SUMMIT WEALTH PARTNERS

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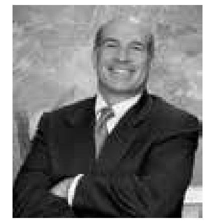
The Rational Optimist™

Declaration of Independents

by Mitch Levin, MD CWPP, CAPP



I'm speaking about the economic kind. We all want the freedom that comes with being financially independent. It usually gives us the ability to do what we want, go where we want and with whom we want.

For many of us, having financial independence simply requires solid growth that is safely managed, through independent trusted advice. That is just what you get with Summit Wealth Partners. It is even our tag line.

There are significant benefits to working with Summit because we are an independent registered investment advisor. Clients enjoy a different kind of relationship at Summit. Many of us have developed close working relationships with our clients because we have a stronger sense of accountability.

As a client, you know that you receive advice based on what's best for you and your own goals and unique situations. We willingly and voluntarily have put ourselves in a position to deliver our "fiduciary duty" to always act in our client's best interest first and foremost.

At Summit, our clients benefit because we collaborate with other professionals such as CPAs and attorneys to address complex situations that can come with significant wealth and family legacies.

We strive to deliver value above and beyond. We believe that if we can save you money, that is just as good as earning you money. Another way Summit makes a difference is our focus on cost and tax reduction along with current and future income tax optimization.

With Summit, there are no hidden costs. Our fee-based structure is straight forward, transparent, and easy to understand. Clients know where their assets are being held and safeguarded. We utilize lower overall investment cost (low turnover, low expense ratio, low trading volume), with broad diversification in the world's great companies and proper allocations. You know your portfolio is aligned with your specific risk tolerance and constructed to help you achieve your financial goals.

Financial independence can mean many different things. And there are many strategies to achieving financial independence. Some of them are income tax-free. Some include long-term care benefits. Some include a legacy to those you leave behind. Summit makes the difference. Ask us how we can help you.

While you and your families are celebrating Independence Day on July 4th, also celebrate your financial independence! Thank you for introducing us to your friends and family and know that we appreciate your trust and confidence in us. Thank you for choosing Summit as your independent registered investment advisor. Continue to make great decisions.

Mitch

Tour de Finance

By Chad A. Warrick, Chief Investment Officer

Every summer, my son Aiden and I watch the Tour de France. The race begins Saturday July 4th and goes through Sunday, July 26th. This year will mark the 102nd event. The race covers 3,360 kilometers or roughly 2,090 miles. The course includes 19 different stages of roadway with terrains ranging from flat to hilly to mountainous with five stages having summit finishes. The course is designed to test mental and physical endurance.

Not only must the riders be in peak physical condition, they require the mental discipline to anticipate the unexpected. Above all they must have endurance. It takes years to prepare, train and to develop a winning strategy.

Investing in the "markets" is similar to the Tour de France. You must have the same mental discipline and endurance in order to construct a winning strategy for your portfolio.

Take Greece for instance. It is a bump in the road. Although this was not totally unexpected, the market reacts in anticipation. Toward the close of the second quarter the market pullback was driven by heightened concerns regarding the potential default of Greece, which has been in and out of the picture for the past eight or nine years.

However, this time, the European Central Bank (ECB) announced that the financial support for Greece would expire June 30th. Outside of the immediate sticker shock of the announcement that Greece was finally in default of its $1.7 billion loan from the International Monetary Fund (IMF), the global markets showed they do not favor uncertainty and wishy-washy headlines. Greece is most likely out of the global economic race. And one could even ask if Greece, with only 11 million people and a GDP of $250 billion, or 1.3% of the Eurozone's $19 trillion was ever in it to begin with.

Here are some interesting facts concerning Greece's debt:

- Greece is and has been a small contributor to the global economy
- Greece's own GDP is less that 6.5% of Germany's (larger leader to Greece)
- All of Greece's outstanding debt is barely 1% of the European Central Bank's assets
- The majority of Greece's debt is held by governments and already priced in the market

Please do not construe my comments as making light of the situation in Greece. I am not by any means. It is important to keep it in perspective when you consider the bigger picture and time horizons.

Our investment strategies include anticipation and preparation for the unexpected.

In light of today's headlines, some may question whether international exposure should even be included in an investment strategy.

My short answer is an emphatic yes! Now is the time to rebalance and allocate appropriately to fully take advantage of the opportunities to buy leading global companies in diversified asset categories.

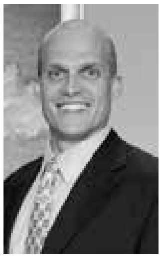
Surely, there could be a ripple effect from Greece. We will continue to pay close attention to Greece's situation and its effect on the rest of the surrounding countries. Rest assured that the European authorities will make every effort to minimize the impact to the other European financial markets.

Like the Tour de France, the market covers a long road that includes a variety of landscapes with ups and downs along the way. Know that team Summit positions you, our clients, to anticipate the unexpected and to be prepared for the road ahead.

Enjoy your Independence Day!

Chad

Summit's offices will be closed on Friday July 3rd!



To Roth or Not to Roth; That is the Question!

