



Financial

E-newsletter August 2016

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Client Education Series

We hope you'll join us for the remaining sessions of our informative Client Education Series. To allow for maximum participation, we are offering multiple ways to attend. You can reserve your spot by contacting us at 540.961.6706, emailing team@joelwilliams.com or click on the link(s) below to register online.

August: How to Talk to Your Family About Money –
Join Joel and a guest speaker for an open discussion about the sensitive topic that most families avoid...money. Specifically, adult children are wondering how parents will fund retirement or cover potential healthcare costs. Retirees wish their kids knew how they want their estate handled if they become incapacitated or passed. Learn how to address these and other concerns with your loved ones.

In-Person Presentations:

- Wednesday, Aug. 17, 12-1 pm
(lunch available at 11:30 am)
OR
- Wednesday, Aug. 17, 6-7 pm
(dinner available at 5:30 pm)

Live Webinar:

- Thursday, Aug. 18, 12-1 pm (EST)

Click [here](#) to RSVP

<p>September: How I Learned to Stop Worrying & Love the Market – Would you want to take more risk than you absolutely need to in order to get what you want? We don't think so! Come learn from Ashley Coake how we think differently about this...</p>	<p>In-Person Presentations:</p> <ul style="list-style-type: none"> • Wednesday, Sep. 21, 12-1 pm <i>(lunch available at 11:30 am)</i> <p>OR</p> <ul style="list-style-type: none"> • Wednesday, Sep. 21, 6-7 pm <i>(dinner available at 5:30 pm)</i> <p>Live Webinar:</p> <ul style="list-style-type: none"> • Thursday, Sep. 22, 12-1 pm (EST) <p>Click here to RSVP</p>
<p>October: Annuities: The Good, The Bad & The Ugly – The controversy around annuities is merited. Annuities offered to consumers today are a blend of insurance and investments. They have a lot of features and add-ons that are superficially attractive, but add to the cost. In this session George Taylor will go over the basics on annuities, discuss the common pitfalls and if & when they make sense for investors.</p>	<p>In-Person Presentations:</p> <ul style="list-style-type: none"> • Wednesday, Oct. 19, 12-1 pm <i>(lunch available at 11:30 am)</i> <p>OR</p> <ul style="list-style-type: none"> • Wednesday, Oct. 19, 6-7 pm <i>(dinner available at 5:30 pm)</i> <p>Live Webinar:</p> <ul style="list-style-type: none"> • Thursday, Oct. 20, 12-1 pm (EST) <p>Click here to RSVP</p>

VSR Financial Services Notification

Our former broker-dealer, VSR Financial Services, is closing its doors. You may have received a notice that they are transferring all of their accounts to Summit Brokerage Services, Inc. Please do not be concerned or worried about this notice. No action is needed on your part. However, if you do receive a statement from VSR Financial and/or Summit Brokerage Services showing a balance in your account, please let us know.

– **Andrew Cialek**

How to Find Financial Support for College

The cost of college is constantly on the rise. The average price of a four-year public college has increased more than 15% since 2008. And according to a report from EdTrust, just one year at a public

university consumes 27% of the annual middle-class household income in the United States. Considering how expensive it is to attend college, it's no wonder that \$150 billion in financial aid money is awarded to United States college students each year. So you're about to go to college, or perhaps your son or daughter is getting ready to go. How can you get your hands on some of this money?

Start looking and applying now! Many scholarship & grant applications are due in the fall of a student's senior year in high school. Dave Ramsey suggests getting one or all of these books to help find financial support for college:

- The Scholarship Book by Daniel Cassidy
- Free Money from Colleges and Universities by Laurie Blum
- Winning Scholarships for College by Marianne Ragins

Be sure to look out for scams! Be wary of scholarships with an application fee, scholarship matching services who guarantee success, advance-fee loan scams and sales pitches disguised as financial aid "seminars." To read more about these scams, click [here](#).

– **Sarah Moravec**

Top 10 Elderly Scams and How to Avoid Them

According to a MetLife survey, scams against older Americans skyrocketed in the last year. Seniors lost \$3 billion to criminals through home repair scams, investment scams and other cons. As fast as law enforcement officials crack down on one case of fraud, another pops up. And one of the roughly 10,000 people a day who turn 65 falls for another old scheme with a new twist.

Anything that sounds too good to be true probably is. Your best defense against these scams is to educate yourself and have a plan. Experts advise never doing business with someone who calls you out of the blue. Instead, have a practiced "no" script, such as "I don't buy products over the phone" or "I don't talk to solicitors." If you think the offer is legitimate, ask the person to put it in writing and mail it to you. Pressure to act immediately is a sign of a scam.

