SUMMIT WEALTH
— PARTNERS —

Volume 5, Issue 10, November/December 2014

The Rational Optimist™

Volatility is Not Risk

by Mitch Levin, MD CWPP, CAPP

Have you heard the old joke that economists have predicted nine of the last two recessions?[1] And have you ever wondered why it makes the news when something bad happens—whether it is war, swindling, or crash of the economy? It's because those are uncommon events and because "if it bleeds it leads." Now the headlines are something like "The Markets are Due to Tumble" or some other risk.

Risk has two major components; severity and probability. When you put them on two axes, many of us focus only on the severity of the risk and too many of us forget the probability of that risk. Severity of investment risk is that prices temporarily decline by about 50%.

Probability of that risk of a large decline occurs every 30 years. And since 1926, the average time for a major market top through the subsequent bear market and back to full recovery is about 40 months (3.3 years). So if you begin retirement with three years' living expenses in cash equivalents, you have covered the great preponderance of possible historical outcomes to safeguard that risk and to further enhance your returns within your tolerance for risk.

And when looking at risk, we must define whether this is a problem or a fact of life. If it is a problem, by definition, it has a solution. If there is no solution, it is a fact of life. Facts of life are not risks. Risks are problems. Many facts of life may or may not present risk. Is there such a thing as longevity risk? I don't think so. It is not a risk at all. It is a simple fact of life. We know there is a greater than 60% chance that for a couple aged 62 right now, at least one of you will live well into your 90s. That to me is not a risk. That is a fact of life. True risk is not planning that your assets and income carry you into your 90s and even beyond.

What about investment risk? Is there such a thing? It is a phenomenon, a fact, that in a properly constructed portfolio, held for the long-term, has no basis in reality. What about purchasing power risk? Well that is also an eternal fact of life. *(See my article, "The Third Sure Thing: Death, Taxes and Inflation.")*

A properly constructed investment portfolio will be able to withstand the risks over the long term. Charlie Munger of Berkshire Hathaway says, "if you're not willing to react with equanimity to a market decline of 50% two or three times a century, you are not fit to become a common shareholder and you deserve the mediocre results you're going to get, compared to the people who do have the temperament to be more philosophical about market fluctuations." Of course, by this he assumes you are "over" invested in stocks. You are

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1 *Could that be why economics is also known as the "dismal science?"*

Q3 Past and Present

By Chad A. Warrick, Chief Investment Officer

In preparing my 3rd quarter 2014 commentary, I reviewed those of the previous years for this same time period, October's is usually an in-depth analysis regarding the economic and market landscape. Curiously my third quarter commentaries have been the longest. It turns out too, that volatility has been the common topic of our discussions. As we head into the fourth quarter, we may be reverting to a "normally" volatile market environment, given that volatility has been quite mild during 2013 and 2014.

Researching the MSCI ACWI (this stands for Morgan Stanley Capital International – All Country World Index, which represents 85% of global investment opportunities), I discovered that over the last 23 years, on a month-by-month basis, volatility is quite normal, with the exception of only a handful of periods where we saw only minimal price fluctuations. Those periods (1992 -1996, and 2004 -2007) were coming out of bear markets.

However, if volatility is the norm for the markets, how do we measure it? We view volatility as anytime the markets are plus or minus 6% on a monthly basis. There have been 26 months with greater than 6% positive growth and 23 periods with negative 6%. Historically, the months of September and October have been -- 39% of the time -- negative. That leads me to question what has happened during the last two months of the years. Over the last 23 years, on average, the global stock markets were up 1.6%, with only a one-out-of-four chance of negative returns in the months November and December.

So what does this mean? First, equity markets are just plain volatile, both on the upside, and the downside. Diversification and understanding your tolerance for risk is essential in helping to reduce the volatility affect on your investment portfolio. But this is not news. Most of you have heard me say this many times before. We must remain strategic and flexible with our investment planning and management process while remaining true to our core philosophy. Volatility in the market is caused by events, or by economic factors, both of which tend to be short-lived.

As we look to the "fixed income" markets for stabilizing our volatility, we continue to be prudent about the potential for volatile bond price movement. Traditionally and historically, fixed income has been the stable component for the portfolio. As we look at the change in the Federal Reserve's long-standing "monetary accommodation" with QE ending, there may be changing interest rates in the not-too-distant future. Higher interest rates appear to be coming, according to many; and for them the million dollar question then becomes "when" not "if." This may partly account for the increase in September and Octobers' volatility.

