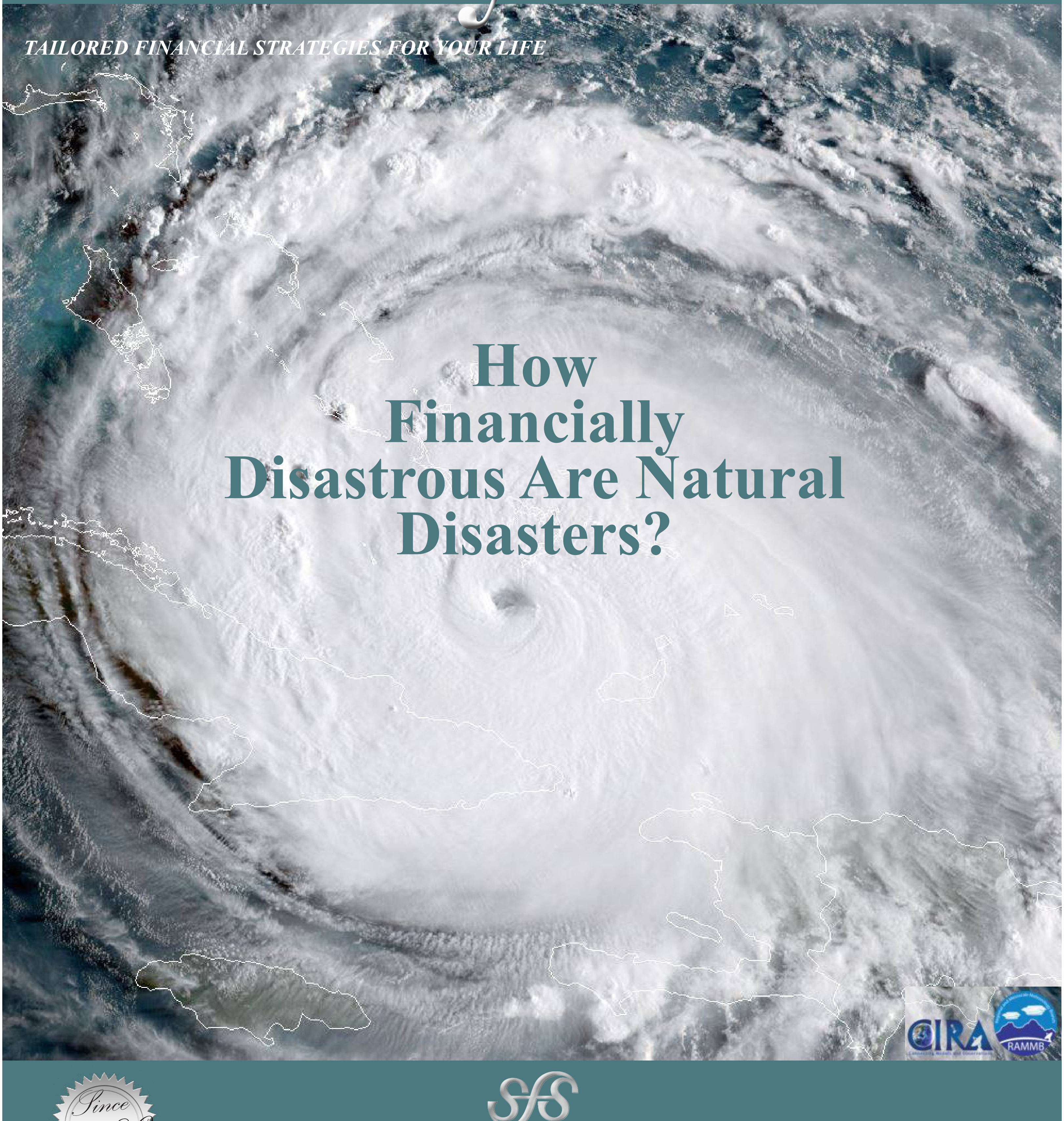
September – October 2017

Money Moxie®

TAILORED FINANCIAL STRATEGIES FOR YOUR LIFE



How Financially Disastrous Are Natural Disasters?

Since 1982

SMEDLEY FINANCIAL SERVICES, INC.®

Preparing for Disasters

Dear Friends,

Watching nature unleash her fury over the last two months has been upsetting. Our hearts go out to those who are reeling from the devastation as they pick up the pieces of their lives.

As each potential disaster becomes a reality, it forces us to focus on our personal situations. We have heard numerous clients and friends – including myself – say they have pulled out their emergency "go" kits and reviewed their plans to make sure everything is in order. These plans often focus on food, water, clothing, and the essentials to maintain life for a short period of time. We want to be ready should we find ourselves in an emergency situation.

