March – April 2016

Money Moxie®

TARGETED FINANCIAL STRATEGIES FOR YOUR LIFE

Americans Taking Control!

Since 1982

SMEDLEY FINANCIAL SERVICES, INC.®

Complacency through Success, Be Warned!

Dear Valued Financial Partners and Friends,

Managing your retirement dollars is truly a two-stage process. During your accumulation phase—in your younger years—your saving and investing process is pretty much on automatic. You sign up for your employer's 401(k) plan by marking a few boxes and signing a few forms. You basically set it and forget it. Right or wrong, your 401(k) is on autopilot without you making many adjustments.

The accumulation process can be dangerously deceptive. The years of automatic saving and investing could set you up mentally and emotionally for something we affectionately call the "Complacency through Success Syndrome," exactly at the wrong time.

At retirement, complacency through your savings success may lull you to sleep. Like many people, you may suffer from financial hypothermia. At retirement you have to wake up from your successful accumulation days and become actively involved. Specifically, you have to take your retirement funds off autopilot and switch to being proactively involved in making multiple and intertwined financial decisions. For many people this is very uncomfortable and not easy. It is fraught with so many moving parts and numerous and dangerous landmines and booby-traps. And, you don't get a do over!

For you, your retirement distribution phase doesn't have to be ominous and painful. Because helping you succeed financially is what we do. And we've done this for 34 years. Believe it or not, protecting clients from themselves in making unwise and imprudent financial decisions is one of the most important things we do!

Here are some of the landmines that can blow up (or undo) your lifetime-savings nest egg: elections and timing on pensions, Social Security, Medicare, IRAs, and 401(k)s to name just a few.

Other potential problems include not dealing with a fiduciary (not all financial professionals are required to put your interests first), promises of high returns, meaningless guarantees, and so forth. Smedley Financial Services, Inc.® has been a fiduciary since our first day in business, June 4, 1982. We can help you avoid financial landmines and scams. We put your interests first and are bound by law to do so.

So don't self-sabotage what you have worked for all of your financial life. If you think financial planning is expensive, try ignorance! None of us can afford to make financial mistakes at retirement. Your financial success is our passion!

Bullish Best Wishes,

Roger

Roger M. Smedley, CFP®
President

See Our Most Recent Seminar Online

In February, SFS hosted a webinar and a seminar, providing the latest information on various topics:

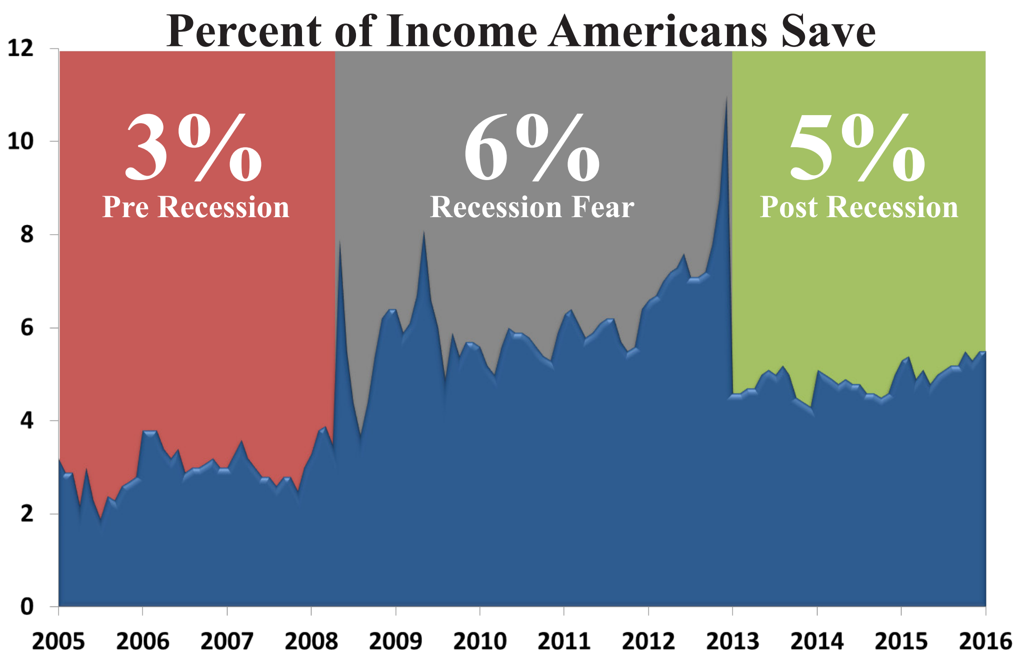
- New Social Security rules
- Changes in charitable contribution rules
- Generating retirement income
- Investing in the current economic environment

