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Wealth Builder

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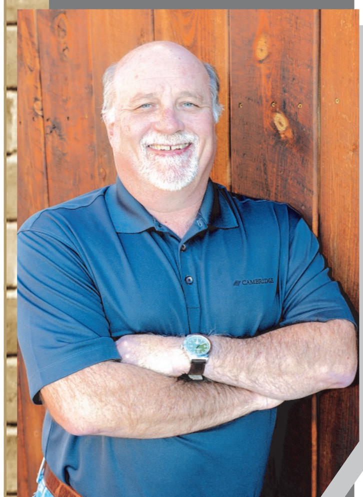
LEGACY WEALTH MANAGEMENT, LLC
THE BERRY-EDEN GROUP



Looking Back By Mike Berry, CFP®

So, here it is newsletter time and I'm suffering through my worst case of writer's block ever. Every article I start, I lose interest in and delete it. My "fresh idea" bin is full of musty, moldy topics that have been used or discarded as something no one would want to read about. Why should I be so surprised? I've been writing articles about finance for over 25 years now. If you've been reading my stuff that long, you're probably as bored of it as I am.

What's new in the world of finance? Linda got the only good topic to write about: "Is it time to invest in the marijuana industry?" Outside of that, interest rates are stable but likely to go up in the future. The stock market is flirting with new highs. The economy continues its four year slooooooowwwwww recovery. Blah.

So, I'm going to write about a topic that I know well. Legacy Wealth Management.

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The Times They are a-Changin' By Linda Eden, CFP®

Ok, I'll admit it. I grew up in Boulder, Colorado. I am a flower child. Don't hold it against me; I had no say in the matter. It does however give me a platform to bring up the next subject… marijuana, pot, grass, weed… Why? Well, because we've been getting lots of phone calls lately about investing in companies involved in this industry.

Recently the U. S. government took a step toward legitimizing the marijuana industry by allowing banks to offer accounts and other services to marijuana businesses in states where pot sales are legal. Bob Dylan was right…"The Times They are a-Changin!" While banking groups have said the new guidelines aren't enough to encourage U.S. banks to do business with the marijuana industry, investor interest in this "budding" industry is "growing."

So, are marijuana companies the next hot stocks? Could they make your money "grow like a weed," or will it just "go up in smoke?" (Sorry, I just couldn't resist!)

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> *"What makes a 30 year old with a promising career in banking throw it all away to start his own financial planning business?"*

Looking Back *Continued from p. 1*

It was September 1986 when I began a career in financial planning with two associates, Ed Hurley and Dave Garrett. Dave had a successful insurance business and Ed came from the banking business and was a couple of years into his career as a CFP®. We formed what was then known as Capital Management Group. 1986 was an interesting time to start up, with our local economy still feeling the shock waves from Black Sunday in 1982. As with most new businesses, things were slow. We had no computer, so we shared the one that Bob Funderburk had. He was a CPA, kind enough to sublet us some space. We kept up with what the stock market was doing every hour on the hour by listening to the radio and getting updates on our individual investments every morning from the Wall Street Journal. We somehow weathered the stock market crash in October 1987 and to a "newbie," it was a very frightening experience.

Soon thereafter, Ed and his family moved to South Carolina and Dave retired, so Capital Management Group wasn't a group anymore, it was just me. I continued to share space and resources with Bob Funderburk and our relationship grew. Soon, Bob had brought in another CPA, Tom Kaper, and in time we decided that we should become a formal entity. We formed Colorado West Financial Services, providing accounting and financial services to our clients. The financial planning side continued to grow and in 1992 I made the best decision of my career. I hired Linda Eden to come in and be a second CFP® in my office. While Linda struggled like most new advisors, my business was moving solidly forward. As was the stock market. The 1990's were the best 10 year run we've had in market history. So in the firm's 14 year history, I had experienced the worst 1 day percentage decline in market history and then the best 10 year bull market run ever.