Some would say that the equity markets are due for a "correction" and that may be the case in October. However, no one knows, nor should anyone predict. We have been in a cautious bull market since 2009, with no signs of a recession coming any time soon. We will continue to plan and prepare for volatility. The longer-term outlook for equity still looks promising, even more so on a global level. We will treat these periods as an opportunity to review your risk tolerance, to rebalance (contributing to "buying low and selling high"), and to add exposure to segments of the market that recently haven't performed as well, such as small caps, commodities,

INDICIES RETURNS

(as of September 30)

	1 Month	3 Month	YTD %
World Market			
MSCI All Countries W Investable Market Index*	-3.24	-2.31	3.73
MSCI World*	-2.71	-2.16	3.89
US Equity Market			
Dow Jones US Index	-1.93	0.34	7.52
S&P 500	-1.4	1.13	8.34
S&P 400	-4.55	-3.98	3.22
Russell 2000	-6.05	-7.36	-4.41
International Equity Market			
MSCI Emerging Marke	-7.41	-3.5	2.43
MSCI Frontier Market	0.7	1.53	22.05
Alt Beta Market			
Dow Jones US Select D	-2.91	-3.2	6.35
Dow Jones UBS Comm	-6.23	-11.83	-5.59
Fixed Income Market			
Barclays Capital US A	-0.68	0.17	4.1
Markit iBoxx USD Liqu High Yield Index	-2.37	-2.39	2.53

*Returns are Calculated with net dividends in USD

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Morgan Stanley Capital International All Country World Index

MSCI ACWI captures large and mid cap representation across 23 Developed Markets (DM) and 23 Emerging Markets (EM) countries. The index covers approximately 85% of the global investable equity opportunity set.

Year	Annual Return	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
1990	-16.48%	-4.59%	-4.20%	-6.17%	-1.25%	10.45%	-0.67%	1.02%	-9.40%	-10.45%	9.20%	-1.68%	2.16%
1991	19.91%	3.70%	9.40%	-2.79%	0.84%	2.39%	-6.10%	4.76%	-0.20%	2.55%	1.74%	-4.30%	7.43%
1992	-4.23%	-1.49%	-1.51%	-4.45%	1.34%	3.83%	-3.57%	0.32%	2.24%	-0.85%	-2.45%	1.66%	0.95%
1993	24.88%	0.35%	2.35%	5.75%	4.54%	2.35%	-0.65%	2.07%	4.74%	-1.68%	2.96%	-5.20%	5.41%
1994	5.03%	6.63%	-1.45%	-4.49%	2.72%	0.59%	-0.49%	2.21%	3.56%	-2.35%	2.56%	-4.34%	0.35%
1995	19.46%	-2.03%	1.07%	4.58%	3.64%	1.10%	0.02%	4.84%	-2.19%	2.75%	-1.67%	3.15%	3.01%
1996	13.20%	2.22%	0.42%	1.54%	2.44%	0.10%	0.55%	-3.73%	1.23%	3.69%	0.40%	5.35%	-1.45%
1997	15.00%	1.68%	1.36%	-2.00%	3.21%	5.97%	5.12%	4.52%	-7.02%	5.33%	-5.95%	1.53%	1.31%
1998	21.97%	2.20%	6.84%	4.27%	0.94%	-1.90%	1.80%	0.03%	-14.01%	1.99%	9.13%	6.07%	4.64%
1999	26.82%	2.04%	-2.51%	4.50%	4.32%	-3.53%	4.98%	-0.41%	-0.12%	-1.08%	5.06%	3.11%	8.33%
2000	-13.94%	-5.39%	0.34%	6.57%	-4.49%	-2.60%	3.39%	-2.94%	3.11%	-5.49%	-1.96%	-6.20%	1.67%
2001	-15.91%	2.53%	-8.41%	-6.73%	7.28%	-1.11%	-3.06%	-1.58%	-4.60%	-9.13%	2.12%	6.15%	0.94%
2002	-18.98%	-2.74%	-0.73%	4.52%	-3.17%	0.14%	-6.10%	-8.39%	0.26%	-10.97%	7.36%	5.47%	-4.77%
2003	34.63%	-2.92%	-1.75%	-0.38%	8.93%	5.82%	1.92%	2.22%	2.37%	0.64%	6.07%	1.53%	6.34%
2004	15.75%	1.71%	1.85%	-0.53%	-2.30%	0.84%	2.02%	-3.17%	0.65%	2.11%	2.47%	5.49%	3.90%
2005	11.37%	-2.10%	3.51%	-2.16%	-2.14%	1.94%	1.06%	3.72%	0.81%	3.04%	-2.67%	3.69%	2.48%
2006	21.53%	4.94%	-0.11%	2.15%	3.38%	-3.86%	0.00%	0.71%	2.64%	1.19%	3.77%	2.88%	2.26%
2007	12.18%	1.02%	-0.49%	2.05%	4.48%	3.07%	-0.26%	-1.50%	-0.23%	5.40%	3.92%	-4.38%	-1.08%
2008	-41.85%	-8.17%	0.33%	-1.42%	5.65%	1.68%	-8.18%	-2.57%	-2.11%	-12.46%	-19.79%	-6.51%	3.67%
2009	35.41%	-8.51%	-9.73%	8.29%	11.90%	10.08%	-0.52%	8.84%	3.62%	4.62%	-1.53%	4.16%	2.10%
2010	13.21%	-4.30%	1.31%	6.48%	0.22%	-9.39%	-3.05%	8.17%	-3.46%	9.60%	3.63%	-2.18%	7.35%
2011	-6.86%	1.59%	2.95%	-0.06%	4.15%	-2.06%	-1.54%	-1.60%	-7.26%	-9.40%	10.74%	-2.94%	-0.17%
2012	16.80%	5.84%	5.08%	0.71%	-1.08%	-8.88%	4.99%	1.40%	2.22%	3.19%	-0.64%	1.33%	2.31%
2013	23.44%	4.64%	0.03%	1.88%	2.92%	-0.19%	-2.88%	4.82%	-2.04%	5.20%	4.04%	1.46%	1.76%
2014	4.16%	-3.98%	4.88%	0.50%	1.00%	2.21%	1.93%	-1.18%	2.25%	-3.20%			