If you missed the webinar, you can view the recorded webinar online by going to the following address in your Internet browser: tiny.cc/marketupdate2016

Americans Are Taking Control of Their Money

By Sharla J. Jessop, CFP®

Do you remember what America was like in 2006? If we could give the year a financial theme, I would label it, "Borrow and Spend!" Buying a home was easy; no verification of employment and no down payment were necessary. An interest-only loan could be obtained without any reasonable expectation of one's ability to repay the loan.



As a matter of fact, you could borrow up to one-hundred percent of a home's value, skip a month's payment, and even cash out any value that had come from the rising price of the home. Leverage was the hot financial fad! Many Americans borrowed as much as they could and bought whatever they wanted!

What a difference ten years can make. Contrast 2006 with 2016; today people are taking control of their financial situations, putting themselves in the driver's seat, and keeping their own hands on the steering wheel. Financial responsibility is much more prevalent.

Disposable income —the money we have left to spend after taxes have been paid—has increased at an average rate of just less than one percent per year over the past ten years. So income is up a little. This makes the fact that personal saving is up very impressive. We have seen the personal savings rate increase from 3 percent at the end of 2005 to 5.5 percent at the end of 2015.

This significant improvement demonstrates a shift for Americans towards greater financial strength. Here are some of the positive outcomes.

Reduction in personal debt

Still smarting from the financial pinch of the last recession, cash flow is now king. For many of us the perception of acceptable levels of debt has changed significantly. Debt is financial fragility, which is why Americans again recognize the value of getting out of debt as quickly as possible. Many have taken advantage of low-interest rates and refinanced to shorter-term loans. Paying off short-term loans such as car loans and signature loans is now a priority, and the use of credit card debt has reduced significantly.

Spending less

Knowing what we should do and putting it into practice can be challenging. This is especially true when it comes to living within your means. However, it is possible and it is powerful. No other financial habit is more important!

We have had the opportunity to meet with many people that have adopted the philosophy of a simpler lifestyle. This allows them to enjoy what they have without the pressure to get more "stuff" and then live with the financial burden. Managing spending also impacts our future lifestyle. If we spend everything today...what will we live on in retirement?

