

July - August 2012

Money Moxie®

What Does Money Mean To You?

*Disaster Has Struck.
Now What?*



SMEDLEY FINANCIAL SERVICES, INC.®

www.SmedleyFinancial.com

Thank you!

Dear Valued Clients,

In June, Smedley Financial Services celebrated its 30th year in business. This has only been possible because of you, our valued and loyal friends and clients.

We have had the pleasure of watching you grow through the stages of life—working career to retirement—beginning to end. What was true 30 years ago remains true today: Serving you, using the highest level of integrity, comes first.

You came to us with personal goals and dreams. Your individual drive to become financially successful has been the backbone of your success. We have been awed many times over by your commitment to do what it takes to meet your financial target and further your success. Kudos to you!

It is our ongoing commitment to support you in your efforts to achieve your financial dreams. We will carry out this commitment by delivering innovative planning techniques and timely strategies. It has truly been our privilege to serve you.

So, for 30 years we say thank you! Thank you! Thank you!

Bullish Best Wishes,



Roger M. Smedley, CFP®
President

Upcoming Events

Don't Miss Out on Thousands of Social Security Dollars



Join Smedley Financial for a free Social Security seminar where we will discuss the strategies and options you can use to maximize your benefits. This important information will help you before making the critical decision.

Seminar: Hotel Monaco – Downtown Salt Lake at 6:00 PM on Thursday, August 23rd

No products will be sold. This is an educational seminar where we will share ideas and techniques that you can apply to your situation. Please bring anyone who can benefit from this valuable information. Refreshments will be served. Seating is limited and RSVP is required. Please call us at (800) 748-4788 to reserve seats for you and your guests.

Webinar: Not able to attend our seminar? You can still have access to this valuable information. Join us from the comfort of your home or office for our Social Security webinar.

When: Tuesday, August 28th at 10:00 a.m or Wednesday, August 29th at 2:00 p.m.

Call our office (800) 748-4788 to reserve your spot and receive required information for attending the webinar.

Disaster Has Struck. *Now What?*



By Shane P. Thomas

If you're asking this question, it may be too late. This year alone, there has been a number of scary disasters, but this year isn't different from others in the past.

Unfortunately, disasters are going to happen somewhere, sometime. 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 you can take to help put the odds of recovery in your favor.

The first thing to do is make a checklist of all the items that you feel cannot be replaced:

- Insurance: home insurance details, auto insurance paperwork, and healthcare information.
- Personal documents: marriage and birth certificates, wills, trusts, immunization records, and passports.
- Financial Paperwork: recent tax return, automobile titles, banking statements, mortgage documents, investment account information.
- Other: memorabilia, keepsakes, heirlooms, and pictures that are not already backed up digitally. (See Backup page 4.)

Many of these items are available to you online. Of the items that are not available online, save space by scanning them as a PDF file and storing them on your main home computer and on your backup. (See Backup page 4.)

With many of the "paperwork" items stored digitally, you can remove them from your list.

The remaining items left are the tangible, irreplaceable items. Save this list where it can be located quickly by you and family. This will hopefully avoid an important item being left behind as your mind is racing during an emergency.

If your home is destroyed, the insurance company will want you to list the items damaged. It can be overwhelming to try to remember everything. Planning ahead can make it easier.

The best way to document your home and assets is with photos or video. Start with the exterior of the home and yard. Then move through each room, closet, and storage area. You can label and save the files on your main home computer and your backup. (See Backup page 4.) Remember to update the pictures or video as necessary.

This might also be a good time to check with your insurance agent to make certain that you have proper coverage to rebuild or repair your home in the event of a disaster. Go through any scenarios that concern you to confirm you are covered. Also, verify what disasters are actually covered as many policies do not include floods or earthquakes.

As we have seen, disasters can happen at anytime, anywhere, and to anyone. Please don't hesitate to ensure that you have a plan in place and are prepared if disaster should regrettably strike. You will be glad you did. SS

Creating Your Digital Backup

By Shane P. Thomas

The one thing that cannot be emphasized enough in this day and age is a good backup of your data.

The backup should contain the thousands of digital pictures that you have taken of your children and grandchildren, but also it should include important documents such as bank and financial information, taxes, wills, trusts, birth and marriage certificates, and any other scanned documents. Of course, items that are available online from your financial institutions do not necessarily need to be saved again.

