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Summit Wealth Partners

The Rational Optimist™

WE HAVE A PROCESS FOR THAT!

by Mitch Levin, MD, CWPP, CAPP

As much as I bristle at bureaucracy, we have just completed our annual update of our firm's filing with the SEC and FINRA. It was an exercise that brought us greater clarity of purpose. And for that I am grateful.

While a large proportion of our clients are retired, many of you are not yet there. A great number of our still-working clients are business owners and professionals. We advise and serve a select group of you who aspire to a work-optional lifestyle. That is why we have developed and refined a financial planning process that puts the pieces of the puzzle together for you.

"Have you tried to put together a jigsaw puzzle without the picture?

Regardless of your stage of life, our clients desire greater financial freedom and a sense of control—something that many others may feel less and less, due to the apparent media hysteria and their *disaster-du -jour* reporting. At Summit we work to give clients confidence and clarity without fear. Knowing where you are now and where you are headed (and the how and why that is going to get you there) gives clients a clear picture of your future and more importantly, it gives you peace of mind.

That, after all, is what we do. For those who are not our clients, it may seem that we simply invest in the capital markets. That is not Summit. We are wealth managers. And that encompasses much more than simply investing. While owning stocks and bonds, either individually or in groups of pooled assets like Exchange Traded Funds (ETFs) or Mutual Funds, is part of our work, it is only a piece of the puzzle for many of our clients.

One of the most important services we provide is risk management. We understand and educate on the complexities and comprehensive strategies of managing to risks. Every dollar we save our clients (in risks, costs, fees, and taxes), can be just as, or more valuable than a dollar we earn through investing. That is why we developed our comprehensive financial planning process for our clients.

True wealth management incorporates collaborative and comprehensive evaluations, analyses, and recommendations, including: risk management, retirement income planning, estate and asset protection planning, charitable gift planning, legacy planning, tax optimization planning, real estate planning, along with investment planning and management. This often involves collaboration with other professionals such as accountants, attorneys, and more. At Summit, our service goes above and beyond the planning and implementation with continual monitoring and testing for goal alignment and overall success.

What this means to our clients is you have greater clarity (of what you are doing and why), greater comfort

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A SUSTAINABLE RETIRMENT PLAN CAN PROTECT YOUR NEST EGG

BY CHAD A. WARRICK, CHIEF INVESTMENT OFFICER & SENIOR WEALTH ADVISOR,

During the first quarter, I have had the opportunity to meet with many of you. It is one reason why we are passionate about being your financial advisors. Another is the sense of accomplishment I get while working with clients on developing a sustainable financial plan. There is no greater reward then developing a financial plan that will achieve your dream for family and retirement.

As we get closer to retirement and during retirement, our focus shifts from accumulating wealth to maintaining lifestyle. Retirement is truly a function of cash flow. Your most valuable asset prior to retirement is your paycheck. And more importantly, what you do with that paycheck helps to create your "ability to accumulate wealth." A proper financial plan will absolutely put you at ease knowing you have defined a sustainable retirement plan with a comfortable income.

A sustainable retirement includes multiple sources of predictable income in order to maintain lifestyle in and throughout retirement:

- Social security
- Pension
- Lifetime guaranteed Income
- Investments managed for volatility, growth and income

Predictable income such as social security, pension and lifetime guaranteed incomes are essential pieces to the puzzle. The more predictable pieces you have, means you have a greater ability to weather volatility and downturns in the market. Even though the market is unpredictable, our processes and implementation for wealth management are not. They are researched, tested and based on Nobel Prize winning economics. The impact that the market has on your portfolio depends largely upon your working financial plan, asset allocations, and disciplined approach, all designed to safeguard against volatility and capitalize on the markets' performance. This is why we work together! No one can foresee the future; there are simply too many variables and moving parts. We all understand that volatility will remain part of the markets. This is to our advantage because with volatility comes opportunities and potential for grow.