But, what if your emergency situation is financial? Your ability to weather a financial crisis may depend on your financial plan. Financial plans are designed to take into account and help you prepare for the many financial situations you may encounter.

Financial disasters can range from how will I pay for the car when it breaks down to how will I pay for care in my aging years when I can no longer stay at home? There are a myriad of situations to consider. Knowing you have a plan in place to address a financial emergency can help you take control should a situation arise.

Good intentions will not help in a financial disaster. Get prepared. If you have not created or reviewed your financial plan, I invite you to do it now! Your financial success is important.

Best wishes,

Sharla

Sharla J. Jessop, CFP®
President

Medicare and Social Security seminar!

Join us as we discuss key information and changes. Here are just a few of the topics we will cover:

- Medicare enrollment – when should you apply for Part A versus Part B.
- Important differences between Medicare Supplements and Medicare Advantage plans.
- What if you are still working at age 65? Learn the critical dates you need to know.
- Social Security strategies – get the most from your benefits.

Wednesday, October 11th 6:00 – 7:00 PM
Joseph Smith Memorial Building
Palmyra Room – 9th Floor
15 E South Temple
Salt Lake City, UT 84150

Dinner provided – RSVP 801-355-8888

Thursday, October 12th 12:00 – 1:00 PM
Lion House
Pioneer Room – Main Floor
15 E South Temple
Salt Lake City, UT 84150

Lunch provided – RSVP 801-355-8888

Seating for each event will be limited and reservations are required. Parking for both events at the Joseph Smith Memorial Building. Enter by heading west on South Temple–just west of State Street.

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 want to change your carrier.

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

Who needs to pay attention?
Those using a Medigap plan, Medicare Advantage plan, prescription drug plan, or if during your initial enrollment period you opted not to purchase additional coverage 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 premiums. Part B is coverage for doctor visits, etc. and the base cost is $134 per month for most people. This typically comes out of your monthly Social Security check. Part D is prescription drug coverage purchased from a third party.

What is the difference between a Medigap and Medicare Advantage plan? Medigap is an additional insurance that complements traditional Medicare. It covers most of the "gaps" or holes that are not covered by 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 they 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 emergencies. Because it is the most comprehensive, it is usually the most costly. However, by rule, any Medigap plan has the same benefits regardless of the service provider, even though the costs can vary significantly.

The only differentiator between companies is the level of service. Price then is a driving factor, but you should use a provider that is reputable. People that have comprehensive Medigap plans may pay more on a monthly basis, but typically don't have to pay very much out of pocket. If your health is ok to poor and you see a doctor regularly, then this may be a good option for you.

What else should I know about Medicare Advantage plans? Medicare Advantage plans, also called Part C, will often cost less than Medigap plans. They will typically have deductibles and co-insurance like traditional insurance through an employer. They work 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 typically have more out of pocket expenses. If you are in good health and don't regularly see a doctor, then this may be a good option for you.

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 any differences between prescription drug providers? Yes, costs can vary significantly. Shop around to find the best deal for your specific medication regimen. You can also go to Medicare.gov, enter the prescriptions you take, and it will screen for the best providers. To get there, visit Medicare.gov and click on Drug Coverage (Part D), then click on Find Health & Drug Plans.

What resources are out there to help me research my options? The website www.medicare.gov has a plethora of information. You can use it to sign up for Medicare or any of its parts A, B, C, or D. You can also find contact information for Medigap providers. If you would like to speak to a person you can call 1-800-Medicare (1-800-633-4227).

Women
Bridging the Retirement Gap

By Sharla J. Jessop, CFP®

It's true that women average longer life spans than men. What is often unknown, or in some cases marginalized, is that we will need a larger nest egg to provide income for those additional years. This requires creative planning. Not necessarily more risk; rather a more defined plan for using the money we have saved for retirement.

As women, we also tend to focus on quality of life. We value things that give us purpose and enjoyment: traveling, giving back to our community, or creating memories with our children and grandchildren. These ideals drive our financial goals and decisions while money helps us achieve them.

Women often feel insecure about their financial decision-making abilities. Building financial confidence is important. We need to be educated and have a better understanding of the decisions that need to be made and the options available to meet our needs. Once we have financial confidence, we are committed to our plans. We have a real desire to stay on track to attain what we consider to be financial success.