There are many options to backing up your data:

1. Some individuals use an external hard drive to copy all their important files to from their main computer.
2. Others use a NAS (Network Attached Storage) device, which is a small appliance containing several hard drives. With a NAS, you are able to access the files stored there from several

computers throughout the house, as well as backup the files from several computers (desktop, laptop, etc.) to the same device. Some devices even let you access the files saved on the NAS at your home over the Internet from anywhere in the world.

3. A third option is to use an online backup service. In this method, your files from a desktop or laptop are sent securely to an offsite company over the Internet and saved there. In a disaster or hard drive failure, you can then recover your files from them. There are several companies that have excellent reviews and start around \$5 a month. Some examples are Backblaze, Carbonite, and Mozy.

Many people use one method or a combination of the above mentioned backups and there are pros and cons to each, but the most important thing is that you backup your data and that you do it regularly. If a disaster happens or a hard drive fails, and you don't have a backup, can you afford to lose the pictures and information you have saved for so long? Take the time now to implement your backup. SFS

Employee Spotlight: Rodney A. Walker, CFP®

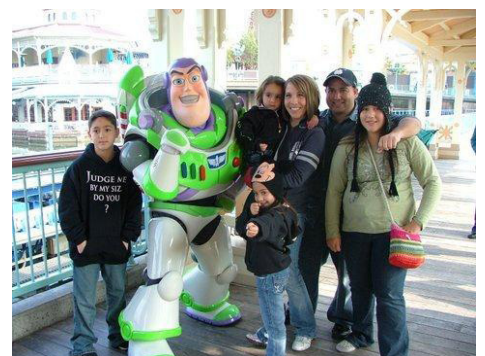


An ability to connect with each client and relate to their individual circumstances makes Rodney a uniquely qualified consultant. Rodney joined SFS in 2001 and has been helping clients solve complex challenges ever since. He provides our clients with wealth management solutions and advises them on how to preserve and manage their wealth by coordinating the use of financial, tax, and estate planning techniques.

Rodney holds the Certified Financial Planner (CFP®) designation. He began his college experience at Snow College where he was the school mascot (Badger). He earned his bachelor of science (Business) from the University of Phoenix.



Rodney and his wife Marianne are the parents of four wonderful children: Taliesa (12), Talon (10), Ireland (6), and Ashbie (4). In his spare time, Rodney derives satisfaction from working with special needs individuals and serving in his local community. He also enjoys coaching youth sports. SFS



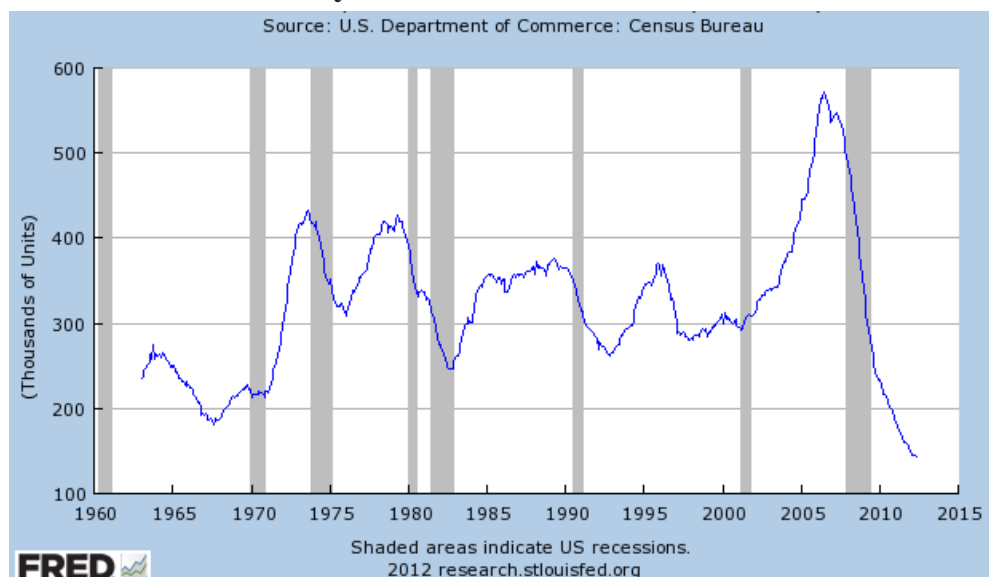
Has Housing Finally Hit Bottom?

By James R. Derrick Jr., CFA

Stocks began 2012 with one of the best starts in decades. While there have been plenty of ups and downs along the way, the U.S. market is clearly positive. In spite of the numbers, many people feel discouraged with the current state of the economy. Well, there is plenty of good news, especially if you look at housing.