We decided, for regulatory reasons, to split the accounting group and the financial planning group, so Colorado West Financial Advisors was born with Linda and I as partners now. Her client base was expanding and we had a couple of employees. Then 2000 hit and the "tech" bubble burst and we experienced a vicious bear market in 2000, 2001 and 2002 that lopped off nearly 40% of the stock market value. We weathered that stretch and also the 9/11 attacks. I remember that day vividly, watching the burning towers with people jumping out windows to their death. We gathered in an office, held hands and prayed. We all shuffled around wondering what our world was going to be like. Not saying anything, just having our own thoughts. The stock markets were closed for three days and when they opened, they dropped like a stone. But then the panic subsided and things stabilized. The world hadn't ended and instead, America, as it always does, banded together with strength and resolved to find the people responsible and to not let terrorism rule our lives.

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The Times They are a-Changin' *Continued from p.1*

I don't know the answer to those questions but as media coverage of this issue increases, so will investor interest. Here are some common sense things to think about if you are considering investing in this industry.

There are additional risks in investing in a "thinly" traded company about which little is known. Banks are right to be leery of the new guidelines because as it stands, possession and distribution of marijuana still violates Federal law. For potential investors, this means these companies could be here today and gone tomorrow if the government decided to crack down. If that business goes away, that means so could your money. Most of these companies are what are known in the securities business as "penny stocks." These are companies that are trading at a relatively low price. They are considered to be highly speculative and high risk because of their lack of liquidity, limited following and fewer filing and regulatory standards. Because of this, most broker/dealers will not allow their advisors to recommend these stocks. We can buy them, if the clients insists, but we also must have them sign a disclosure stating that the trade was unsolicited and that the client is aware of the risks associated with investing in penny stocks.

Wall Street and the media are not the only ones watching this industry unfold. So are the scammers. FINRA has issued an alert warning investors about potential scams associated with marijuana stocks. To avoid potential stock scams, no matter what the industry:

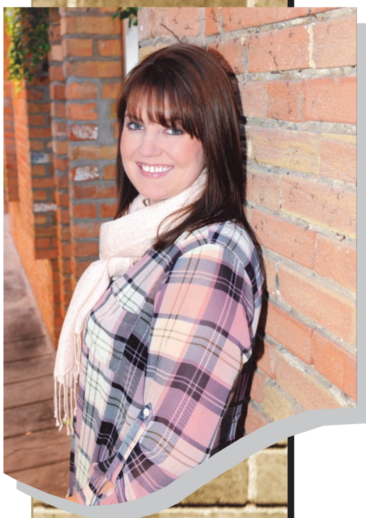
- Consider the source. Be wary of information that focuses on a stock's upside with no mention of risk.
- Do your research. Search the names of key corporate officials and major stakeholders and their backgrounds as well as the company itself.
- Know where the stock trades. Most unsolicited spam recommendations involve stocks that don't trade on a registered national securities exchange (i.e. NASDAQ, NYSE). They may be quoted on an over-the-counter (OTC) platform. Generally, there are no minimum quantitative standards a company must meet to have its securities quoted in the OTC market and many don't have a liquid market. They can be infrequently traded and move up and down in price substantially. This could make it difficult to sell your stock in the future.
- Check out the person selling the stock. A legitimate investment salesperson must be properly licensed and his or her firm must be registered with FINRA, the SEC and a state securities regulator – depending on the type of business a firm conducts. To check the background of a broker or investment advisor, use FINRA's Broker Check. You can also call your state securities regulator.

In summary, unless you have money to burn, make sure any company you invest in is legitimate, that you are aware of all the potential risks and that the risk involved with the investment is consistent with your investment objective. ♦

"Unless you have money to burn, make sure any company you invest in is legitimate…"

Going Broke Safely

By Serenity Melnick, CFP®



There is a growing problem with 30-somethings these days. Most of us are too busy paying off debt to save for the future (hello student loans) and any money we do have usually gets stuffed in mattresses or left to die a slow death in a money market account.

Most of us still haven't recovered from the trauma of the Great Recession. We watched our parents', grandparents' or maybe even our first 401k go to hell in a hand basket and it tainted our view of investing. Many 30-somethings are now deeply distrustful of investing, investment advisors and the stock market in general. While this is an understandable response to one of the worst financial crises since the Great Depression… it is not an excuse to avoid investing altogether. Because while stockpiling cash and staying out of the stock market altogether might seem like a good idea, the truth is you are slowly going broke...safely.