Shaded boxes indicate a monthly return greater than 6% or less than -6%
26 monthly returns are greater than 6% and 23 monthly returns are less than -6%

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and emerging markets.

According to Barron's Finance and Investment Terms dictionary, a correction is a "reverse movement, usually downward and exceeding 10%, in the price of an individual stock, bond, commodity, or index." If prices have been rising on the market, as a whole, and then fall dramatically, this is known as a correction within an upward trend. Technical analysts note that markets do not move straight up or down, and that corrections are to be expected during any long-term move. Corrections are not bear markets. They are necessary to sustain continued growth.

Recently, I read this quote by Peter Lynch a fund manager of one of the largest mutual funds, the Fidelity Magellan Fund during its heyday, when he said, "Far more money has been lost by investors preparing for corrections, or trying to anticipate corrections, than has been lost in corrections themselves" (Business Week, September 2014).

I have often been quoted as saying, "let's be cautiously optimistic." What that really translates into is: let us capture our fair share of growth while employing volatility reduction strategies. The current US economic landscape continues to show growth and low inflation, which is an environment that supports equity exposure, especially equities that produce dividends. What has helped to keep inflation low are weak commodity prices stemming from weak global growth and a stronger US dollar.

Enclosed, please find a chart showing nearly 24 years of monthly performance of the MSCI ACWI index. The shaded boxes indicate volatility greater than 6%, both up and down. We look forward to each and every opportunity for solid growth that is safely managed, through our trusted advice. I welcome your call if you have any questions or concerns. As always, I hope this letter finds you and yours well,

Chad

Important Reminder

2014 Qualified Charitable Distributions (QCD) may be counted toward satisfying any required minimum distributions (RMDs) that you would otherwise have to receive from your IRA in 2014, just as if you had received an actual distrubition from the plan. However, to receive the tax benefit, the QCD must go directly from your IRA to the charity; it cannot come to you first, then to the charity.

Most Frequently Asked Questions

By Jason Print, Senior Wealth Advisor, CFP

In speaking with clients, two questions seem to be on the minds of many of you. "Is volatility coming back?" and "What is happening with interest rates?"

Up until June, volatility had retreated to low levels not seen since before the Great Financial Crisis. However, during the 3rd quarter of this year, "the market" pricing changes occurred during a series of geopolitical events from around the globe; highlighted by U.S. military involvement in Iraq and Syria, and most recently, pro-democracy protests in Hong Kong. In September, most of the major stock indices were negative and the MSCI All-Country World stock Index, which is made up of 45 countries, experienced a drop of approximately 3 percent; its biggest quarterly fall since the 2nd quarter of 2012, when the Eurozone's debt crisis peaked.

Currently, the U.S. is the bright spot on the globe, both from an economic growth standpoint and from a stock market performance standpoint. But as we all know, just because the S&P 500 is the best performing index today, doesn't mean it will be tomorrow. Proper diversification remains key in guarding against volatility. It's important to have exposure to companies across the board, including mid-size, small caps and overseas.

According to The Economists' July 27th article and an estimate from the International Monetary Fund (IMF), 2014 will be the first year in which emerging markets will account for more than half of the world GDP on the basis of purchasing power. In 1990, emerging markets were less than a third of a much smaller world GDP number. So while areas outside the U.S. may not be in vogue, it's important to remain disciplined and to realize the potential of "uncorrelated asset classes".

With regard to the question, "What is happening with interest rates?,"the Federal Reserve is winding down the Quantitative Easing (QE) measures that it put into place during the financial crisis, and has continued to reduce the bond-buying program. They tell us this will likely be completed by year-end. The consensus among many experts is that the Fed will then likely raise short-term interest rates sometime in 2015.

