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# Wealth Builder



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LEGACY WEALTH MANAGEMENT, LLC

THE BERRY-EDEN GROUP



## Parable of the Perfume Boxes By Linda Eden, CFP®

My mom, bless her heart, had a bit of a hoarding problem. I attribute this to the almost four years she and her family spent in a Japanese prison camp in the Philippines during WWII; during which time they barely had the basic necessities of life. Her obsession with letting nothing go to waste was occasionally embarrassing since she couldn't bear to leave anything that looked like food on a restaurant table. She'd open up her purse and in would go the little packages of jelly, everything in the breadbasket, the pats of butter and anything you happened to leave on your plate; even if she didn't like it and didn't plan to eat it.

*Continued on page 2*



## Keurig's and Couches By Serenity Melnick, CFP®

You may have noticed something different about our office. Many of you have been in lately and have seen our newly remodeled space. But just in case you haven't seen it yet, or you were perhaps wondering *why* we remodeled, let me explain. One of the biggest reasons we decided to remodel was that our building needed some freshening up. Our office has been here since 2003 and everything was just starting to feel....*worn*. We were beginning to notice the sad carpet, pale walls, grungy trim and other little things more and more as the days went by.

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*“...ever since the Great Recession corporate America and individual investors have been stuffing their perfume boxes with cash.”*

## Parable of the Perfume Boxes *Continued from p. 1*

I remember one day she called me into her bedroom to show me an entire row of perfume boxes lined up on the back of her dresser. She said, “guess what’s in those boxes?!” Me...“uh, perfume?” “No,” she said, “money.” A gasp came out of her financial planner daughter’s mouth! Over the years my mom had been collecting silver dollars (and buying a lot of perfume). Both made her feel better. So my mom’s perfume boxes and the money she stashed away in them is, in a way, a parable for today’s investor mentality.

Not unlike my mom, ever since the Great Recession corporate America and individual investors have been stuffing their perfume boxes with cash. Ok, not literally. But the other day I read the most bullish of bulls, Mr. Warren Buffet himself, had \$50 billion in cash at the end of the 2<sup>nd</sup> quarter in his company Berkshire Hathaway. The company has NEVER had \$50 billion in cash at the end of any quarter in history! Private equity alone is estimated to be holding \$1.165 trillion in cash at the end of July. When you think about it, people haven’t just been hoarding cash, but ever since the recession they’ve been hoarding bonds and gold too. Why? Because it made them feel better...safer. But now they are beginning to realize this isn’t such a great place to have all their money. These return-starved investors are just waiting for something to lead the charge back into the market.

That “something” may be a much anticipated correction. No one can time it, but sooner or later it will come. After five plus years of a bull market, a correction would only be normal. I don’t say this because I think it’s time to pull money out of the stock market. My point is to prepare you for the inevitability of the next correction and help you see why for many reasons, the downturn won’t last. The most important reason being the mountain of cash gagging on 0% interest rates and just waiting for a decent chance to buy. The next correction may actually be what finally triggers this mountain of cash and a lot of the bond money to flow back into the great companies of the world. When that happens, it will be a good time to empty out those perfume boxes! ♦



## Keurig's and Couches *Continued from p. 1*

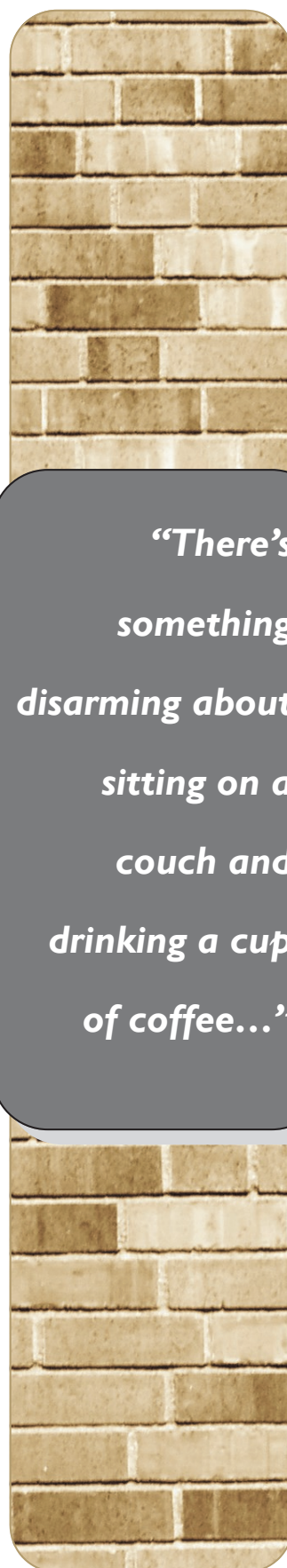
Plus, it was definitely time for the pink carpet on the walls to finally go (that's right; we had light pink, fuzzy, sound proofing carpet...on the walls). While the pink carpet was a definite motivator, it wasn't the only reason we decided to make a change. We decided it was time to update our entire client experience as well.

It's no secret that going to see a financial advisor can be somewhat intimidating; especially for young adults and single women. The average financial advisor is a 55+ year old male with a 3 piece suit and big black chairs around a mahogany desk. And while this approach might instill confidence in some, it invokes anxiety and intimidation in the rest of us. The power suit, power tie, "close the deal" mentality doesn't work for people and it doesn't work for us. No one in our office ever set out wanting to be car salesmen. You've probably noticed that we have never been 3 piece suit people anyways. We believe in a more laid back approach to meeting with clients and always have. We truly believe in partnering with our clients and we see ourselves more like personal financial cheerleaders than salesmen. Since we have always had that mentality anyways, we decided to go all out and remodeled our office to match our attitude.