Developing financial confidence is the foundation to financial success. This comes naturally from our financial experiences – good and bad. It can also come through an exerted effort and a desire to have more knowledge and a greater understanding. Here are three ways you can take control:

Get Educated: Rather than wait for the life lessons to take shape, make an effort to learn more. You can attend educational seminars in the evening. Caution advised, most seminars offering free meals etc. focus on selling you a product. Our seminars are designed to educate you regarding specific topics and concerns. If you are busy at work, watch an educational webinar while you have lunch or in the evening from home. Our website has a collection of resources focusing on women and their unique needs. You can find it by clicking on Women and Wealth from our home page at SmedleyFinancial.com. If you have additional questions or want information on a specific topic, give us a call. We have a library we can draw from to provide you with the resources you are looking for.

Create a Financial Plan: A financial plan focuses on your personal financial needs, goals, and current circumstances. No matter where you are financially, you need a plan to move forward. Women often start a financial meeting by saying, "I don't have very much…." The truth is, the less you have, the more important every dollar becomes. A plan will help maximize the assets you have available, creating a clear path to your financial goals and direction that will help you circumvent potential roadblocks.

Design a Retirement Income Plan: Most women want to know, "How will I replace my paycheck when I retire?" A retirement income plan is just as important as, if not more important than, a financial plan. Making sure that our money lasts throughout our retirement years is essential. By the time we retire, few of us will have the luxury of picking up another job to provide additional income. If we overspend in the early years of retirement, we may impede the success of our plan long-term. The same can be said about taking too much or too little risk; the results can be devastating. An income distribution plan must be updated each year to evaluate our ability to maintain our desired lifestyle.

You have the resources and ability to take control of your financial future. I understand you are very busy. Still, I challenge you to take the next step. Find one topic you want to know more about. Visit our website, give us a call for resources, or attend a seminar or webinar to learn more. There is never a better time to begin a financial journey than today!

How Financially Disastrous Are Natural Disasters?

By James R. Derrick Jr., CFA®

Since our last *Money Moxie*®, we have seen two massive hurricanes lash the U.S. coast. In spite of these and other risks, the stock market has continued to add to its 2017 gains. What's going on? Is the market's response rational?

Counting on rational behavior —or even reasonable behavior— from investors during a crisis could be costly. So, even if you don't expect to be directly impacted by a hurricane or other disaster, you may still feel some financial fallout.

Gas Prices: Hurricane Harvey pushed gasoline futures up 10 percent in trading on the New York Mercantile Exchange as investors anticipated refineries would shut down. The increase soon spread. According to AAA, the national average rose from \$2.35 to \$2.66 a gallon—a 13 percent increase.

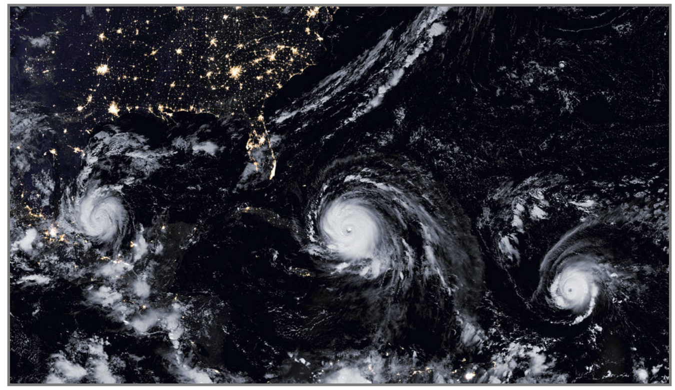
Employment: Economic suffering is also evident in employment. Following Hurricane Harvey, the Labor Department reported the largest one-week jump in initial jobless claims since superstorm Sandy. Two weeks after Sandy (2012) and Katrina (2005), jobless claims soared higher by 23 percent and 30 percent, respectively. So, the full impact of Hurricane Irma on this measurement is still coming.

Consumer Spending: Nearly 70 percent of the U.S. economy is driven by stable consumer spending. When gas prices rise nationally and employment falls locally, there is less money for discretionary spending. The city of Houston, for example, has nearly 3 million workers and contributes around \$500 billion to the economy. (Internationally, that places Houston's economic value above that of the entire country of Sweden.)