According to the National Council on Aging (NCOA), here are the top 10 financial scams of which to be aware:

1. Medicare/health insurance fraud

PROBLEM: Scammers have targeted seniors for numerous rip-offs surrounding the Affordable Care Act and Medicare enrollment. Since every U.S. citizen over the age of 65 qualifies for Medicare benefits, seniors are an easy target for medical scams, because criminals don't have to do any research around their insurance provider.

Many of these scams operate via door-to-door or over-the-phone solicitations by someone claiming to be a Medicare representative. Here are some ways to spot a medical scam targeting a senior:

- Being told you need a new Medicare card and have to divulge your Social Security number.

- Being told you need new supplemental policies.
- Being asked to pay a \$100 fee for help navigating the new Obamacare landscape.

SOLUTION: When in doubt, just hang up the phone or shut the door on the person trying to get money from you.

2. Counterfeit prescription drugs

PROBLEM: Many older people may be looking for cheaper drug alternatives as a way to save money on a fixed income. The problem is that scammers prey on this vulnerability of wanting to save.

The Internet is the most common way criminals operate these scams -- offering "better prices" on specialized medication, which can not only be fake, but also end up being harmful to the person if they take an unknown substance.

SOLUTION: Be very cautious when ordering medication online and make sure to talk to your loved ones about the dangers of doing so. You might look at grocery or big box stores who do \$4 generics, warehouse clubs, and "biosimilars". Biosimilar is new buzz word for generics, chemically exact in its structure.

3. Funeral & cemetery scams

PROBLEM: Funeral and cemetery scams have been around for years. The FBI warns about two main types that are targeted toward seniors:

1. Criminals will read obituaries and either call or attend the funeral service of someone they don't know just to take advantage of someone there who's grieving. The scammer will then claim the deceased had an outstanding debt with them in an effort to get money from relatives to "settle" that fake debt.
2. Unfortunately, there are dishonest funeral homes out there that prey on grieving families by capitalizing on their unfamiliarity with the cost of funeral services in order to get more money from them. How it often works is someone at the funeral home adds unnecessary charges by insisting on extra features, such as the most expensive casket.

SOLUTION: Have vendors send you an invoice or statement to check it out before paying. Do some research before agreeing to anything suggested by the funeral home. Prepaid arrangements often prevent emotional spending. Also, if your elderly loved one has a friend or other family member pass away, make sure to check on them and monitor their finances to make sure they don't fall victim to a scam like this.

4. Fake anti-aging products

PROBLEM: If you watch a lot of late night TV, which seniors often do, you'll notice all the commercials about products that claim to be the perfect solution to signs of aging or other unwanted physical changes.

According to the NCOA, seniors often feel the need to look younger in order to keep up in social circles or to fill some other void in their life. This leads them to seek out new treatments, medications and other

remedies -- making them vulnerable to scammers who capitalize on this demand. These scams operate in a variety of ways, including offering very expensive treatments that turn out to be harmful or very expensive homeopathic remedies that actually do nothing (except take your money).

SOLUTION: When monitoring your loved one's finances, look for purchases of these types of remedies or treatments, which you may also find when you visit their home. Talk to them about the dangers of these products, and also just increasing the frequency of your visits may help them avoid these situations.

5. Phone scams

PROBLEM: Scammers use several types of phone scams to prey on seniors. Here are a few to watch out for:

- IRS phone scam
- Caller ID spoofing: Criminals make the name of your bank pop up on the caller ID
- Calling back an unknown number

SOLUTION: Here are a few ways to avoid phone scams:

- Never call back an unknown number.
- Know the IRS will never contact you by phone or email, only by U.S. mail.

6. Internet fraud

PROBLEM: Microsoft has put out a special consumer alert to warn about bogus computer security engineers making cold calls to convince people their computers are at risk for a security threat.

The phonies offer a free security check over the phone in an effort to get you to give them remote access to your computer for a supposed diagnosis and fix. Once they have remote access, they will download software to your computer that basically allows them to steal money from your accounts.

A Microsoft survey conducted in the English-speaking world (this is not just limited to the United States) found that 15% of people have gotten a call from these scammers at one time or another.

Eight in 10 of those who allowed remote access of their computers had money stolen. One in five became identity theft victims. Finally, more than half of all people who allowed remote access got hit with viruses that fouled up their computers. Very often, the cost of repair was greater than the money stolen.

SOLUTION: Microsoft offers a few recommendations to stay out of harm's way. First, be suspicious of unsolicited calls from supposed computer security experts. Second, don't visit any sites or install software recommended by unsolicited callers.

BONUS TIP: Seniors often fall victim to a variety of Internet scams, including fake virus protection pop-ups and fake emails. Warn your loved one about the dangers of clicking on any unknown links or emails. Do not click on any link in any email you were not expecting. If there's a question and you think there's a legitimate message or notification intended for you, go directly to the official website of

whatever business it is and check for any notifications there. Also, you can protect their computer by downloading virus and malware protection software on it yourself.