The number of new homes for sale dropped to 144 thousand in June. That is the lowest number of new homes available in at least 50 years. It is down 75 percent from its 2007 peak. The number of homes available is now at levels similar to 1982 while the number of U.S. households is 40 percent higher.

New One-Family Homes For Sale in the United States



The Great Recession ended three years ago as consumer confidence and business spending rebounded. Technology, energy, and manufacturing businesses helped the economy grow.

All that time, the housing sector has been a substantial headwind—substantial because housing is one of the most important segments of the U.S. economy.

Poor sentiment has lingered. It could stem from a constant barrage of negative news concerning political turmoil, European recessions, and unemployment. Most likely, it is the result of poor growth in jobs.

The drag was created by an excess of homes for sale. At its highest point in 2007, there were 3.33 million homes for resale in the United States or about 1 out of every 28. The number of existing homes for sale has dropped by 36 percent since then.

Low inventory is only half of the equation. Purchases of homes have increased 10 percent in the last year. The law of supply and demand would tell us that with a low supply and rising demand, prices may soon rise.

Construction of new homes may also increase, which could lead to a rebound in all kinds of construction-related jobs. In July, builder confidence had its biggest jump in almost ten years. Permits for construction of new homes have risen 20 percent since June 2011.

What does all this mean to investors? We have been waiting for housing to bottom for four or five years. We need jobs for the unemployed as well. Housing may be turning the corner. It may be the driver that the United States needs to make a serious push back to pre-recession levels of jobs and growth. It will take some time, but there are a lot of reasons to be optimistic. Of course, there are no guarantees. SFS

Research by SFS. Data from Federal Reserve Bank of St. Louis, U.S. Department of Commerce, National Association of Home Builders, and Deutsche Bank. The S&P 500 is an index often used to represent the U.S. stock market. One cannot invest directly in an index. 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 on market and other conditions, and should not be construed as a recommendation of any specific security or investment plan.

401k Fees Brought to Light

By Rodney A. Walker, CFP®

How much does your company-sponsored 401(k) plan cost you each year? For many investors this has gone unanswered. A recent survey performed by AARP found 71% of the investors surveyed had no idea there was a fee associated with their 401(k) plan. Even employers are sometimes in the dark when it comes to plan fees.

The Department of Labor has been active in instituting laws that will help employers and employees become better informed. Starting July 1, 2012, providers of 401(k) plans were required to provide employers and employees details surrounding the expenses associated with their plans and the investments choices within the plans. Plan sponsors should also provide educational material and definitions describing the purpose of each fee.

Information to watch for:

- Annual disclosure outlining the cost of the 401(k) plan and of each investment option per \$1,000.
- Quarterly report of fees taken from 401(k) account.
- Historical returns for each investment option along with additional resources so participants can research and study the plan options.
- Appropriate benchmarks allowing investors to gage investment performance.

- Definitions of investment terms.


Fees vary from plan to plan based on company size, assets held in the plan, and other factors. It is important to realize that even though there are fees associated with 401(k) plans, it does not mean your 401(k) is a bad investment.



Fees collected are used to cover administration of the 401(k) plan such as record keeping, education material, and legal counsel. Other fees fall under the investment category, which is the cost to use the investments options within the 401(k) plan.

The Department of Labor hopes that disclosing 401(k) fees to employers and employees will create a healthy competition between 401(k) providers. This in turn will help keep costs low and improve the overall education of investors.

It will be up to each participant to determine if they are utilizing the 401(k) plan in its entirety.

Many 401(k) providers have already implemented these changes, so the next time your 401(k) statement comes in the mail, see if you can answer the question, “How much does your 401(k) cost you each year?” 

Protect Your Children and Grandchildren

Identity theft is the fastest growing crime in America and there are unsuspecting victims: children. When a child’s identity is stolen, the crime can go on for years. Children typically don’t apply for loans or credit cards. They have little reason to look at their credit, making them a good target. Utah’s attorney general’s office has created a pilot program, the first in the nation, to prevent children from becoming victims. It allows parents to register their children for identity protection until the age of 18. Visit <http://www.SmedleyFinancial.com/IDtheft/> or scan the code on the left with your smartphone to learn more about this free program and to sign up your family.



Social Security

A Decision that Could Cost You

By Sharla J. Jessop, CFP®

Choosing a lifetime of less money when you could have more is not the result retirees want. In fact, when it comes to determining your retirement income, you probably want the maximum amount possible.