Most Fed-watchers believe when the Fed does raise interest rates, they will do so in a slow and deliberate manner, similar to the wind-down of the quantitative easing and bond buying program that is currently in place. The Fed does not want to risk raising interest rates too quickly and thus hurt the current economic growth. Although the Fed certainly has strong influence over short-term interest rates; the longer term interest rates can be affected by a multitude of factors, particularly inflation expectations.

In recap, volatility is always a constant, and therefore, to be prudent, we must plan accordingly. Please contact us with any questions or concerns that you may have. We welcome the opportunity to discuss with you your unique situation and appreciate your continued trust and confidence.

Regards,

Summit's Holiday Closing Schedule

Thanksgiving

Thursday, November 27

1 p.m. Friday, November 28

Christmas

1 p.m. Wednesday, December 24

Thursday, December 25

New Year's

Thursday, January 1

Reflections on a Baltic Cruise 2014

By Jette Browne, Senior Wealth Advisor

This past August, Nancy and I enjoyed a 12 day cruise around the Baltic Sea. We flew to Stockholm and embarked in the "Marina", a cruise ship belonging to the Oceania Cruise Line. We like this line because it has great cuisine, great itineraries, and most of all because it's focused on the early retired set enjoying the Go-Go phase of their retirements. We enjoy each other's company because we all have much in common including lots of grandchildren. They have no midnight buffets because everyone is sound asleep well before midnight.

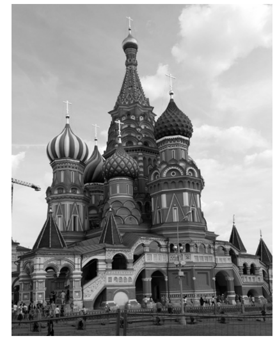
We departed from Stockholm and after a great day in Helsinki, Finland, we arrived on the third day in St. Petersburg, Russia for a 3 day visit. This for us was the highlight of our cruise and a major item on our bucket list. Both Nancy and I had prepared for the cruise by reading biographies of Peter the Great, Catherine the Great, and Nicolas and Alexandra so we were most excited about this visit.

On day one, we had contracted for a private tour and two delightful young Russian women, who spoke excellent English, took us on an all day tour of St. Petersburg and the surrounding area in a nice Mercedes sedan. We visited Catherine's Palace in Pushkin, formerly called the Tsar's Village, and also Peterhof, the magnificent palatial estate built by Peter the Great on the Baltic south of St. Petersburg. The gardens and fountains there rivaled anything we had seen previously in Versailles. We then returned to St. Petersburg by hydrofoil where we toured the city's historical sites, finishing up with a 2 and a half hour tour of Catherine the Great's amazing art museum, the Hermitage, which is second only to the Louvre in Paris for its collection of fine art.

Our second day in Russia, we got up early and caught the "bullet train" from St. Petersburg to Moscow. The 400 mile trip took exactly 4 hours, including two short stops along the way. Upon arriving in Moscow, we were greeted by our English speaking guide and began an extensive tour of the main sights of the city. The weather was warm and sunny and the hundreds of gold leaf covered onion domes shown brilliantly in the clear blue sky. I had always assumed that Red Square was flat. I was wrong as we found out that it's a fairly steep slope running from the Moscow River up to the Kremlin perched high on a hill. The Orthodox Church of St. Basil with its amazing multicolored domes is located about half way up the hill. We finished this pretty exhausting day with a fine meal in the Hilton Hotel and then the bullet train back to St. Petersburg.

Nancy and Jette in Berlin, Germany

I think what impressed me most about our three days in Russia was the degree to which the modern consumer society has replaced the drab old Soviet model. Traffic was heavy in both St. Petersburg and Moscow, with the latest model US, European and Japanese cars. Signs advertising new car loans with 0 percent interest were along the roadways which were also as modern as any in Europe or the USA. The devastation from the Nazi sieges of 1941-43 has been completely restored. New construction was evident everywhere.



St. Basil's Orthodox Church in Red Square Moscow, Russia

Despite the current political conflict over the Ukraine, everyone we met was very friendly and courteous. Even the bureaucratic customs officials were very helpful when I misplaced my passport and had to wait for its return by our tour car driver.

From my observation, the genie of capitalism is out of the bottle and there's little chance of a return to the old socialist model in Russia.

The rest of the cruise included stops in Latvia, Lithuania, Poland, Germany, which included a day in Berlin, and then on to Denmark, and finally to Amsterdam, Holland, from where we flew via London back to Orlando. We learned a lot at every stop along the way, and in the end, we learned especially how lucky we are to live in the good old USA.

Jette

Family Matters

by Andrew Dickens, Wealth Advisor

It's that time of year when the weather cools and the trees change colors and families come together to celebrate the holidays with their own traditions. One tradition important to me is when my daughters and I go through all their possessions, stuffed animals, games, dolls, and other gifts they have received and that they don't play with much anymore. Together, we clean them up and take them to our local orphanage to donate to those children who have so little.

