

Yellin' at Yellen

(continued from page 3)

emotions tug at our guts to make changes in our portfolio so we are on the right side of the move. Now we don't have to worry about that stress point using the patented WC process.

We are no longer trying to "beat some index" or "performance goal": we will get that performance goal based on our allocation to stocks and bonds. The strategy is no longer about picking the best manager and explaining why he/she underperformed. We simply get what the market delivers. That is comforting: although it takes a while for that to sink in! We should perform as well as the market...every year!

Again, this is a huge relief of stress: particularly when

80% of money managers do not beat their market benchmark and the remaining 20% that do, are not always the same ones!

It may seem boring to have only 30-50% of your portfolio exposed to stocks, but WAIT! We will all learn why "patience is a virtue of smart investing" (unknown).

Until Later,
Joel

P.S. Start tracking the market as of June 1 and by October 31, you will know the next president. We will discuss this more. And rest assured that our planning process CAN handle whoever is elected.

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

In The News

JSW Financial now offering trust services

Good news! JSW Financial is now offering Trust services as part of our estate and financial planning practice. George Taylor has joined the firm as Director of Trust Services. A 30 year veteran of Trust and Private Banking with national and regional banks, George has the experience and insight to help you evaluate how trust services may improve your estate plan. We asked George to explain what a trust is and why our clients might need one.

From George: Black's Law Dictionary 2nd Edition defines a trust as follows: "An equitable or beneficial right or title to land or other property, held for the beneficiary by another person, in whom resides the legal title or ownership, recognized and enforced by courts of chancery." I like to think of a trust as "disability protection." In addition to its commonly understood benefits (hold your investments, pay out income to beneficiaries, protect the trust property), a trustee has broad authority to manage your portfolio, pay your bills and coordinate the details of your personal care throughout your retirement.

Prior to the increase of the estate tax exemption to its current limit (\$5.4 million), trusts were used mainly to shelter estates from the Federal Estate Tax (sometimes called the "death tax"). With an estate tax exemption now over \$10 million for married couples, the estate tax has been effectively eliminated for most people.

Today, advisors in the wealth transfer disciplines (Financial Planning, Law, Public Accounting and Insurance) help clients use trusts in the way they were originally intended: to structure and manage the transfer of wealth.

Does that mean giving up some control over your assets? Yes and no! A trustee is the legal owner of the trust assets, with "beneficial ownership" resting in the trust beneficiaries. However, one could argue that when a trusted advisor pays your bills, files your health insurance claims, coordinates preparation of your income tax returns, manages your portfolio (including rebalancing - sound familiar?), efficiently harvests capital gains and losses, carries out your gifting

program and serves as an impartial family counselor, you are getting control, not giving it up!

Bank Trust Departments used to be the "go to" resource for professionally-delivered trust services. With the continuing consolidation of the banking industry over the last 30 years, that has gone the way of Rubik's cube, break-dancing and the DeLorean! Today, bank trust departments are being squeezed for revenue, resources and talent. But fear not! Along with the JSWF team, I look forward to coaching you on your total Wealthcare Plan, and in particular, your trust needs.

– **George Taylor**

Thank you!

Many thanks to the more than 70 old friends and new acquaintances who attended our 2016 Client Appreciation Event. It was a joyous occasion to celebrate the wonderful partnership we have with all of you and our true appreciation of the trust you place in us. Our new team members, Ashley Coake and George Taylor, were able to meet many of our clients face to face. Overall, it was a great opportunity to reconnect with those we faithfully serve.

This year the format was more casual with lots of opportunities for people to socialize and have fun. Custom Catering provided a delicious BBQ dinner with all the trimmings. There were games, door prizes and some lively competitors!

Joel and Sarah shared client impacts we've seen over the last year from the new investment strategies and Wealthcare's planning tools. Be sure to check out the **client education series** (see pg. 2) we are offering over the next five months to see more detail on how these tools are benefiting you.

– **Beth Ashe**

Helpful reminders from Andrew



- When contacting a team member by email, please copy team@joelswilliams.com. This will insure your request is processed in a timely manner.
- When requesting money, please notify us as early as possible. Allow a minimum of two business days for funds to transfer to your

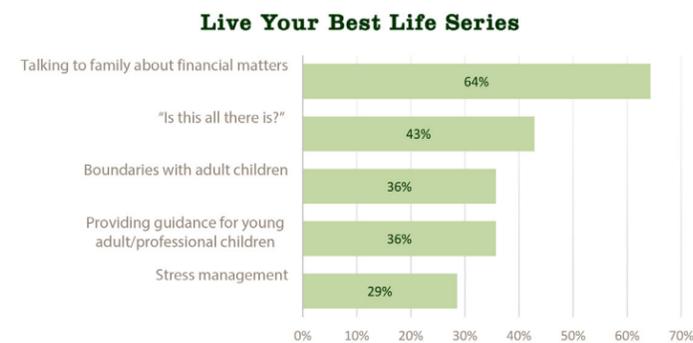
bank account and three to four days if cash needs to be raised in your investment accounts before transferring.

- Have a meeting with us soon? Be sure to send us changes to your plan, updated outside account values and any questions you have *before* the appointment. This will help us update your plan ahead of time and get the most value out of our time together.