The key to a sustainable retirement portfolio and distribution management is to deliver cash flow from a variety of sources without giving up the potential for growth. How do we design a spending plan that allows you to keep much of your nest egg even though you may regularly tap into your investments?

The simple short answer is building blocks, or as illustrated the portfolio is divided into three tranches, each with a different timeline and purpose for money. The Long-term tranche is focused on growth and income. The short-term reserve tranche is focused on capital preservation income. The third tranche is focused on your current spending and cash flow. Ideally, the current spend tranche is initially funded with one year living expenses and then adding regular predictable income.

Sustainability occurs when systematic rebalancing transfers appreciation from the long-term tranche to the short-term reserve. And interest and dividend distributions transfer from the short-term reserve to your current spending tranche. Your nest egg can remain in tack and available.

The what, when and how are much more complicated and comprehensive. With the proper building blocks and design of your portfolio, we can manage inflation and create income. There is no one-size fits all answer. Each client has special needs and requirements that are unique.

Whether it is creating a solid financial plan or developing advanced tax savings strategies, we are passionate about being your financial advisors. Summit clients are the best people anywhere and you make every day count. Thank you for your trust and confidence.■

SECURITY & FRAUD PROTECTION

BY JASON PRINT, CFP®
& NICOLE SADEZ, CLIENT RELATIONSHIP MANAGER

At Summit, we take client security and fraud protection seriously. It is a top priority within our systems and processes. The custodians and integration platforms we work with - TD Ameritrade, Charles Schwab, Fidelity Investments, and eMoney - have formalized security procedures and policies in place in order to provide the uppermost level of security. They accomplish this by partnering with leading firms in the security industry to bring highly rated security products to protect our clients' identities. All systems, policies, and partnerships are strategically developed and maintained to safeguard your personal information and financial assets.

The custodians and integration platforms have systems that utilize advanced firewalls to keep individuals from gaining unauthorized access. They also have intrusion detection technology in place which alerts them of unusual behavior in an account, and all Internet data transmissions to and from the servers are secured via encryptions. The employees working with custodians and integration platforms (as well as the SWP team) are comprehensively trained in the company's policies and how to uphold them.

If Summit or the custodians detect suspicious activity in an account, immediate precaution is taken and the client is contacted directly via the phone. We do this to validate the account activity was intended by the client and to protect our clients in case it was not. As another precaution, please review the following safety tips and make them part of your online practices.

ONLINE SAFETY TIPS:

1. Don't share your User ID or password with anyone.
2. Be very cautious with sharing your User ID and password with a third party. If you share your password, you assume responsibility for their actions.
3. Avoid accessing your account from public computers as they can be accessed by malicious users who may have installed software to record your keystrokes.
4. If you must use a public computer, make sure it is from a reputable provider.
5. When you are finished accessing your account, always log off and close your browser.

Email can be a major source of risk as many Internet scams involve email messages that appear to come from a known source but are not trustworthy. Additionally, email attachments can be harmful and contain viruses.

Indications of a fake email are the email claims to be from a justifiable company requesting you to change your password by clicking on a link or requests a copy of a password file, Social Security number, or other confidential information. Or, the email requests you to verify your account information by clicking on a link and filling in a form. Remember reputable companies will not send you an email requesting an account number, User ID, PIN, password,or other personal information.

A downside to the protections Summit has in place is it can be an inconvenience for the client. For instance, if a client would like for us to move money to a place other than a bank account that they have previously established, we would not be able to accomplish this without a third party wire request form signed by the client, as well as, a verifying phone call. Criminal hackers and fraudsters continually increase their creativity with the scheme's they develop. We have seen cases were client's emails have been violated and the criminals have sent emails to Summit requesting funds. Of course the client was contacted immediately and no funds sent. Don't be surprised if we follow up an email with a phone call. Our protocol is to verify prior to processing any requests.