The choice you make when beginning Social Security benefits could have you missing out on tens of thousands of dollars over your retirement years. I know what you're thinking...you've heard this all before. But it's true. There are many options available when taking Social Security benefits. The problem is few individuals are aware of all of their options or the strategies to maximize their benefits. Consider these scenarios.

Scenario 1

John just turned 62. A few months ago the company he was working for closed its doors and John found himself without a job. He had always planned on working until he was 66 but had not been able to secure a position. In need of income, John decided to begin his Social Security benefits. Three months later John secured a job with a new company. Now he receives a regular paycheck as well as Social Security benefits. The problem is John doesn't need the Social Security income. In fact, he has to pay an earnings penalty because of his young age and earned income. In addition, he will not benefit from the delayed credits he would have been entitled to had he waited to start taking Social Security at a later date.

All is not lost; John can have a do-over. He can withdraw his Social Security application, repay the amount received (without interest), and apply at a later date. This option must be exercised within 12 months after the original application date and can only be done once in a lifetime. By taking advantage of this strategy John can lock in a larger benefit when he fully retires and avoid paying penalties.

Scenario 2

Mark and Liz are 66 and 62 respectively and have both worked full careers. Mark wants to continue working but Liz is ready to throw in the towel. They

are concerned about the future of Social Security and want to make sure they get their fair share of benefits. They also want to receive the highest benefit for Liz throughout her life. Mark and Liz have several options available to them.

One option is for Liz to start her benefits now based on her earnings record. She will receive this same benefit (not accounting for COLA increases) throughout her retirement years. Because she has not reached Full Retirement Age (FRA), she will not receive the highest benefit possible. This option will lock her benefits in at a reduced amount.

Another option is for Liz to claim benefits now based on her own earnings record and then when Mark has retired and she has reached FRA, she can opt to take her spousal benefit. This would be advantageous if Mark had higher earnings and therefore was entitled to a larger benefit.

In addition to these two options, there are at least three more options available to Mark and Liz. Each increases the lifetime benefits they can receive. We don't have enough room in this article to go into detail about each available strategy.

The bottom line: maximizing Social Security benefits can make or break your retirement income plan. Take the time to understand how Social Security works and examine each of the options and strategies available to you before claiming your benefits. Engage the knowledge of an *SFS* financial planning expert who can help you assess each strategy and determine how it will impact you financially. This is not only a good idea, it's vital.

Smedley Financial will be sponsoring a Social Security seminar (see announcement on page one) where we will help you gain a better understanding of Social Security, the options available to you, and strategies to help you maximize your lifetime benefits. You've paid into the system your entire working career. Doesn't it make sense to take some time to get back what you deserve? SFS

Your SFS Team

Smedley Financial Services, Inc.® is an independent registered investment advisory firm. We work only for our clients. Our wealth managers have the flexibility to implement our financial plans, retirement plans, and income distribution plans using the investment strategies that work towards each client's needs, risk tolerance, and goals. We are never in a position where we are required to recommend a product we do not believe best serves the needs of our clients. We work with individuals, businesses, and family estates.

Some of the following products and services may be used to implement the plans we create.

Investments

- Managed Accounts
- Mutual Funds
- Exchange Traded Funds (ETFs)
- Stocks
- Bonds
- Non-managed
- Alternative Investments

Annuities

- Fixed
- Variable
- Indexed
- Immediate
- Deferred

Life Insurance

- Term
- Whole Life
- Universal Life
- Variable Universal Life

Long-term Care Insurance

- Traditional
- Hybrid

Health Insurance

- Individual
- Medicare Supplement

Social Security

Strategies & Options

Disability Insurance

- Long-Term
- Short-Term



Roger M. Smedley, CFP®
President & CEO



Sharla J. Jessop, CFP®
Vice President &
Private Wealth Consultant



James R. Derrick Jr., CFA
Vice President &
Chief Investment Strategist



Rodney A. Walker, CFP®
Private Wealth Consultant



Mikal B. Aune
Private Wealth Consultant



Shane P. Thomas
IT Specialist &
Advisor Relations



Lynette S. Watts
Client Service Specialist



Lorena D. Iorg
Client Service Specialist

Smedley Financial Services, Inc.®, a registered investment advisory firm since 1982

420 East South Temple Suite 420 P.O. Box 4133 Salt Lake City, Utah 84110-4133

Phone: (801) 355-8888 (800) 748-4788

Web: www.SmedleyFinancial.com

Email: info@SmedleyFinancial.com

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Roger M. Smedley, Sharla J. Jessop, James R. Derrick, Rodney A. Walker, Shane P. Thomas, Mikal B. Aune, representatives.

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