And yes, there are always tears on the faces of my girls because saying goodbye to the toys that they have loved is hard; but every time we have loaded up the truck and driven through the gates of the orphanage, and my girls have seen the recipients of their generosity, then suddenly the pain of losing that precious doll or stuffed animal is forgotten. In that singular moment, all of the traditions of gratitude for family, health, and happiness become tangible to them as they realize all that they have and all that some others do not.

I know too, because I was once an orphan. Fortunately I was adopted by a loving couple, Mike and Sue, from the Children's Home Society in Florida. They adopted my brother Daniel a couple of years later. Mike and Sue knew Daniel had been given up for adoption by a young mother and that he was sick and had nearly died from numerous medical issues. With love and support, Daniel and I both grew up to get married and have families of our own. After my brother and I left home, my parents began fostering children. Here they were, in their late fifties and sixties, both retired, and taking on abused, neglected, and traumatized children of all types and ages.

These foster children came from unfortunate backgrounds, and often came to my parents scared, hungry, and distressed. So as much as I could, at least a few weekends a month, I would visit my parents' home in east central Florida, and make it a point to get to know each and every one of those children. I wanted them to know that they had an older "brother" who would burst through the door with toys and games, throw the football, and play with them. Many foster children came to my parents, and many children left, and some still visit occasionally. I think about them all, especially during the holidays, and I hope that they are happy and healthy.

Three of those foster children, David, Hunter, and Avery, all brothers, didn't leave and were also adopted by my parents. Mom and Dad had been caring for them for several years, and when the state decided that the only way they could stay in the foster system was to separate them, my parents could not allow that to happen. They petitioned the courts and legally adopted the boys. They are also grown now; David and Hunter are in the military and the youngest Avery is on his way into the military. They are as much my brothers as any I will ever have. My parents are "saints" for taking them so late in their life. And to this day, every year, since I was adopted 38 years ago, my parents make a significant financial donation to the Children's Home Society.

Two years ago, my biological mother and her family found me after searching for 35 years. Finally, I had answers to questions that secretly I was afraid to know. I

Andrew with his biological grandmother Jeri, mother Sabrina and wife Thelma

met my biological mother Sabrina, uncle Scott, grandmother Jeri, grandfather Max, and great grandmother Lucy. There was joy in learning that I had three half-sisters and a half-brother, but there was pain in learn-

Andrew's youngest brothers Avery and Hunter with their mom Sue

ing that one of my sisters had died tragically as an infant and another went missing as an adult. I learned where my affinity for mathematics, flying airplanes, and the game of chess came from. I learned about my deep family roots to old Georgia and Florida, and that all this time, most of this biological family was less than a 20 minute drive from my home.

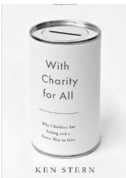
Most importantly, I learned that my biological family shared nearly all of the values as the family that I grew up with. That knowledge is comforting and has brought closure to me, knowing that they did the best they could for me. And as I try and teach these values and lessons to my children, I am acutely aware of the ironic facts of my adoption and what it's like to both give and receive: I received a wonderful life, only because my biological family unselfishly and generously gave me away and because my parents Mike and Sue unselfishly and generously adopted me and gave me a family.

So at the close of 2014, I count my blessings. My children are learning what it means to give and to receive. I am grateful for my dear parents who raised me, and are the only people on earth entitled to that designation. My brothers' have successfully transitioned into adulthood. And now, I have a whole new biological family, and I am excited to see what that brings.

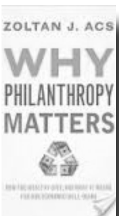
Despite a few hiccups along the way, I'd say I'm pretty fortunate to be where I am today. Thank you for allowing me to share my story. May your holiday season bring as many blessings to you and your family as it does to me and mine.

IN THE KNOW & ON THE *GO*

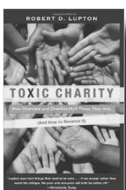
BOOKS WE'RE READING



With Charity for All: Why Charities are Failing and a Better Way to Give (Double Day) by Ken Stern



Why Philanthropy Matters: How the Wealthy Give, and What It Means for Our Economic Well-Being (Princeton University Press) by Zoltan J. Acs



Toxic Charity: How Churches and Charities Hurt Those They Help, and How to Reverse it (Harper One) by Robert D. Lupton

FING*LISH*

DENKS: acronym for dual-employed, no kids, referring to a family unit in which both husband and wife work, and there are no children. Without the expense and responsibility for children, DENKS have a larger disposable income than couples with children, making them a prime target for marketers of luxury goods and services, particularly various types of investments.