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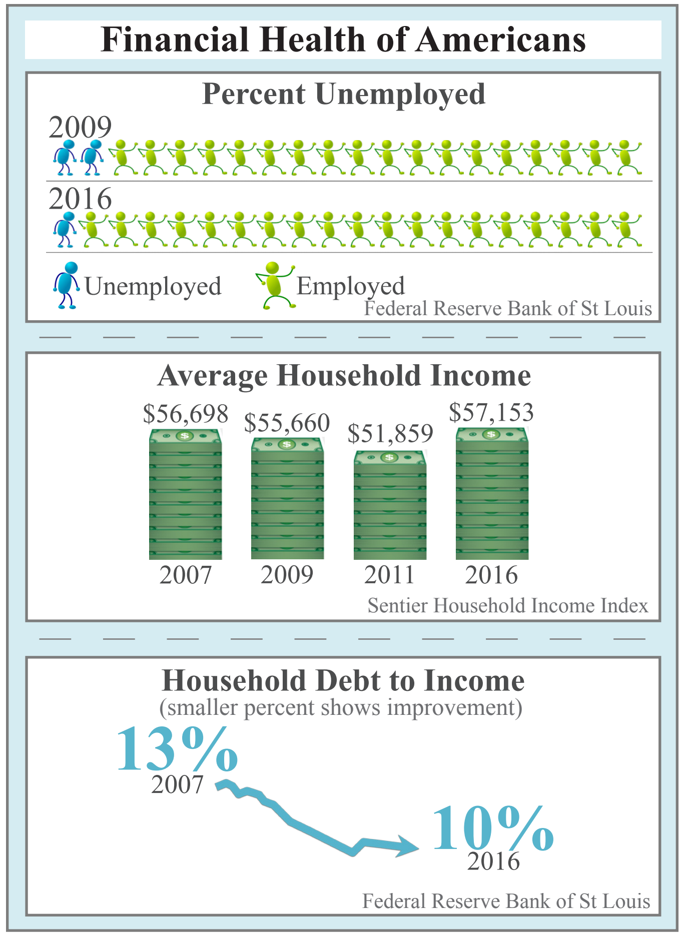
Increased accessible savings
After experiencing financial instability, many people have gained a witness of the need for liquidity. Access to emergency money to cover needs for 3 to 6 months has been widely recommended for decades, but it has gained new favor in the last 10 years. The wisdom of this applies beyond those still working. Retirees are also paying attention to liquid savings to make sure they can cover the unexpected emergencies that will surely come.

Focus on planning for the future
A shift has taken place in young people as well. They are saving for their futures at the beginning of their careers. Company-sponsored retirement plans such as 401(k) or 403(b), as well as individual IRA or Roth IRA, are now common to this young generation and they are off to a strong start.

Those who see retirement on the horizon have a new goal. They want to maintain a comfortable lifestyle throughout their retirement years. With fewer pension plans providing retirement income, the burden to provide income during retirement has been shifted to them. Many have hit the ceiling on contributing to their retirement plans and are using additional savings to help them reach their goals.

It is clear that over time all things can change; the market, our spending and savings habits, even our perception of what's important financially. We have learned many valuable lessons and have made significant strides to improve our financial situations. The next ten years will undoubtedly bring more changes; some will be good and some will be bad. Remember to prepare when times are good and don't fall prey to the next financial fad. Keep in mind that you are in the driver's seat.



Upcoming Events

Free Shred Party! – April 11th through April 20th
April is a good time to clean out your files and get rid of those old documents. Bring your paperwork to our office and we will have it shredded for you. The service we use is secure and your personal information will be protected. Stop by and say hello, drop off your old paperwork, and leave with a sweet treat.

Just for Women – Thursday, April 28th, 9:30 AM to 1:00 PM
Plan now to join us for an uplifting and fun day…just for women. Spring is a great time to celebrate and The Gathering Place at Gardner Village offers a beautiful setting. Come enjoy the company of amazing women, get new ideas for spring, and be inspired by our dynamic guest speaker, Amanda Dickson. Did we mention enjoy a wonderful lunch? You won't want to miss out. Bring a friend and make a day of it.

In conjunction with our Just for Women event, we want to take the opportunity to support women who are trying to make a better life for themselves and their children. We will be partnering with the Road Home Women's Shelter and your help will be greatly appreciated. Watch for additional information regarding this event.

When Will Stocks Go Higher?

By James R. Derrick Jr., CFA®

Stocks got off to a rough start in January and February as investors began to fear another recession. At the same time, consumers continued to keep the U.S. economy moving in the right direction. This divergence caused us to ask, *which one is right? Are things getting better or worse? If the market is going to improve how strong will it be?* Below is a list of what I think we need for stocks to move to new highs. Feel free to check the boxes if they become a reality.