Research has found that clients feel a lot more comfortable talking about money around dining room tables and couches rather than across a large, intimidating desk (shocking, I know). There's something disarming about sitting on a couch and drinking a cup of coffee; it feels friendlier, more relaxed. That's exactly what we were going for. You'll notice that our office now sports a Keurig machine, a couch, oversized chairs, curtains and even flat screen TV's for updates. We want our office to feel more like home to you so you are free to ask questions and engage in your financial picture. No one wants to feel like they are on trial while talking about their personal finances, plus it's very difficult to ask questions and engage when you already feel small and out of place.

We hope you like the new feel and atmosphere of our office. We invite you and your friends to come by, pull up a comfy chair and have a cup of coffee with us. ♦

P.S. Baby Melnick is cooking along just fine and is all set to debut sometime around Thanksgiving this year. Oh and she's a GIRL!



*“There’s something disarming about sitting on a couch and drinking a cup of coffee...”*





## The Big Correction By Mike Berry, CFP®

As of this writing, September 17, 2014, it has been 1080 days since our last stock market correction (a stock market correction is defined as a decline of 10% or more). That is 2.95 years. It seems like the number one question I'm asked lately is "when is the next big correction going to occur?" I wish I knew. Not so that I could pull out of all stock investments and hide in the hole of cash at zero percent interest, but because I would be saving and scraping up every spare penny I could so that I would have additional cash to be a buyer at that point.

We have an economy that is chugging along in its fifth year of growth since the Great Recession. While economic growth since 2009 has been consistent, it has been less than remarkable. Corporate profits are good, more people are finding jobs, consumer spending is reasonable and housing prices are stabilized and rising in certain areas. Interest rates are low and pundits believe a rise in rates won't happen until mid 2015. Historical valuation methods show stock prices in general are not overpriced, but are fairly valued, meaning that to justify any further increases in stock prices, earnings need to rise.

Yet, many investors are still licking their wounds from the stock market tumble back in 2008 and 2009 by sitting in cash. Tired of getting zero on their money for the past five years, they are now beginning to venture back into the market. This is the only real negative indicator on my radar screen. These poor souls who are often referred to as "small" investors always seem to come back into stock investing at or near the top of every bull market cycle, then bail out as the correction hits its low point. These folks won't really get back into the game until the stock market takes off on a tear upward and they will be grabbing onto the last car as the train races past.

As long as our economy continues to grow at a modest pace, we can reasonably assume that we will see modest returns on our investments. This environment is much better than the ones where we have seen big run ups on our returns only to see them followed by big drops. But, keep your eye on the "small" investor. When your friendly Home Depot paint expert starts dropping stock tips on you while mixing up your paint, it's time to get your cash stash ready because a great buying opportunity won't be far off. ♦

*"It seems like the number one question I'm asked lately is 'when is the next big correction going to occur?'"*



## Required Minimum Distributions by Sondra Pace

*A friendly reminder for those of you who are 70 1/2 years or older.*

As you may know, each year after age 70 1/2 you are required to take a minimum distribution from all IRA accounts. The amount of the distribution is calculated each year and determined by your age and your account balance on December 31<sup>st</sup> of the previous year.

Every October we look at our client list to see who has not yet met their RMD for the year. If you haven't yet met your RMD, then we will send you a notice and the necessary paperwork for taking it. **So be on the lookout for our letters and please return them right away!** The penalty for **not** taking your required minimum distribution is a hefty 50% of that year's RMD.

Please keep in mind that we can only calculate your RMD based on accounts you have with us. If you have any IRAs elsewhere, you will need to take an RMD from them also, or inform us of a different RMD amount to meet the requirement.

Also know that RMDs can be taken any time of year, no need to wait for us to contact you in October! You are welcome to give us a call and get an early jump on your distribution for the year. ♦

## Pumpkin Breakfast Cake

*Pairs perfectly with a cup of coffee on crisp fall mornings.*

### For the Cake:

3/4 cup butter, softened  
1 cup sugar  
3 eggs  
2 cups flour  
1 tsp baking soda  
1 tsp baking powder  
2 tsp cinnamon  
1 TBSP pumpkin pie spice  
1/2 tsp salt  
1 cup pumpkin puree

### Streusel Topping:

1/2 cup old fashioned oats  
1/2 cup brown sugar  
1/4 cup flour  
1 tsp cinnamon  
1/4 cup melted butter

### Glaze:

1/2 cup powdered sugar  
1 TBSP milk  
1 tsp vanilla

Combine all ingredients for the cake, mix well and pour into a greased 9x13 pan. Blend streusel topping ingredients and sprinkle across top of unbaked cake. Bake at 350 degrees for 35-40 minutes, until a toothpick inserted in center of cake comes out clean.

Allow cake to cool for about 10 minutes. While cooling, whisk the powdered sugar, vanilla and milk. Drizzle all over cake and allow it to cool for another 10-15 minutes. Enjoy!

\*Recipe adapted from [butterwithalliceofbread.com](http://butterwithalliceofbread.com) and perfected by Serenity



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