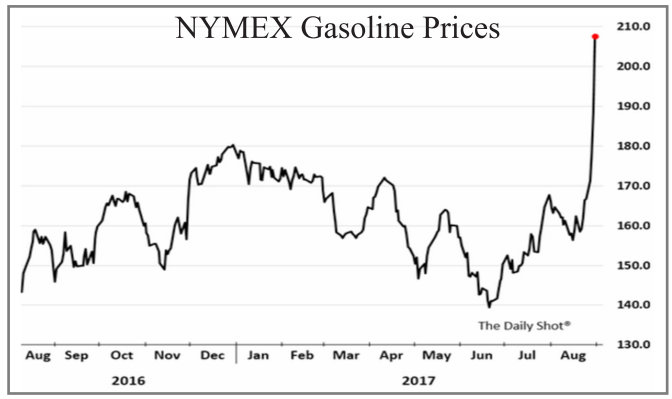
Destruction and Reconstruction: Destruction is not counted in economic output. It shows up only as falling wealth. Reconstruction, often financed by debt, will eventually have a large impact on growth and cause a bump for inflation.

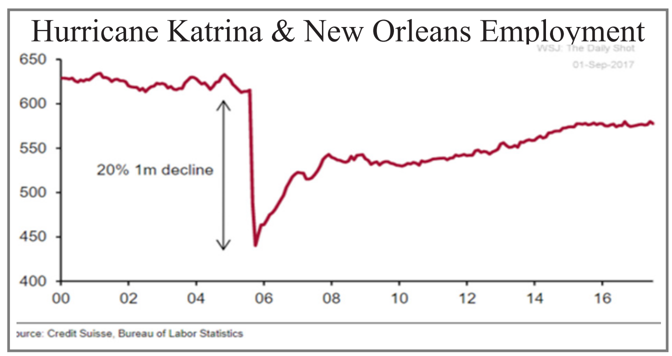
The overall impact could subtract around one half of a percent from U.S. growth. Fast forward 6 months and there should be a boost that approximately evens things out.

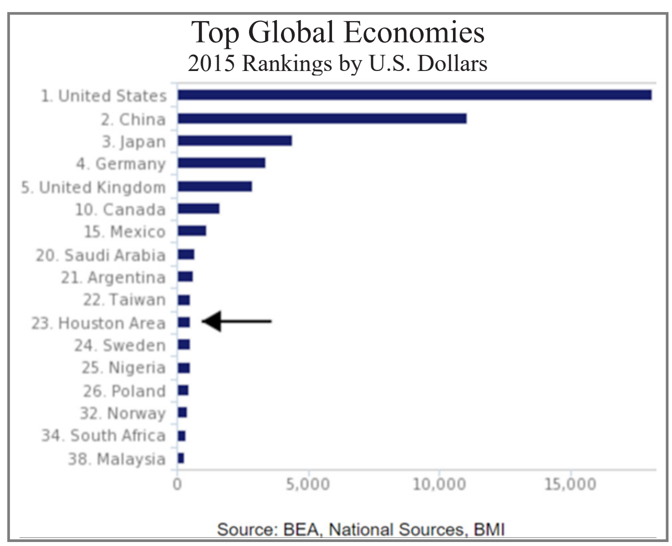
Investors concerned with natural disasters would be wise to maintain perspective. The lasting impact will be evident in the higher debt and human costs. Ultimately, this impact on individual lives is the most devastating.



This NASA photo captures Hurricanes Harvey, Irma, and Jose lined up to strike the Caribbean and United States.



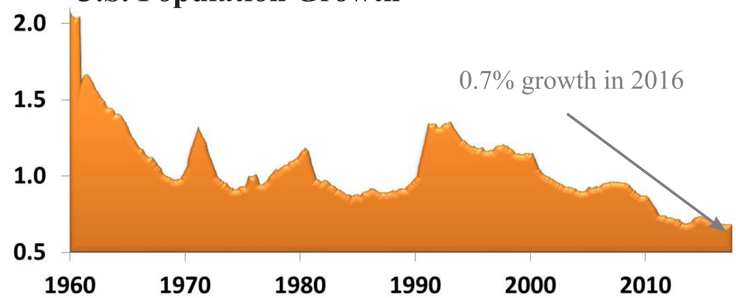




U.S. Birth Rates Have Never Been Lower

By Eric Hencley

U.S. Population Growth[1]



In 2015, the United States hit a new low fertility rate of 12.4 births per 1,000 people.[2] This is down from 24 per 1000 in 1960.[2] We are having half as many babies and it's going to have a big impact on Americans.

Why this is happening is as complicated as each individual family situation, but one study in the late 1990s concluded that there is a certain population threshold that, when reached, causes individual quality of life to fall.[3]

There are several metrics that contradict this hypothesis. Americans are showing increasing satisfaction with their lives when asked about their income, jobs, housing, education, and environment.[4]

There is one major measurement that is falling significantly: work-life balance.[4] Maybe we are just all working too hard to take the time to raise a family.

