Wealth Builder

In this Issue:

SUMMER 2018

LEGACY WEALTH MANAGEMENT, LLC

Here Come Fantastic Returns By Dan Funderburk, CFP®, CKA®

We get asked for our market predictions quite a bit. I almost always dodge this question because, frankly, I don't have a crystal ball any more than you do. But, right now I'm changing my tune and making a prediction.

No, I'm not going to predict where the S&P 500 will be in six months. No, I'm not speculating on how many times the Federal Reserve Board will raise rates next year. I am, however, telling you that historical returns as people commonly look at them are about to get much better.

Investors often look at trailing 1, 3, 5, and 10-year returns when analyzing an investment. As we all remember, the Great Recession happened from Q4 2007 to Q2 2009. What that means in investor-world is that in about nine months from now, 10-year returns will no longer include any of the Great Recession. Let's take a look at the numbers to see what effect this will have on historical returns.

Continued on page 2

Talkin' 'Bout My Generation By Linda Eden-Wallace, CFP®

I remember the lyrics of an old Doris Day song our mom used to sing to us, "Que Sera Sera. Whatever will be, will be." Every time my mom sang that song, I'd imagine all the things I might grow up to be. Today, I find myself thinking about something I never thought I'd be – a SENIOR! My sister and I just got back from visiting our cousin whom we hadn't seen since we were kids. She'd always been there, but the reality of how much time had passed became evident by seeing her and hearing about what had gone on in each of our lives; marriages, graduations, babies and grandbabies. And the obvious signs of aging; wrinkles, joint replacements, gray hair, etc.

Continued on page 4

Here Come Fantastic Returns *Continued from p. 1*

“Historical returns as people commonly look at them are about to get much better.”

Ten years ago (June 5, 2008) the S&P 500 closed at 1,404.05. It bottomed out March 9, 2009 at a level of 676.53. As of this writing (June 5, 2018), the S&P 500 is sitting at 2,748.80. The chart below shows the S&P 500 during these time periods, and the following table shows the cumulative return of the S&P from those dates to now:

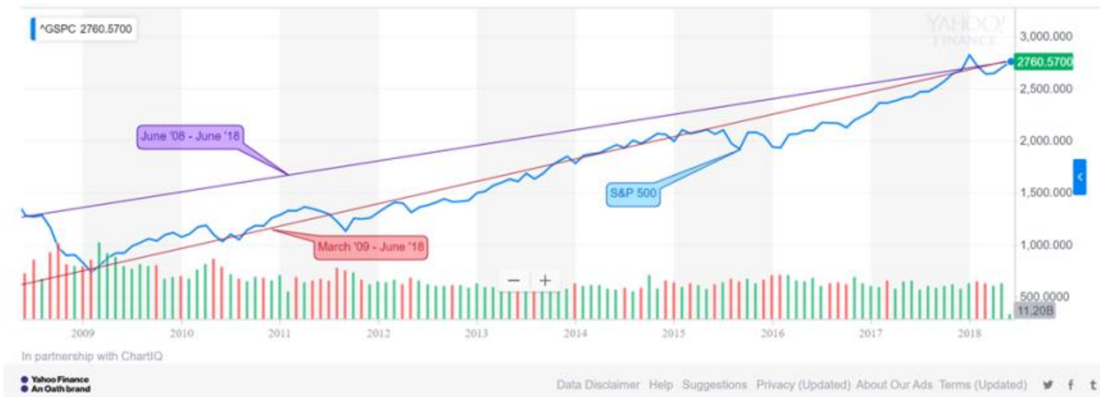


Chart 1: S&P 500 from June 2008 – June 2018. Yahoo Finance https://yhoo.it/2JfzeDt

10-year trailing

Date	S&P 500
June 5, 2008	1,404.05
June 5, 2018	2,748.80
% Change	**95.8%**

Since market bottom

Date	S&P 500
March 9, 2009	676.53
June 5, 2018	2,748.80
% Change	**306.3%**

Table 1: Cumulative returns of S&P 500

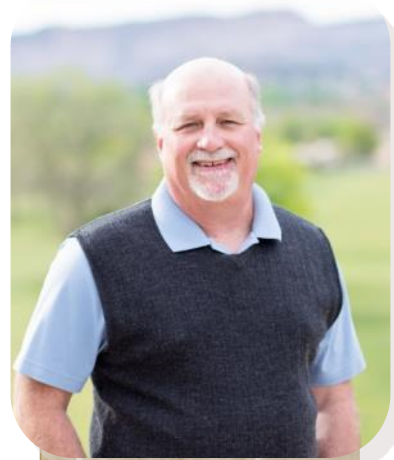
What an incredible difference in a short period of time!

If we fast forward to March 2019 *and* the S&P stays where it is today, the cumulative return on the 10-year number would more than triple! Keep in mind, I am in no way predicting that the S&P 500 will be where it is today in March of 2019. I’m simply showing how the math would work in that situation. Talk about a heyday for investment managers. Barring a huge market pullback in the next nine months, their historical returns are about to get much better!

What does this mean from an investor standpoint? First, it shows very clearly that you need to take any historical return numbers with a huge grain of salt. Any investment can look great if you cherry-pick your start and end dates. Second, it’s at times like this when we need to re-examine our risk tolerance and exposure. When bad years like 2008 drop off of trailing returns, it always appears like there is less risk than an investment actually carries. We need to make sure we know the risks our portfolios carry and invest accordingly. ♦

Historical data pulled from Yahoo Finance (finance.yahoo.com)

The Age of Vulnerability By Mike Berry, CFP®



In a perfect world, we would seek the wisdom and council of our senior citizens. We would treat them with respect and honor for their contributions to our society and their families. Instead, they are the most victimized segment of our society by scam artists. They live each day with phone calls and emails attempting to separate them from their money. Technology is used to confuse them into making costly decisions.