By Jason Print, Senior Wealth Advisor, CFP

The tax-free growth and distribution of a Roth IRA makes it a highly appealing investment to hold as well as to inherit. All else being equal, it is much better to be the beneficiary of an account that will never be taxed than a beneficiary of one that will be taxed over time. There is a catch.

Someone who leaves a Roth IRA as an asset to inherit will have paid taxes to get money into the account – either through a Roth conversion or by after-tax contributions to a Roth. If the original IRA owner has paid too much in taxes to create the Roth, the beneficiaries may have been better off inheriting a traditional IRA and paying the taxes themselves.

The decision to leave a Roth asset to inherit or not comes down to a comparison of the original IRA owner's marginal tax rate and the expected marginal tax rate of the beneficiary in the future. If the beneficiary's tax rates will be higher, it's better to convert the IRA, pay the taxes now at current rates and leave the higher-income beneficiary a tax – free account.

But if the beneficiary's tax rates will be lower, then the best thing a wealthy high marginal tax bracket IRA owner can do is to leave a traditional IRA and let the beneficiary pay the taxes at his or her own lower tax rate.

Of course, no one has a crystal ball to tell us where tax rates are going to be in the future, or the economic future of our beneficiaries. Nor, do we know when we are going to die. Therefore, this decision may require a bit of probability analysis. It is however, a factor that should be taken into consideration if you don't plan on spending the IRA during your lifetime.

Other factors to consider:

- State of residence of the beneficiary and its state tax rate, especially if different from the IRA owner's state
- Employment income of the beneficiary, if of working age
- Passive investment income
- Increase in potential income due to other inherited assets.
- Number of beneficiaries, which could affect the dissipation of assets and RMDs. (For instance: A $2 million IRA for an individual has sizable RMDs, but leaving four $500,000 IRAs to four separate beneficiaries can slash the magnitude and impact of after-death RMDs)

Usually, conversations about Roth conversion focus on the current tax bracket and maybe the tax bracket of the owner in the near future. These are important factors for those with a goal of leaving an inheritance. However, for some beneficiaries who may be in lower tax brackets when they inherit the IRA, their lower tax bracket in combination with the IRA's original owner's higher tax bracket may reduce the overall family wealth.

If you or your loved ones have questions or concerns about your personal circumstances, please don't hesitate to call us. We can help.

Jason Print's article *College Funding with 529s (Part One)* appeared in the June issue of the Radional Optimist; *College Funding with 529s Part Two* will be published in the August/September 2015 issue.

Which Economy Are You Worried About?

On October 9, 1903, the august and authoritative *New York Times* wrote, "{Human flight in a machine} might be evolved by the combined and continuous efforts of mathematicians in from one to ten million years." On that very same day, Orville Wright wrote in his diary, "We started assembly today." Ten weeks later, the Wrights flew.

The *Times'* howlingly mistaken prediction was probably prompted by the spectacular failure, two days earlier, of the test flight of a machine invented by the head of the Smithsonian Institution, Samuel Pierpont Langley. Launched from a modified houseboat on the Potomac River, Langley's craft fell into the water like a brick. He would repeat the experiment, after tweaking his machine, on December 8—just nine days before the Wrights' first successful flight at Kitty Hawk—with even more laughable results, after which he gave up aviation altogether.

As David McCullough reminds us in his delightful new book about the Wrights, Langley had spent about $70,000—including $50,000 contributed by the U.S. government. When Wilbur Wright took off on December 17, 1903, the brothers had spent—including the cost of seven round trips between their home in Dayton, Ohio and Kitty Hawk—a total of $1,000 of their own money.

Samuel Langley was one of the most famous scientists in the country at that time; the Wrights were high school graduates who ran a bicycle shop.

There are any number of important lessons to be gleaned from this story, not the least important of which is that when government attempts to pick winners in emerging technologies—nay, in the private sector as a whole—it always gets it wrong. On balance, though, the most important lesson here is the power of individual initiative—even by the most untutored innovators—to vault our economy and even our quality of life into new dimensions.

This is not the economy that financial journalism seems to be covering these days.

Instead, we are breathlessly assured that the most important variable—indeed, more important than all the other economic inputs combined—is when the Federal Reserve will raise the one short-term interest rate it controls. (Note that the media are silent on *just how much* the Fed's funds rate may be raised—which one might think was also pretty important—because it is a principle of financial journalism to assume that we can only handle one variable at a time.) And yet, as the economist Brian Wesbury recently observed regarding the Fed and its entirely vain attempts to manage the economy, "QE did not build the iWatch."

> This is a world in which incentives matter, and where capital flows toward those enterprises that offer it superior returns.

There are really, as Brian went on to point out, two economies in this country (and indeed, in the world). One is the vibrant, entrepreneurial, risk-taking, innovative private economy—epitomized by everything from the Wright Flyer to the iWatch—spurred on by the great rewards offered in a free economy to those who advance our quality of life (or just our enjoyment of it). This is a world in which incentives matter, and where capital flows toward those enterprises that offer it superior returns. It is in every way a virtuous cycle: more innovations earn greater rewards, which encourage even more innovation, and so on. It is also, not incidentally, a world of exponential progress, as encapsulated in Moore's Law.