DEWKS: acronym for dual-employed, with kids, referring to a family unit in which both husband and wife work and there are children. Marketers selling products for children, including various investments, target DEWKS.

NEAR MONEY: cash equivalents and other assets that are easily convertible into cash. Some examples are government securities, bank Time Deposits, and Money Market Fund shares. Bonds close to Redemption date are also called near money.

RUNOFF: printing of an exchange's closing prices on a ticker tape after the market has closed. The runoff may take a long time when trading has been very heavy and the tape has fallen far behind the action.

PLACES WE'RE GOING

CPA

Symposia - November 5
Orlando, FL

FA & Private Wealth
ASSET MANAGER SHOWCASE
Florida

November 17-18
Palm Beach Gardens, FL

WEALTH INVESTMENT EXCHANGE

December 8-10
New Orleans, LA

Thank you for your business and your recommendations to friends and family!

Volatility is Not Risk continued from Page 1

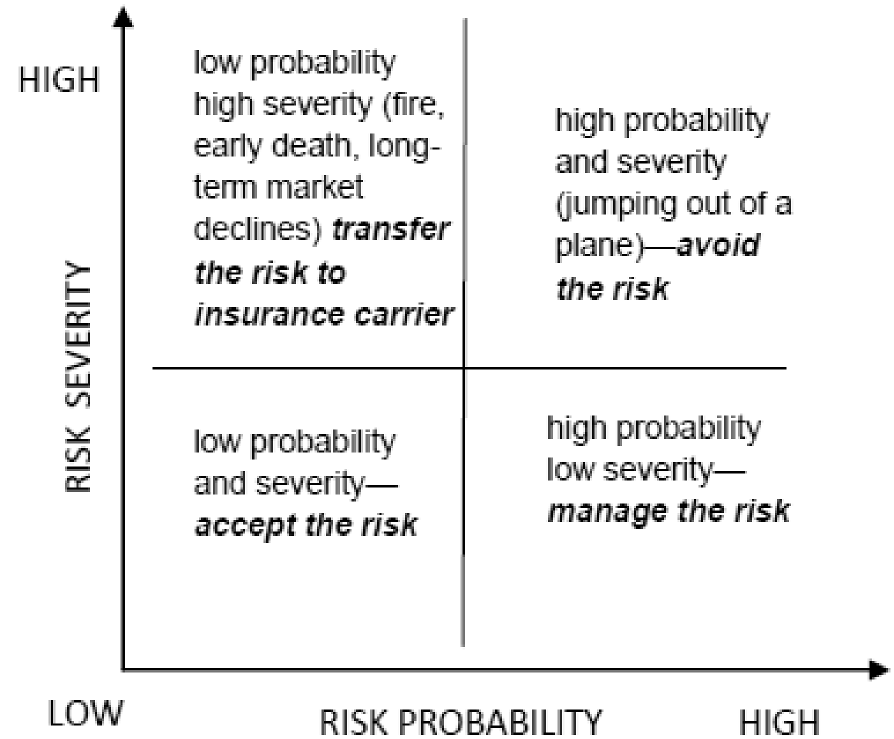
not. Very few are. Even fewer should be. Our goal is to identify and maintain your comfort level of risk tolerance, so you never experience a 50% decline. This we accomplish through our diversified, allocated, rules-based portfolios.

So if longevity is not a risk, and purchasing power is not a risk, and investment portfolio value fluctuations are not a risk, what are the risks? The primary risks could be investor behavior, and not having a comprehensive, collaborative plan.

Risk are problems and problems have solutions. This Risk Matrix illustrates widely known and practiced assessment and management strategies. Each quadrant represents a response or behavior to risk based on its level of severity and probability. We can transfer risk, accept risk, avoid risk and manage risk.

Now that we've covered risk, let's consider volatility (which is not risk) in the market. So the "markets" tend to surprise to the extreme making volatility a dual-edged sword. Investors don't feel the up years as volatile because we enjoy them. Volatility it is nevertheless.

Average returns aren't normal at all. In fact, normal returns are extreme. They occur infrequently. Only when the high and low returns are blended do we get the average. Some investors may expect average but we rarely get it.



In all calendar years since 1926, US large company stocks (or "the market") have been down 27% of those years. So the market has been up 73% of the time. And the market has risen by more than 20% in over half of those positive years (or 36% of all years)! That is, one out of every three years, the market has gone up by greater than 20%. Moreover, as an additional datum point, for the past 65 years, the market has reached a "new high" 1100 times, or once every 15 days. Hmmm.... So when the market hits that next new high, should you sell?

In other words, if we don't get a down year, history favors large upside. Years with positive returns of around 5-10% (what most people usually expect as average) only happen one out of six years. More frequently and amazingly, years between 30% and 40% up are more common than years with around 5-10% positive returns.