And just to add insult to injury, family members and friends inflict more damage to seniors than professional scam artists. The people with the trust aren't to be trusted. I've seen it happen over my years in banking and as a financial advisor.

I'd like to share a few ideas for our senior clients, and our clients with senior parents or grandparents to help protect these people from the vultures.

The very first thing that needs to happen is to realize that as we age, we get a bigger target on our back for scam artists. We also need to realize that as we age we may not be as sharp as we once were, and as such we need to establish processes and procedures to protect ourselves.

The first process is to learn to JUST HANG UP! Seniors tend to be more polite and scam artists know this. The longer they can keep you on the phone, the better the chances they have to convince you to make a decision that will cost you money or get you to divulge some personal information that can be used to defraud you. When you get a call from someone you don't know – just hang up. Or better yet, don't answer it and let your answering machine take the call. A telemarketer will not leave a message because it takes too long. If it's someone you know, they will leave a message and you can call them back. **Not everyone that calls is your friend!**

Another procedure is to learn some basic fraud prevention:

1) Never give out any personal information over the phone or internet**. NEVER!**
2) The Internal Revenue Service will never contact you by phone and they will never ask for your Social Security number.
3) Your bank will never ask you to verify your account number or your credit card number.
4) Anytime you are told that you are a sweepstakes winner and you need to send money to collect your winnings, **you are being scammed**.
5) Never sign any documents without reviewing them carefully or having a trusted, independent source review them for you.

"In a perfect world...We would treat them [senior citizens] with respect and honor for their contributions to our society..."

Continued on page 5

TALKIN' 'BOUT MY GENERATION *Continued from p. 1*

This is a tale of time passing under the radar. I'm reminded of the game Hide and Seek when we used to cry out, "Ready or not here I come!" Only this time it isn't a game!

In 2011, the first Baby Boomers, those born in 1946, began celebrating their 65th birthdays. Next year I will officially join them. I can't ignore it because one of our "older" partners (that would be Mike), keeps reminding me of it. Bless you Mike and may I remind you, you're right behind me!

We Boomers have been tracked, followed and studied since we were born. Twenty-five years ago, when I began my financial planning career there was already concern about what would happen to the economy and our society when all the Baby Boomers began retiring. That's because there are a lot of us… an estimated 77 million! BOOM is right! The youngest members of the generation, who famously vowed not to trust anyone over 30, are receiving membership forms to AARP and the oldest are cashing Social Security checks!

"We Boomers have been tracked, followed, and studied since we were born."

So how is retirement going for the Boomers who've already retired? And what should those coming up in the ranks plan on?

In 2011, the Institute for Retirement Income (IRI) published its first report on the financial status of Baby Boomers. The risks identified in that first report remain the same today: *"Boomers are under-saved, under-planned, have unrealistic expectations, and have an inadequate understanding of the risks they will face in retirement."* Here are some of their findings as mentioned in their 2017 report[1]:

- Sixty percent of Boomers expect Social Security to be a major source of income (the highest recorded in the seven years of the Boomer report), and 7 in 10 worry about changes to Social Security that may negatively impact their income.
- Only 54% of Boomers have retirement savings, the lowest recorded in the seven years of this report.
- Health care expenses are the second biggest concern of Boomers and this is where they have the least realistic expectations. According to HealthView Services' 2017 Retirement Health Care Costs Data Report®[2], it takes about 59% of a person's Social Security income to cover total healthcare costs in retirement.

There are many more stats given in the report but the three mentioned above point out the dichotomy of expectation and reality. While these findings are discouraging, there are some positive things to focus on, which I will cover in part II of my article in our next newsletter. Stay tuned! Same Bat Time, Same Bat Channel! ♦

[1] *http://www.irionline.org/resources/resources-detail-view/iri-baby-boomer-expectations-for-retirement-2017*

[2] *http://www.hvsfinancial.com/*

THE AGE OF VULNERABILITY *Continued from p. 3*

6) If it sounds too good to be true, it most likely is.

7) If you have to make a decision **RIGHT NOW** or the opportunity will be gone, **LET IT GO.**

Now, how can you protect yourself from the one's you think you can trust? As we age, and require more care, we bring in people to help us and form relationships with these people. It's easy to get talked in to adding them to a checking account so they can help you pay bills. Or they may ask you for an advance on their pay or for a loan. NEVER add a hired caretaker to your bank account, credit card or any investment. Never advance them pay or loan them money that you can't afford to lose.

As a senior, or those of us who have senior parents or grandparents, we need to establish a line of communication with each other, or a trusted advisor, so we can talk about finances. Seniors need to have a source of accountability that can ask the hard questions and that the seniors can go to for help.

Finally, seniors need to have current Powers of Attorney in place so someone can conduct business for them in the event they can no longer conduct business themselves. Communicate to other family members who has these powers and what your expectations are.

Seniors and family members working together is the best defense against the vultures of the world who are trying to separate seniors from their money. ♦

Check out our newly re-designed website at www.legacywealthgj.com!

You can now schedule an appointment online by going to our website and clicking on the **Schedule A Meeting** button at the top, or by clicking the link in emails from us.

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