We heard you! Client survey results

For those of you who attended our Annual Client Appreciation Event, thank you for taking our survey! We received great feedback on what topics interest you and when and how you would like to receive this information. We are using your feedback to finalize this series. Here are some highlights:

- We will begin our Client Education Series on **June 22 and 23** with the seminar that had the most interest: "The value being created in your portfolio that you may not know about." We will hold in-person presentations on Wednesday, June 22 and a live webinar on Thursday, June 23. See additional information below. **RSVP to Beth at 540.961.6706 or betha@joelswilliams.com.**
 - There was so much interest in the "Live Your Best Life" series topic of talking with family members about your money that we decided to address this subject in multiple ways. We've added an Education Series Topic in August and pushed other topics out further into the fall. We are also looking at the best way to offer some direct coaching and other resources for those that are interested.
 - Great write-in suggestions! Popular topics included teaching younger kids about money and social security education. Expect to hear more on these in the future.
 - Lastly, there was a strong preference for evenings (followed by lunch time) and Wednesday for in-person sessions. So we've adjusted our event schedules to align with your needs.
- We hope you'll join us for this informative series. **Be sure to visit our website, www.joelswilliams.com for a full list of topics and dates.**



Client Education Series

<p style="text-align: center; color: green;">Wednesdays</p> <p style="text-align: center; color: green;">In-Person Presentations</p> <ul style="list-style-type: none"> • 12-1 pm (lunch available @ 11:30 am) OR • 6-7 pm (light dinner available @ 5:30 pm) <p style="text-align: center; font-size: small;">VT Corporate Research Center, Bld. 9 (2000 Kraft Drive, Ste 2100, Blacksburg)</p>	<p style="text-align: center; color: green;">Thursdays</p> <p style="text-align: center; color: green;">Live Webinars from 12-1 pm (EST)</p> <p style="text-align: center; font-size: small;">Visit www.joelswilliams.com for a full list of topics and dates. RSVP to Beth at 540.961.6706 or betha@joelswilliams.com</p>
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Yellin' at Yellen

Today's message is about the peace of mind we have using this new approach to managing your wealth called Wealthcare. The title, "Yellin' At Yellen" (complements of Ashley Coake on our JSWF team), comes from the fact that four of twelve Federal Reserve Bank presidents have recently been outspoken in the media calling for raising interest rates. This is because banks are not making money with these low interest rates. Janet Yellen is Chairperson of the Federal Reserve and the most powerful woman in the world today. She is being pulled in two different directions: The banks and political leaders are demanding a rate increase and the markets and economy are begging for some more recovery time.

So what is going on with rates?

First, I disagree that the Fed needs to raise interest rates. As I have enumerated in probably every newsletter over the past couple of years, the Fed's job is to protect against high inflation. Inflation has been an anemic 2% or less for over a decade.

There has been no job growth to cause inflation. Rising wages represent

70% of inflation. Real wages for the middle class have gone down for the past decade. Most of the jobs added today do not pay enough to raise a family and serve as an economic engine that creates inflation. End of story. But politics will likely overrule and rates will be raised a little before September.

Second, a few large non-manufacturing companies (that do not create a lot of jobs relative to earnings; i.e. the FANGs: Facebook, Amazon, Netflix, and Google) have created a façade over the strength of the stock market, in my opinion. As one looks behind the curtain on many stocks in the S&P 500, one will find issues with earnings and other financial stats. For example, non-financial companies' earnings have fallen from a high of 18% in March 2014 to 3% today. Basically, a sign the dumb money is moving into the FANGs and the smart money is moving out. (Source: Bloomberg)

These are basic fundamental issues underlying the economy and eventually the market. Other concerns, some of which are technical in nature are:

- Retail sales are slowing; high-end retailers are taking a beating with no end in sight.

- Exports and manufacturing continue to weaken; good paying job increases are timid and housing is up in pockets.
- With low interest rates, stocks are the only place to invest, distorting the true market...raising rates could be catalyst for a market drop.
- Trading volume has been weak for the rally since 2009.
- June 1 marked the longest period within a defined "bull market" without a new high...odds start increasing for a market downturn. (Source: Ned Davis)
- Greatest divergence between selling pressure ratio (increasing) and buying pressure (decreasing) ratio in 80 years. The opposite of healthy. (Source: Lowry's)
- Large cap stocks peaked in May 2015 and small caps did not follow; sign of "rounding market top."
- Baltic Dry Index is still low in the 600 range.

To summarize, I bring these points out to prepare you for potentially disturbing events within the next 3-18 months.

But also to remind you there is no reason to be stressed as we used to be about the financial news given the way we invest today.

"...in the last year, 68% of our clients took less risk in their portfolios, yet continued to meet their plan goals."

This peace of mind we experience today is different, as compared to the continual battering by the financial news talking-heads on how bad things are in the economy and how one needs to make changes to their investment portfolio: buy gold for the next crash; buy the FANGs (big tech stocks) for the next bull run, sell your life insurance for more retirement income, sell your home with a reverse mortgage, and the list goes on.

Sarah Moravec's (CEO) recent analysis of our clients' portfolios concluded that in the last year, 68% of our clients took less risk (exposure to stocks) in their portfolios, yet continued to meet their plan goals. This is huge, even though many of you do not fully grasp the true benefits of this new WC process. The true benefits will really be visible as we do go into a major market downturn...whenever that may be.

I liken that to the Second Coming in the Bible. It could be right around the corner, but it will not be predictable, and we will know it when we see it. Meanwhile our *(continue on page 4)*

Markets

June 6, 2016

DOW | 17,920.33

Nasdaq | 4,968.71

S&P 500 | 2,109.41