7. Investment/timeshare schemes

PROBLEM: Buying a timeshare is bad enough of a rip off. But imagine getting ripped off twice or three times by crooks promising to help you resell your timeshare!

The crooks typically ask for money upfront for advertising, title searches, and other administrative fees. You may even be told you'll get your money back if your timeshare isn't sold in 90 days. That's a big, fat lie. You won't get anything back except a lighter wallet.

SOLUTION: Here's the real truth. Anyone promising you more than a few pennies on the dollar of what you paid is lying. Remember, salespeople should receive commissions at the time of the sale, not a second before.

8. Homeowner/reverse mortgage scams

Homeowner scams

PROBLEM: Seniors who live alone in their own homes are cautioned to be wary of "woodchucks" -- fake home contractors who gain their confidence and then charge huge amounts of money for unnecessary work.

These con men usually have some level of handyman skills and will start the relationship by offering to do a benign job such as gutter cleaning. But after they finish that job, they'll find other imaginary problems -- such as a roof or chimney repair -- and convince seniors to fork over thousands of dollars.

Woodchucks also love to target people who have failing memories. In some of their most disgusting offenses, they'll even drive old women to banks and get them to cash bogus checks before disappearing with the funds.

Police expect the woodchuck phenomenon to worsen. After all, we're an aging population and we no longer live geographically close to our families as we did a few generations ago.

SOLUTION: Pick up the phone and call your aging relatives -- or go visit them -- to make sure they're not falling prey to woodchucks. Be nosy if you're worried that their money may be in danger. With a parent, there'll be a natural inclination for them to not want to talk to you about money. But you've got to be pushy.

Mortgage/reverse mortgage scams

PROBLEM: According to the National Council on Aging, scammers are preying on senior homeowners by offering a property assessment on the value of their home. They find the public information on the home, and then send the homeowner an official looking letter that offers to assess the value of the home for a fee. This is of course just a ruse to get that "fee" money.

As reverse mortgages have increased in popularity, scammers are taking advantage of seniors with fake offers. According to the National Council on Aging, "unsecured reverse mortgages can lead

property owners to lose their homes when the perpetrators offer money or a free house somewhere else in exchange for the title to the property."

SOLUTION: Monitor all of your loved one's important financial and asset information closely. If you are worried they could fall victim to a scam like this, you may need to take control of their power to make decisions involving their finances, investments, assets etc.

9. Sweepstakes & lottery scams

PROBLEM: Seniors get a call saying they've won a lottery or sweepstakes of some kind, but they need to either pay money or divulge sensitive account information to claim the winnings.

With the lottery scams, a senior's savings are not eroded all at once. Once they take the bait and send some money in, they're put on the sucker list. That marks them to receive future calls or solicitations about other alleged lottery winnings. It's known as a "reload scam," and it can play out in areas other than just fake lottery winnings.

Another way these scams unfold is a criminal will send the person a fake check to deposit, and during the period it takes for the check to get rejected, the scammer collects money from the senior for "fees" or "taxes" on the supposed prize. Then they're out of that money, and of course, no money is deposited from that fake check.

SOLUTION: Warn your loved ones about these scams and that they should NEVER hand over money for a "prize" or to anyone that they (or you) do not know.

10. The grandparent scam

PROBLEM: Crooks call senior citizens and impersonate their adult grandchildren in order to hit them up for money. Here's how a typical conversation might go:

The phone rings and the senior picks up...

Scamster: (in a low tone) Grandma?

Senior: Is that you, Jimmy?

Scamster: Yes, it's me and I'm in trouble. I'm in jail. I need you to wire money so I can get out.

The typical take on this scam is anywhere between \$3,000 and \$4,000. There's even a "reload" on this one. If the scamster gets money, they'll have another person call up impersonating a police officer and ask for additional funds in order for their grandchild to be released. They claim there are extra charges for property damage. Once the money is taken, you'll never see it again.

SOLUTION: Never give out personal info over the phone or send money to unknown sources through a wire service.

These scams are not just perpetuated on the elderly. Even JSWF team members have received phishing correspondence, unsolicited offers and prize award notifications. The best advice still remains, "If it sounds too good to be true, then it probably is!"

– **Beth Ashe**

Should You be Worried About Deflation?

What is Deflation? Should you be worried? And what changes, if any, should you make in your portfolio?

"Deflation is a general decline in prices, often caused by a reduction in the supply of money or credit. Deflation can be caused also by a decrease in government, personal or investment spending."
(Investopedia)

Most baby boomers look back on the era of the 70s to early 80s as turbulent economic times. My own first mortgage was a thirty year fixed-rate loan at 14%! Certificates of deposit and U.S. Treasury bills were yielding 15% and the prime rate peaked at 21% in December 1980. Remember stagflation?