☐ ***(1) Oil prices stabilize.***
Investors need a dose of reality: low oil prices are good for the economy. Falling oil prices often follow, but do not lead to, recessions. What we need is for prices to stop declining so rapidly.

Oil is falling because the global supply is much greater than demand. Even at these low prices, producers need to pump oil for cash. Fortunately, the decline is slowing. This is because demand and supply are getting close to a balanced level.

Global oil demand is at 96.5 million barrels/day and growing at 1.5%. Global supply is at 96.9 million barrels/day and is currently falling at a rate of -0.5%. This does not mean prices will move significantly higher, but they may stop falling.

With sanctions lifted, Iran could boost supply by 4 million barrels/day. Demand won't grow fast enough to balance that much oil for a few years.

So, get used to low oil prices. They may be with us for a while–probably until several indebted producers cease oil production. At that point, oil prices could rise a little, fear over corporate debt should ease, and stocks will be more likely to climb.

☐ ***(2) Political frontrunners emerge*.**
Who will be the next President of the United States? Investors are uncomfortable with this uncertainty, but they don't have to wait until Election Day to feel better. With each election primary, the uncertainty diminishes.

☐ ***(3) The Fed acknowledges global volatility.***
What happened to "data dependence"? With its December rate hike the Federal Reserve announced that it intends to slowly raise rates in 2016 and 2017. It defined slowly as four rate hikes of 25 basis points each.

Rather than applaud transparency, investors have questioned the Fed's determination.

Globally, central banks are doing the opposite: dropping rates to levels below zero in order to encourage risk taking, economic growth, and job creation.

☐ ***(4) Evidence of consumer spending increases.***
Will consumers continue to hold up this economy? The U.S. consumer represents 70% of the U.S. economy. China, on the other hand, represents approximately 2% of direct trade with the United States. That means that the consumer is 35 times more important.

Consumers are stronger than any time in the last 25 years. They are pocketing roughly $1,000 a year in energy savings. In 2015, spending increased 3% while purchases rose for autos (+5.8%) and homes (+7.5%).

With all of the good news about the consumer, the main concern is if these numbers are peaking. I think not. Unemployment is low (4.9%). Job postings are high (5.4 million). Wages and salaries increased by a reasonable and healthy level (+2.9%).

The final bit of good news on the consumer is that their debt-to-income levels are near their lowest point since the government started tracking them in 1981. That means there is still room for this 70% of the economy to grow. SFS

*Research by SFS. Data from Federal Reserve Bank of St. Louis. Investing involves risk, including potential loss of principal. The S&P 500, S&P 600, and Dow Jones Global are indexes considered to represent major areas of stock markets. One cannot invest directly in an index. 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 upon changing conditions. This is not a recommendation to purchase any type of investment.

Know the Signs of Alzheimer's

By Rodney A. Walker, CFP®

Some of my greatest treasures are the memories that I have been collecting over my lifetime. Remembering the time and place I fell in love with my wife. The time my children were born, even neck surgery all have a special place. What if one day you no longer can recall how to get home, remember loved ones' names, or even forget who you are? As we age our mental capacity to recall memories, names, and places does diminish. Is this cause to worry? Alzheimer's disease is on the rise. The Alzheimer Association is projecting that by 2025, 7.1 million Americans will have this deadly disease and by 2050 the number is expected to skyrocket to 13.8 million.

How do we know if our diminishing mental capacity is due to age or something more severe? Fortunately, the Alzheimer's Association has created ten warning signs. Those experiencing any of the symptoms should seek a professional diagnosis.

Alzheimer's will bring difficult choices that must be addressed with family and friends. One hurdle will be sharing the diagnosis with others. Take the time to teach them about the disease and offer ideas on ways they can help support you.

Currently, there is no cure for Alzheimer's, but with early detection and planning you can continue to enjoy precious moments of life yet to come.