While this type of criminal activity is likely to remain a risk in the technology heavy world we live in, we remain committed to protecting clients' sensitive information entrusted to us to the best of our ability. ■

CONSIDER THESE BASICS:

- Beware of stock spam
- Create secure passwords
- Check a site's security setting
- Protect your computer
- Protect your wireless network
- Avoid email fraud

IMAGINE A CASHLESS WORLD

BY JEFFREY JANSON, SENIOR WEALTH ADVISOR, CFP®,

It's closer than you think. While technological advances are making cash-free transactions easier than ever (think Chase Quick Pay or Apple Pay), there are also significant and tempting advantages to the world's governments in instituting a "cashless" society.

The euro-zone has decided to scapegoat the €500-euro note as the preferred vehicle for international crime. As a result, a push is now underway to decommission the note in an effort to undermine criminal activity. The €500-euro note is the preferred denomination by organized crime groups for moving large sums across international borders. While the focus is presently on how the decommissioning will impact organized crime, this change in policy will have a broader, more far reaching impact across the globe. This is just the next likely step in the inexorable move toward a cashless world.

Recently, a Harvard academic and former CEO of Standard Chartered, Peter Sands, published a white paper entitled, Making It Harder for Bad Guys: The Case for Eliminating High Denomination Notes. The paper was published as an indictment of world government's feckless attempts at focusing on the perpetrators of tax evasion, drug trafficking, smuggling, theft, fraud, and terrorist financing. Instead, it suggests a different approach of disrupting the business model of criminal enterprises by making it exceptionally difficult to move large sums of cash across borders. This is done by eliminating large denomination currency notes from circulation such as the aforementioned €500-euro note; the US $100 bill; the 1,000 Swiss franc, and Britain's £50 note. This step, Sands argues, would increase the cost of doing business and greatly increase the likelihood of detection for criminals engaged in illicit activities.

Already there are rules and regulations in place governing the use and transport of large amounts of cash. Most people are aware of the fact that anti-money laundering laws require the filing of a "suspicious activities report" if you wish to deposit more than $10,000 of currency in a single bank visit. Are you also aware that it is now also illegal to transport over $10,000 in cash via a commercial airline (despite the fact that there are many legitimate reasons for doing so)? Doing so, subjects your cash to confiscation by TSA. Post 9-11, world governments have used the fear of terrorism as justification to erode civil liberties. In a similar manner, they will also use the issue of "crime prevention" as their raison d'être to wean their citizenry away from cash. It is an unfortunate ancillary effect of this policy that governments will then have absolute knowledge and control over citizen's financial information.

In addition to making criminal enterprise more difficult, world governments are realizing there are certain structural advantages to moving in the direction of a cashless society. The most recent example is the growing prevalence of negative interest rates instituted by several counties' central banks. Prior to the advent of electronic cash, common sense and monetary theory held that, when it comes to interest rates, banks could not cross the 0% lower bound. Anything lower than 0% would cause depositors to withdraw their cash from banks and hold it themselves, rather than be charged for the "privilege" of holding their money in the bank.

Switching to electronic currency effectively eliminates this threat of a "run on the bank" because money that has no physical manifestation - such as a currency note - cannot be withdrawn. This, in theory, opens up a whole new "tool box" of monetary policies to central bankers which, they argue, could be useful in fighting low inflation and other perceived macro monetary problems. These "levers" being pulled by central bankers across the globe have real-world effects on the behavior of savers and investors alike as we all scramble to protect and grow our assets.

In an inflationary economy, savers intuitively know they should purchase what they need sooner rather than later because the cost is going up. In a deflationary environment (the true bane of central bankers), savers realize there is no point in spending now, as the price will continue to fall month over month. In this environment, there is a real incentive to save cash, rather than

IMAGINE A CASHLESS WORLD - Continued from Page 4

spend it. If you are a government that likes to tax money in motion (capital gains, sales tax, IRA distributions, etc.), a deflationary economy is the financial equivalent of the devil because money stops moving through the economy. But what if central bankers now had a tool at their disposal that effectively forced savers to spend now or have their savings eroded? Wouldn't that be handy gadget for stimulating the economy? Enter negative interest rates on savings deposits.