We live in a different world today. Remember when the Japanese economy appeared bullet-proof and seemed poised to dominate the world? What happened there? These days the Japanese would welcome some good ol' inflation. In fact, Prime Minister Shinzo Abe is actively trying to create moderate inflation - with little success to date. Japan has been mired in a two-decade-long economic slump. The Japanese are hoarding cash, GDP growth is tepid and conventional methods (*i.e.*, central bank intervention/low interest rates) haven't worked.

Is deflation contagious? Paul Krugman wrote this in the New York Times on July 11: "A number of economists - most famously Larry Summers, but also yours truly and others - have been warning for a while that the whole world may be turning Japanese. That is, it looks as if weak demand and a bias toward deflation are enduring problems."

The ongoing public policy debate over what to do pits the usual combatants against each other: small government advocates and free marketeers argue that over the long term, the low rates imposed by the Federal Reserve are toxic. The dollar will be "debased" as the world's reserve currency, the business community will continue to be spooked by perceived uncertainty and GDP growth will be practically invisible.

Keynesians, on the other hand, take the stance that central bank monetary easing is exhausted as a policy, the original fiscal stimulus in 2008-2009 was too small to be effective, and our economy continues to suffer as a result. With interest rates at historic lows, fiscal doves argue that this is the ideal time to borrow more and stimulate public and private demand by rebuilding our crumbling infrastructure.

What does all this mean for investor portfolios? Here is what we recommend:

- A broadly diversified exposure to equities (common stocks) - this allows you to take advantage of the U.S. market's status as a haven for risk capital world-wide. We still have the most efficient and transparent capital markets on the planet.
- Don't forget about bonds - research indicates that intermediate-term bonds outperform long-term bonds and cash equivalents (money market funds and Treasury bills) and provide superior inflation-adjusted income over time.¹
- Rebalance between asset classes (stocks/bonds/cash). With greater volatility in capital markets comes the opportunity to buy assets when the market puts them "on sale" and sell when the market may be a little too frothy.
- Location, location, location. *Where* you hold your risk assets (stocks) and your income-producing investments (bonds) makes a difference. "Where" means three possible "buckets": taxable, tax-deferred (IRAs/401Ks) and tax-exempt (Roth) accounts.

If this sounds familiar, it should. The portfolio that does all this is here today. It's called "Pure Gamma" and it's the core holding in our managed accounts. If you have any accounts outside of JSWF that *don't* line up with these four recommendations, fear not. We can help - call, send us an email or just drop in for a visit.

– **George Taylor**

Joel's Corner: Market Limbo to Continue

Fundamentals of the market continue to weaken; however, the consumer's position has strengthened recently. Thus, in the short term, the market continues to ebb and flow within a range.

This type of cyclical effect of the market feeds very well into the WealthCare strategy of a) only taking the necessary exposure to stocks (risk) to accomplish one's goals, and b) rebalancing between equities and bonds whenever a 3% imbalance occurs.

If you followed your investment balances closely, you noticed the stable, if not increasing, values just after the Brexit vote. On Monday morning, after the Thursday, June 23 vote, (and a 5.3% drop in the S&P) the combined asset values of all JSWF clients was up! This is a testament to the WC strategy.

Short-Term Thoughts:

- Interest rates are not likely to be raised again in 2016, in my opinion.
- Consumers are spending more, but have not spent the savings from lower gas prices (personally good; they are paying off older debt)...not as good for economic growth.
- Corporate profits as a percentage of GDP are falling...not good for job prospects.
- Energy prices are starting to stabilize or creep up.
- The dollar has gotten even stronger as a result of Brexit and global financial problems (good for investors; not so good for selling US products).
- Recent jobs report was exceptional after the worst job report (May) for 8 years...screwy data?...still tending to be positive.

- Wages are up 0.2 percent. This is good.

Longer-Term (what needs to happen, in my opinion):

- Improved pricing power for US based multi-national companies
- Increased consumer spending
- Increased jobs and wages
- Dollar weakening relative to other currencies
- Businesses spending more on technology
- Reduction in regulations and health care costs for small businesses

In Summary:

- The economy and market are still tepid, however, the Brexit surprisingly did not derail it.
- Interest rates will remain low.
- Regardless who is elected President, we still have a lot of work to get this country out of debt and the economy back on track.
- Our current WC approach is very solid and I feel very good about our recent performance in a tough market, but think we will remain in limbo for a while.

Given the above, I continue to sleep with one eye open on this economy. And the record breaking market highs do not excite me. The fundamentals, in my opinion, do not support the numbers and a complex set of reasons in a “perfect storm” scenario are the facts.

Until later,

Joel

Investment advice is provided by Wealthcare Capital Management LLC, an SEC registered investment advisor.

Citations.

¹Levine, David A. “The Goldilocks Strategy for Prudent Investors.” *The New York Times*. July 1, 2016.

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