Historically inflation has averaged about 3% per year. That means that each year the things we buy get slightly more expensive. And while it can be hard to notice the subtle changes over a few months or even a year, start looking back 10, 20, 30 years and inflation becomes really real, really fast. In 1984 a postage stamp cost .20 cents, a gallon of gas cost $1.21 and a movie ticket was $2.50. Fast forward 30 years and today postage stamps cost .49 cents, a gallon of gas is hovering around $3.50 and a movie ticket will set you back $12.75.

> *"Your retirement account needs to be growing by at LEAST 5% just to pay inflation and taxes."*

Think of inflation this way: Say on the day you were born (in 1984) your parents put away $5 in an envelope so that you and a date could go for a movie on your 30th birthday. They stuck that envelope under the mattress to keep it safe and waited till the year 2014. Now, that money was completely "safe" under the mattress and 30 years later there is still $5 in the envelope. However, you and I both know that $5 isn't going to buy you two movie tickets; it isn't even going to buy you one movie ticket. In fact it probably won't even buy popcorn at the theatre. You've gone broke... safely.

Now imagine that we didn't stick $5 in an envelope for future movies but $50,000 or $100,000 for future retirement. Now you see the problem with cash. Leaving extra money in cash is like throwing away 3% or more (college inflation has averaged closer to 7%) every single year. Your money market account is bleeding money and you don't even realize it. This is why our generation needs to embrace investing. We have the largest savings burden in the history of America. There are no more pensions or guaranteed retirement incomes. There probably won't even be any Social Security left. If we want to retire we have to save for it ourselves. Your retirement account needs to be growing by at least 5% just to pay inflation and taxes to come out even. That doesn't include any growth that you might want to see on your money.

It's time to stop fearing the stock market and the investing world and take control of your finances before you find that you have gone broke without even realizing it. ♦

Looking Back *Continued from p. 2*

In September 2003, we purchased and moved into our current location. The economy was recovering and the real estate market began heating up. Stocks were heading higher, bonds were heading higher and life was good. Being ex-bankers, I remember Linda and I talking about the different lending standards today than what existed when we were in banking. No down payments? No documentation of employment and income? Actually borrowing more than the property is worth? No principal payments? We knew that an uptick of 1% or less in interest rates would put people upside down on their mortgage and essentially kill the real estate market. What we didn't know, and I'm not sure anyone did, was that some of our largest financial institutions were eyeball deep in these types of loans and when the crash started, it brought us to the brink of financial collapse. That was 2008 and for a solid two years we suffered through another horrible bear market and the "Great Recession." But we survived.

By 2011, we had hired the staff that you now know. Sondra as our office manager keeps us on the straight and narrow. Serenity as our new CFP® and Junior Advisor brings the perspective of youth. We also made a name change to Legacy Wealth Management because we felt it better reflected what we provided for our clients.

What makes a 30 year old with a promising career in banking throw all of it away and start his own financial planning business? That was the question my parents asked when I told them of my plans. The reason in the beginning was very simple. I wanted to help people. Since coming here in 1993, Linda has had the same desire to use her skills to help others. It's our culture. It exists in Sondra and Serenity. Hopefully you feel it when you walk in our door. It's what's kept us going when times were bad and it's what brings added joy when times are good.

Thank you for indulging me in this brief stroll down memory lane and for being a part of those memories. ♦

A Friendly PSA by Sondra Pace

Nowadays it seems like there is a fee for everything. All these little extras that get thrown into the bill at the last minute and sometimes try to hide from us. A miscellaneous fee on my grocery or craft supply receipt just for the use of the parking lot, a processing fee for paying with a card instead of cash. None of us like these fees, and if you're like me you to try to avoid them whenever possible.

Such is the case with Cambridge's online statements and trade confirmations. In 2011 Pershing announced that they would start charging $0.75 for every statement and trade confirmation they mailed. This prompted several of us to hop on the Online Statements train.

Online statements are a wonderful thing. Your statements are readily available from any internet access point at any given time. And with a 10 year retention period, you don't have to worry about storing those papers either.

But did you know that it costs you more to print those statements at home, than it does to pay the $0.75 fee to have them mailed? It's true! So if you prefer a paper copy of your statements to hold in your hot little hands, we don't recommend online statements. And if you'd like to switch back to paper statements, it's easy! Just give me a call or shoot me an email. ♦

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372 Ridges Boulevard • Grand Junction • Colorado • 81507 • (970) 241-5143 • www.legacywealthgj.com

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