How much time does it take for the 20% upward run? It usually takes three months or less. Moreover, the average intra-year decline since World War II has been 14%. That means that within a given year, you can expect 14% decline in the short term pricing of stock market. Yet a bear market is described as a decline of 20%.

The so-called once-in-a-100-year storm of a 50% decline has actually happened over three times in the last 100 years. And for those who were able to invest and stay fully invested for that 100-year period of time, you have been rewarded with an increase in the S&P 500 from approximately 15 to approximately 2,000. That's over 100-fold increase. Certainly we would take 100-fold increase with occasional short-term declines. Of course, few of us will get to enjoy 100 years of investing. Most of us will experience 20, 30

Volatility is Not Risk continued on Page 9

Volatility is Not Risk continued from Page 8

years and more.

Attributed to Mark Twain, but with out evidence: "history may not repeat itself, but it rhymes."

Of course we have much economic risk now: low employment participation, low interest rates, high debt, many new regulations, geopolitical instability, and more. If you have heard, "we have never been here before," I encourage you to recall another time we faced similar issues – specifically 1947, with prime interest rate of only 1.75% (now it is 3.25%, by the way), Communist China, newly returned GIs, a war to pay for, the New Deal, and so on.

What happened? A giant, long-term, bull market in stocks is what happened. I am not predicting another. I am not predicting anything. I am merely helping you put your point of view into perspective, as redundant as that may seem. Things are not "different this time" because things are never quite different.

We encourage you to make your decisions based on evidence and rules. Here at Summit, we do that for you, in our evidence-based, rules-based global, multi-asset class, properly allocated portfolio management, of dynamic strategic indexing, that is designed for solid growth, while safely managed, through our trusted advice. Working with our team of expert specialists, focusing on your plan, taking care of you through our service will empower you to succeed during volatile times both on the upside and the downside.

Make great decisions.

Mitch

PERSONAL RECORDS RENTENTION SCHEDULE

Individual records should be disposed of as soon as they outlive their usefulness. This schedule has been developed as a guide only. There are situations which would alter the holding period. Consult legal counsel before destroying if you are uncertain. This guide applies to both paper and electronic records.

PERMANENTLY

- *Basis of inherited and gifted property*
- *Checks (cancelled for important payments, i.e., purchase of property, special contracts, etc.) (Checks should be filed with the papers pertaining to the underlying transaction.)*
- *Deeds and mortgages*
- *Depreciation schedules*
- *Contracts and leases (still in effect)*
- *Insurance policies (still in effect)*
- *K-1s from partnerships, S corporations, or trusts**
- *Tax return copies*
- *Wage statements (W-2s)*
- *Purchase documents – such as home, home improvements, rental property, stocks, bonds, or IRAs**
- *Receipts and/or cancelled checks for the Purchase of assets**

7 YEARS

- *Contracts and leases (expired)*
- *Checks (cancelled, but see exception below)*

4 YEARS

- *Receipts and/or cancelled checks (Medical and dental; Taxes paid; Contributions; Other deductions)*

3 YEARS

- *Insurance policies (expired)*

**Once the asset is disposed of, these records should be kept for a minimum of four years after the year in which the asset is sold. Any tax advice included in this communication is not intended or written to be used, and it cannot be used by any taxpayer, for the purpose of avoiding penalties that may be imposed on the taxpayer.*

Source: http://www. CLAconnect.com

A Fiscally Responsible Four Year Old

by Jessica Feliciano, Client Service Specialist

Every morning I wake up, ready to perform for my audience of two, Julien age four and Olivia age one. They are always watching, and it is not a passive form of observation. Children absorb everything we say and do, in order to digest it, and regurgitate it.

On a recent trip to Publix, Julien watched closely as we paid for our groceries. His eyes were focused on his Dad, as Julio drew his wallet from his pocket, swiped the debit card, and walked away with a receipt. Julien smiled and announced "When I get big, I'm going to do thaaatt. Yeah when I get big and I have a job and money." I stared at him, in serene shock, realizing that he had already come to understand the basic concept of money. At this point, we began cultivating his financial understanding. "Julien, you do not have to wait until you are big, you can start earning money now. When we get home you can clean up your room and make your bed. Once you do that, Momma and Dada will pay you one dollar." He was ecstatic. We arrived home, and he ran to his room to fulfill his responsibilities. Week after week he earned his dollar. After four weeks had passed, we gave him a bonus of one dollar, for a grand total of five dollars earned.

Jessica's son Julien Feliciano

A report by researchers at the University of Cambridge revealed that kids' money habits are formed by the age of seven. Within those money habits lies the concepts of saving, spending, and sharing. Bearing that in mind, we created three money jars for Julien, which we labeled with the aforementioned categories. Every time he earns income, he places it one of the designated jars, and from there he withdraws as needed. He finally decided to withdraw from his spending jar to purchase a toy. With four dollars in his pocket, he gripped Dad's hand, making his way down each aisle at Target. His eyes lit up with every new opportunity, the selection seemed endless. Waiting impatiently at home, I wondered with humor what my two men would come home with. Finally, Julien ran through the front door, grinning from ear to ear "Momma look! With my money I bought a bag of chips!"