10 Signs of Alzheimer's

1. Memory loss that disrupts daily life like asking for the same information multiple times.

2. Difficulty making plans, solving problems, following instructions, or working with numbers.

3. Challenge completing familiar tasks at home, at work, or at leisure.

4. Confusion with time or place. For example, not remembering why one is in a specific place.

5. Trouble understanding visual images and spatial relationships. For example, difficulty reading or judging distance.

6. Trouble communicating–Problems speaking or writing clearly to others.

7. Misplacing things or losing the ability to retrace steps–Even blaming other for things missing.

8. Decreased judgment: Making unwise financial choices.

9. Withdrawals from work or social activities–Lack of involvement and less interest in life.

10. Change in mood and personality–Developing greater depression, anxiety, or anger.

Details on these ten warning signs available at www.alz.org/alzheimers_disease_10_signs_of_alzheimers.asp

Important Tax Information for 2016

Qualified Charitable Distributions (QCDs):
On December 18, 2015, the President signed a law which includes a permanent extension of QCDs. This is great news for clients who wish to have their Required Minimum Distribution go directly to a qualifying charitable organization. Contact us at 801-355-8888 for more information and specific guidelines.

Protect Yourself from Financial Avalanches

By Mikal B. Aune, CFP®

All too often you hear the unfortunate story of a backcountry skier, snowboarder, or snowmobile rider that was killed in an avalanche. The lucky ones are buried, but quickly rescued. They report the harrowing tumble down the mountain, the overwhelming weight of the snow, and the feeling of utter helplessness.

We have seen too many people get caught in financial avalanches that have the same feeling of fear, heavy weight, and hopelessness. What can you learn from their experiences that may help you protect yourself from a financial avalanche?

1) Chart your course: After a big storm, backcountry adventurists will feel the urge to "shred" the powder. However, excitement may open the door to danger if one heads out without doing the homework or creating a plan. You need to understand what risks exist and then chart a course that will keep you away from potentially hazardous slopes. Investors that put all of their assets in one "hot" area risk being buried. We have seen retirement dreams destroyed. To help protect your assets, you can employ a certified professional guide. While they can't guarantee that there won't be avalanches, they can help guide you out of danger's path.

2) Make course corrections: Any skier knows that you rarely take the exact line down the mountain that you envisioned. That is due to obstacles, changes in terrain, or skier error. Your financial plan needs to have a balanced approach that can still help get you where you need to go despite the minor variations in your path.

3) Take the right amount of risk and stick with it: Investors that pull out at the bottom and never reinvest are like skiers that decide to ski down the mountain and then hike back up because the ski lift is too risky. With the current environment, some investors feel nervous and look for investments that don't have any risk. While this may be a good approach for some of your assets, it is rarely a good approach for all of your assets. Make sure that before you get into a new investment, you understand all of the risks. Be cautious with investments that lock your money up for 7-10 years.

If you feel like you have already been buried by an avalanche, there is still hope. You have friends that can help dig you out and get you back on track.

Learn from the experiences of others and don't become the victim of a financial avalanche.

Aging Population

By Lynette S. Watts

Americans are getting older. The number of its citizens over the age of 85 is expected to triple by 2040. That means 15 million people will likely need help in one form or another. That is a 34 percent increase in caregiving for family members caring for aging loved ones.

Right now, there are more than 10 million family members in the caregiver role with aging parents. On average, that is more than 30 hours a week for caregiving.

If you are a caregiver there is help. You can provide a better quality of life for your loved ones while maintaining a sense of independence.

Here are a few resources that provide help for seniors, including assistance with shopping, errands, transportation, companionship, and appointments.

www.aarp.org: great information for anything on aging; specifically to find caregivers.

www.seniorhelpers.org: information on home healthcare that helps customize home care for Alzheimer's & Dementia care.

www.caregiverstress.com: provides resources for caregivers, including articles and videos.

www.agingcare.com: newsletters for caregivers.

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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