data
- Increased global trade will help U.S. companies
- Wages should rise with tight labor market
- Deregulation could create more opportunities
- Corporate tax reform may boost profits
- Infrastructure spending could boost productivity

Any one of these surprises could help convert optimism into action. The timing is the greatest uncertainty, but that is no reason to be overly concerned. With so many positive economic changes occurring in the world right now, we believe there are plenty of opportunities in 2017. SFS

*Data from the Federal Reserve Bank of St. Louis. The S&P 500 index often represents the U.S. stock market. One cannot invest directly in an index. Investing involves risk, including potential loss of principal. 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. SFS is not affiliated with any companies mentioned in this commentary.*

# After 35 Years, the 401(k) Dominates Retirement Savings

By Mikal B. Aune, CFP®

The people who helped start the 401(k) revolution in 1981 lament what has become of it. At the time, the hope was just to help supplement a traditional pension program. The reality is that 401(k)s have replaced pension plans as the main retirement savings vehicle.

*“Just 13 percent of all private-sector workers have a traditional pension, compared with 38 percent in 1979.”<sup>1</sup>*



Herbert Whitehouse, a Human Resources executive for Johnson & Johnson, was one of the first to recommend his executives use a 401(k) as a tax-free way to defer compensation. “We weren’t social visionaries,” he says. They were looking for ways to cut expenses and retain top workers. However, because many companies have jumped on the bandwagon, pensions are becoming a thing of the past.

**11%** *Percentage of companies offering both a pension and a 401(k). Just 2 percent only offer a pension.<sup>2</sup>*

Traditional pension plans do have their weaknesses: bankruptcies could weaken or wipe out the plan, and it is difficult for employees to transfer the plan to a new company.

Enter the 401(k) with the promise that an employee could have enough savings for retirement. Teresa Ghilarducci, who directed the Schwartz Center for Economic Policy Analysis offered assurances to Union Boards and even to Congress that 3 percent savings would be enough. She now admits the first calculations were a little “too rosy.”

There were other issues policy makers didn’t take into account, such as workers yanking the money out of the 401(k) or choosing investments unsuitable for their ages.


*Current households that have saved nothing for retirement<sup>3</sup>* **45%**

Only 61 percent of eligible workers are currently saving. A whopping 52 percent of households are at risk of running low on money during retirement.<sup>4</sup> These are scary numbers. It is no wonder people fear running out of money more than they fear death.<sup>5</sup>

The nation’s policy makers and some states have made proposals or started initiatives to help change the behaviors of savers and companies. One proposal would mandate retirement savings and the system would be run by the Social Security Administration. However, we are a ways off from having a solution to a societal problem that could be compounded by the Social Security trust fund running dry by 2034.<sup>6</sup>

The onus is on each one of us to save for retirement and implore our parents, children, friends, and even neighbors to help patch the holes in a sinking ship by saving for retirement.

The bright spots are the people that have benefited from the 401(k). For example, Robert Reynolds could retire comfortably at age 64 after saving for 3 decades. He says the formula is very simple, “If you save at 10 percent plus a year and participate in your plan, you will have more than 100 percent of your annual income for retirement.”<sup>7</sup>

Like it or not, we live in a world where 401(k) accounts have nearly eliminated pensions. Your financial future is your responsibility. So, make a personal commitment to save for your future. 

1. *The Champions of the 401(k) Lament the Revolution They Started*, Wall Street Journal, Jan 2, 2017  
 2. *The Champions of the 401(k) Lament the Revolution They Started*, Wall Street Journal, Jan 2, 2017  
 3. *The Champions of the 401(k) Lament the Revolution They Started*, Wall Street Journal, Jan 2, 2017  
 4. *The Champions of the 401(k) Lament the Revolution They Started*, Wall Street Journal, Jan 2, 2017  
 5. <http://www.marketwatch.com/story/older-people-fear-this-more-than-death-2016-07-18>  
 6. <http://money.cnn.com/2016/06/22/pf/social-security-medicare/>  
 7. *The Champions of the 401(k) Lament the Revolution They Started*, Wall Street Journal, Jan 2, 2017

# 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

## 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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