He ran to his savings jar and deposited the money that he had not spent. The sense of satisfaction showed in his demeanor and the scene was undeniably cute, as he trotted back to me with his bag of chips. An involuntary laughter trickled through my smile, as I embraced my fiscally responsible little boy, validating once again that it's never too early to teach the basics of money management.

Jessica

THE SVERIGES RIKSBANK PRIZE IN ECONOMIC SCIENCES IN MEMORY OF ALFRED NOBEL 2014

Jean Tirole
Toulouse 1 Capitole University, France

"for his analysis of market power and regulation"

Jean Tirole was born 1953 in Troyes, France. He is a professor at the Toulouse School of Economics in France who earned a doctorate from Massachusetts Institute of Technology, is the third Frenchman to win the $1.1 million Nobel Memorial Prize in Economic Sciences, which has been dominated of late by U.S. economists. This is the first year since 1999 that an American has not been among the winners.

Tirole is one of the most influential economists of our time. He has made important theoretical research contributions in a number of areas, but most of all he has clarified how to understand and regulate industries with a few powerful firms.

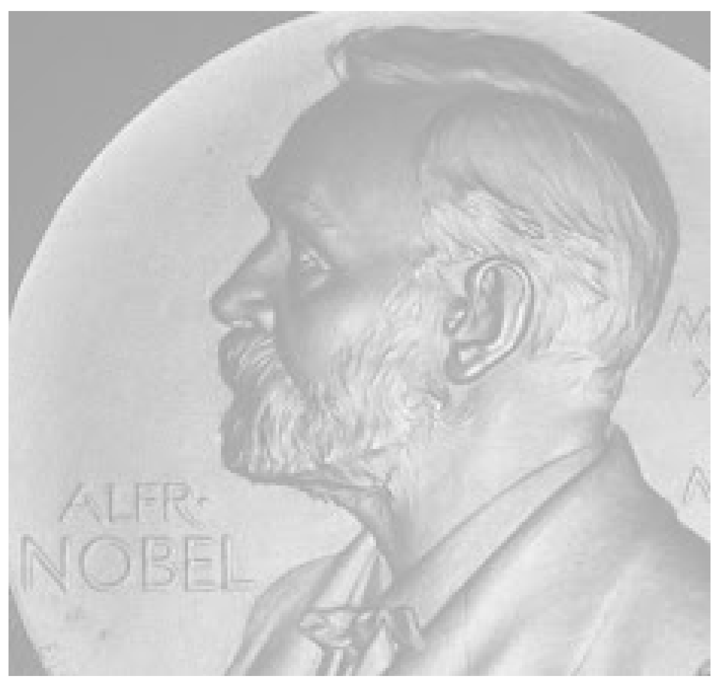
Many industries are dominated by a small number of large firms or a single monopoly. Left unregulated, such markets often produce socially undesirable results –prices higher than those motivated by costs, or unproductive firms that survive by blocking the entry of new and more productive ones.

From the mid-1980s and onwards, Jean Tirole has breathed new life into research on such market failures. His analysis of firms with market power provides a unified theory woth a strong bearing on cenral policy questions: how should the government deal with mergers or cartels, and how should it regulate monopolies?

U.S. consumers might be paying less than they are for cable and Internet access if regulators had followed the guidance of Jean Tirole in promoting industry competition.
So say experts in assessing the work of Tirole, a 61-year-old Frenchmen who won the Nobel Prize in economics Monday for showing how to encourage better products and competitive prices in industries dominated by a few companies.

"He has given us an instruction manual for what tool to use in what market," said Torsten Persson of the prize committee. "Politicians would be stupid not to take his policy advice." They haven't always listened.
Joshua Gans, management professor at the University of Toronto, says U.S. regulators didn't follow Tirole's advice to require cable and phone companies to sell competitors access to "the last mile" of cable connecting homes to telecommunications networks. Instead, giants such as Comcast and Time Warner now control the last mile.

To reach a home, a potential competitor must pay to install its own cable. That limits competition and allows existing telecom providers to charge more. As a result, Gans says, American consumers pay too much for cable TV and Internet access.



Source: http://www.timesunion.com/business/article/Nobel-Prize-winner-makes-connection-5820445.php and http://www.nobelprize.org/nobel_prizes/economic-sciences/laureates/2014/

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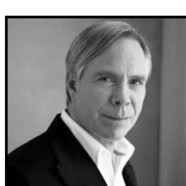

"My mother inspired me to treat others as I would want to be treated regardless of age, race, or financial status." — Tommy Hilfiger