Continuing on with our cynical outlook, another benefit of electronic currency is the ease with which governments can impose capital controls on citizens who wish to transfer capital out of their home country. It also makes it much harder for taxpayers to hide capital or misrepresent their income. Now that there is a coordinated global push among world governments to end tax evasion, the move to a cashless monetary system becomes very appealing. You can be certain that world governments are highly motivated to corral the over $3 trillion of monetary loss annually due to the slippage of tax evasion and criminal enterprises in the black market and shadow economies.

All of these monetary trends, along with the relentless progress of technology, will likely make cashless transactions increasingly prevalent across the globe. In the past, the technology did not exist for governments to force the issue of moving to a cashless society. However, there has been some speculation that the block-chain technology used in Bitcoin could serve as a foundation for such a cashless system of banking and exchange.

While it won't happen overnight, the inexorable march toward a cashless society is slowly but surely happening right before our eyes. ■

WE HAVE A PROCESS FOR THAT! - Continued from Page 1

(knowing that you have optimized your wealth), and greater confidence (that your goals are on track to be achieved).

We strive to deliver solid growth, safely managed with trusted advice. Making and keeping you happy is our greatest reward. These can be frustrating times. As part of our value added service to you, we are happy to make ourselves available, at no obligation, to serve as a sounding board for your family, friends, and colleagues for their financial concerns.

We at Summit are devoted to you and your financial success. And we strive to make that clear in every piece of the puzzle.

Make great decisions. ■

"As a value-added service to you, please feel free to tell your family, friends and colleagues that they may use us as a sounding board for their financial concerns free of charge and without obligation. Let us know how we can help. Thank you for your trust and confidence."

As seen...

BEAT THE DEPRECIATION CURVE ON YOUR NEXT CAR PURCHASE

BY JEFFREY JANSON, SENIOR WEALTH ADVISOR, CFP®,

We all know that when, you drive off the lot sniffing that new car smell can be a very expensive experience. In fact, that short trip home typically costs thousands of dollars (in depreciation)! Scott Jacobs of Edmunds says that by the time a car is one year old, it has lost nearly 1/3 of its value! While that's bad news for those who must "drive new," it can be a real savings opportunity for the next buyer.

Cheryl Blum, also of Edmunds, reports that the typical new mid-size sedan, starting at an MSRP of $27,660, loses $7,419 of value in its first year; however, loses less than that over the next 3 years combined – dropping a cumulative $5,976. For the savvy car shopper, this realization can add up to real savings.

By buying a car in its second year, owning it for the next three years, and then disposing of it before the next precipitous fall off in value, frugal car buyers can avoid the worst of the "depreciation curve." By changing your car buying habits to this approach, you can avoid some significant erosion of value and still drive a newer car that many times will still be covered by the factory warranty. Most manufacturers have Certified Pre-Owned (CPO) programs and will extend the factory warranty.

What happens after the fifth year? Many long-time used car dealers will tell you that car values "drop like a rock." This second, steeper, depreciation happens at slightly different times for different types of vehicles. Luxury cars are particularly susceptible to the drop off in value after the fifth year; pick-up trucks tend to hold their value longer.

To understand why this is, you have to understand what is happening with the typical car value in its fifth year. If the car has been driven 12,000 miles per year, that equates to 60,000 on the odometer. Usually, that requires new brakes, tires, a timing belt, and many other minor issues that all add up; thus knocking the price down significantly, due to deferred maintenance. Not all vehicles obsolesce at the same rate however; the condition of the used car remains the most important factor in determining its residual value.

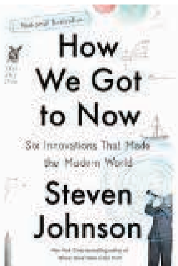
The moral of the story is this: If you purchase a car that is one, or two years old, drive it for three years, and then sell it, (wash, rinse, repeat) you will have the most cost-effective car ownership experience possible.