The effects of a declining population are more predictable than its reasons. Many economists predict lower productivity and standards of living as populations decline. We can look to Russia and Japan for examples of what happens. Productivity and GDP per capita in these countries continue to increase even as their populations fall. The continued gains without population growth have been attributed to technology.[3]

The real threat is the inevitable side effect of a lower birth rate and longer life span: an aging workforce. The median age in the United States in 1960 was 28.1 and by 2060 it is projected to be 42.[2]

The shifting age in the U.S. is going to lead to some interesting policy decisions in the future. With fewer young workers to fund Social Security, how will we meet the obligation? The U.S. will have to increase revenue or decrease benefits. (There are a number of unpopular ways it can be done: raise taxes, increase retirement age, etc.)

It is more important than ever to ensure that you are doing everything you can to prepare for retirement.

Now is as good of a time as any to talk to our wealth advisors about how you can maximize your retirement savings. No one can predict the future (especially when it comes to congressional action) so all you can do is prepare for it.

(1) Graphical data provided by Federal Reserve Bank of St Louis.
(2) The World Bank. (2017, September 14). Birth rate, crude per 1,000 people. Retrieved from The World Bank: https://data.worldbank.org/indicator/SP.DYN.CBRT.IN?locations=US.
(3) Singha, K., & Jaman, S. (2013). Does population growth affect economic development: A study in India. Journal of International Economics, 4(2), 41-51. Retrieved from http://ezproxy.liberty.edu/login?url=http://search.ebscohost.com/login.aspx?direct=true&db=bth&AN=98042924&site=ehost-live&scope=site.
(4) Organization for Economic Cooperation and Development. (2017, September 14). Better Life Index: United States. Retrieved from Better Life Index: http://www.oecdbetterlifeindex.org/countries/united-states/.

Be Vigilant With Your Identity

Monitoring your identity and your credit is your responsibility. Now that thieves and hackers have become more successful at stealing our personal information from companies we have trusted, it's more important than ever. Here are some things to think about when it comes to being vigilant with your identity:

(1) Turn on spending alerts with credit and debit cards.
(2) Sign up for a credit monitoring service. Some offer limited services for free.
(3) Freeze your credit with the credit bureaus. This will help prevent new accounts being opened under your name.
(4) Sign up for fraud alerts with the credit bureaus.
(5) Keep your anti-virus and malware detection software up to date.
(6) Back up your computer regularly.
(7) File your taxes as soon as you have all your documents.

Visit this link for our Cybersecurity Webinar Recording: **https://goo.gl/BybmzT**

Investing According to

Your Goals & Your Time Frames

By Alli Osgood

In financial planning, goals and investing go hand-in-hand. These are then combined with your personal attitudes towards risk to determine the investments that should be used.

When investing in the market, it is important to understand the associated risks, such as market volatility. This includes level of fluctuation and the amount of time you are willing to endure these ups and downs of the market.

One important consideration is to determine when the assets you are investing will be needed to fund your goal. For example, saving for retirement is a long-term goal, saving for your children's education is most likely an intermediate-term goal, and saving for a new car would probably be a short-term goal.

Referencing the chart on this page will help you determine the time frame of your goals. If it is zero to three years, it would be best to keep your assets in a conservative location.

Investment Timeframes and Objectives

Years until Assets Needed	Investment Objective
0-3	Conservative
3-10	Moderate
10-15+	Aggressive/ Aggressive Growth

If your time frame is 10+ years, choosing to invest aggressively may be the best choice for you. A lot of the decisions also rely on your personal investment risk tolerance.

As your financial advisors, we can help guide you to investments that best match your investment goals, timelines, and objectives.

For instance, if your goal is saving for retirement, a 401(k), 403(b), or Roth IRA may be the best option due to the tax benefits. We can also look at your holdings and determine if they are invested to match your risk tolerance and time frame of when the assets are needed.

If a goal is to save for a down payment on a home in the next five years, an advisor can help you open an account that would be best suited for that goal.

For example, a 401(k) would not be the best option for this situation due to the taxes and 10% penalty for early withdrawal. Plus, in this situation there would be a loss of opportunity for growth on those assets. The best option may be an individual account with transfer on death, or a joint account with rights of survivorship.

We can help you set up appropriate types of accounts for you goals and then help manage the levels of risk. We even look at minimizing tax consequences.

There are a lot of options that come into play when determining how and where to invest. When looking at time frames, you may have to take risk–but take only the appropriate amount. If you're planning to buy a home in a year and invest your down payment in a very risky stock, the results could be disastrous. You could delay your goals or even destroy a dream.

Use the chart as a guideline to help fund your goals and remember we are always here. Let us help guide you!

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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