Now ask yourself – Is that new car smell really worth it? ■

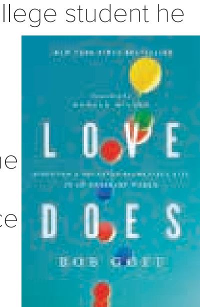
IN THE KNOW & ON THE *GO*

BOOKS WE'RE READING

HOW WE GOT TO NOW: Six Innovations that Made the Modern World by Steven Johnson.
From the New York Times–bestselling author of Where Good Ideas Come From and Everything Bad Is Good for You, a new look at the power and legacy of great ideas.
In this illustrated history, Steven Johnson explores the history of innovation over centuries, tracing facets of modern life (refrigeration, clocks, and eyeglass lenses, to name a few) from their creation by hobbyists, amateurs, and entrepreneurs to their unintended historical consequences. Filled with surprising stories of accidental genius and brilliant mistakes—from the French publisher who invented the phonograph before Edison but forgot to include playback, to the Hollywood movie star who helped invent the technology behind Wi-Fi and Bluetooth—How We Got to Now investigates the secret history behind the everyday objects of contemporary life.



LOVE DOES: Discover A Secretly Incredible Life In An Ordinary Way by Bob Goff. Now a New York Times Bestseller! As a college student he spent 16 days in the Pacific Ocean with five guys and a crate of canned meat. As a father he took his kids on a world tour to eat ice cream with heads of state. He made friends in Uganda, and they liked him so much he became the Ugandan consul. He pursued his wife for three years before she agreed to date him. His grades weren't good enough to get into law school, so he sat on a bench outside the Dean's office for seven days until they finally let him enroll.



FING*LISH*

CARROT EQUITY
British slang for an equity investment with a KICKER in the form of an opportunity to buy more euqity if the company meets specified financial goals.

CROWDING OUT
heavy federal borrowing at a time when businesses and consumers also want to borrow money. Because the government can pay any interest rate it has to and individuals and businesses can't, the latter are crowded out of credit markets by high interest rates. Crowding out can thus cause economic activity to slow.

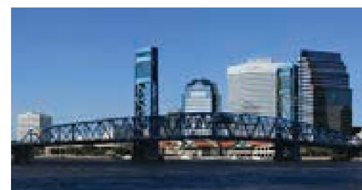
FIREWALL
metaphor for any strictly enforced legal separation of activities. For example, in a securities firm, underwriting and investment banking activities are separated from the firm's research and brokerage functions by a firewall, to avoid conflicts of interest. The GLASS-STEAGALL ACT created a firewall between commercial banking and investment banking until it was eliminated by the FINANCIAL SERVICES MODERNIZATION ACT OF 1999.

LAFFER CURVE
curve named for U.S. economics professor Arthur Laffer, postulating that economic output will grow if marginal tax rates are cut. The curve is used in explaining SUPPLY-SIDE ECONOMICS, a theory that noninflationary growth is spurred when tax policies encourage productivity and investment.

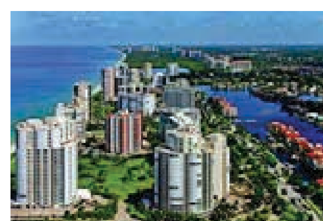
QUBES (QQQ)
Exchange-Traded Fund (ETF), whose ticker symbol is QQQ, that tracks the technology-heavy NASDAQ 100 index and trades on the NASDAQ Stock Market. Qubes are structured as Unit Investment Trusts.

PLACES WE'RE GOING

SCOTTSDALE, ARIZONA



JACKSONVILLE, FLORIDA



NAPLES, FLORIDA

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"Life is 10% what happens to you and 90% how you react to it."

–Charles R. Swindoll

(b.1934) an Evangelical Christian Pastor, author, educator, and radio preacher.

source: *Brainyquote.com*