The other economy is that of government, which—through regulation, taxation, borrowing and redistribution—tends to retard the private economy by withdrawing capital from it in the interest of a perceived incremental fairness, or to produce a desired outcome which it holds that the private economy will not. (It ought not to surprise you that, after pouring what was then a huge sum of money into Langley's failed experiments, the U.S. government steadfastly refused to buy the Wrights' airplane on more than one occasion.)

This is not at all a political statement. Rather, it is meant to focus your attention on the tremendous extent to which financial journalism reports the peregrinations of government—and especially of the central bank—as the key drivers of the economy, and especially of the capital markets. The currently prevailing narrative, reduced to its essence, is "Whenever the Fed raises rates, the market will go down." If economics were taught to preschoolers, this is what it would sound like.

The irony of all this is that the marketplace has already gone ahead and raised interest rates—and the equity market has gone up.

Since government is, generally speaking, always behind the curve—that is, never acting but always reacting—it was

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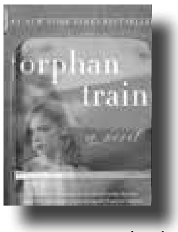
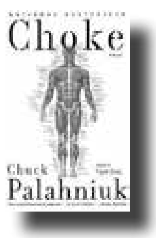
IN THE KNOW & ON THE *GO*

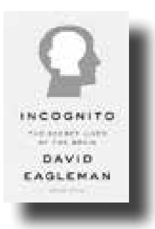
BOOKS WE'RE READING



Orphan Train by Christina Baker Kline is an unforgettable story of friendship and second chances that highlights a little-known but historically significant movement in America's past—and it includes a special PS section for book clubs featuring insights, interviews, and more.



Choke by Chuck Palahniuk creates Victor Mancini, a medical-school dropout, is an antihero for our deranged times. Needing to pay elder care for his mother, Victor has devised an ingenious scam: he pretends to choke on pieces of food while dining in upscale restaurants. His creator, Chuck Palahniuk, is the visionary we need and the satirist we deserve.



Incognito by David Eagleman, If the conscious mind--the part you consider to be you--is just the tip of the iceberg, what is the rest doing?

FING*LISH*

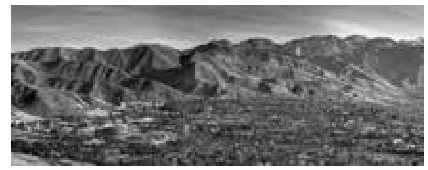
BOWIE BONDS bonds representing the securitization of intellectual property. Name derives from the issuance in 1997 of bonds by rock star david bowie that raised $55 million repayable from future royalties earned from bowie's 25-album catalog. Other bowie bonds, also called celebrity bonds, have been issued subsequently by other artists.

HISTORICAL YIELD yield provided by a mutual fund, typically a money market fund, over a particular period of time. For instance, a money market fund may advertise that its historical yield averaged 5% over the last year.

JOINTLY AND SEVERALLY In general: legal phrase used in definitions of liability meaning that an obligation may be enforced against all obligations jointly or against any one of them separately. **Securities:** term used to refer to municipal bond underwritings where the account is undivided and syndicate members are responsible for unsold bonds in proportion to their participations. In other words, a participant with 5% of the account would still be responsible for 5% of the unsold bonds, even though that member might already have sold 10%. See also ***SEVERALLY BUT NOT JOINTLY.***

PLACES WE'RE GOING

Utah



Siesta Key

Cuba

CLIENT'S CORNER Continued from page 4

inevitable that genuine upward pressure on rates would show up in the debt markets before the Fed got around to doing anything. Thus, the benchmark 10-year Treasury bond, which was yielding 1.80% as recently as February, yields (as I write on the Friday going into the Memorial Day weekend) 2.20%, and has recently been as high as 2.30%.

Yet even as that interest rate recorded its quite sharp increase, the Standard & Poor's 500-Stock Index made a new high around 2,130. And what story led the financial news this very morning? Of course: the whole world is said to be awaiting Chair Yellen's speech for a clue as to when the Fed will raise rates. This is beyond wrong; it's other-worldly. It is illustrative of the parallel universe in which financial journalism operates, and of just how bad your investment decision-making will almost certainly be if you rely on it.

Fortunately, you don't have to. You have a financial advisor—and, if he or she provided you with this essay, probably a quite good financial advisor, at that. (Full disclosure: I cannot be entirely objective about this.) At the very least, you can look to your advisor for a more nuanced vision of what is actually going on in the two economies—and what, ***if anything***, these goings-on have to do with you, as you navigate steadily toward your financial goals.

Do not be at all surprised if he or she assures you that your best course of action continues to be to act on your long-term plan, rather than reacting to the headlines.

Summit Stars Shine

by Vicki Brodnax, Editor

Please join team Summit in congratulating Nicole Sadez and Jessica Felciano on passing the Series 65 Exam. Administered by the Financial Industry Regulatory Authority (FINRA) on behalf of The North American Securities Administrators Associations, completion of the Series 65 Exam qualifies an investment professional to operate as an Investment Adviser Representative. The exam focuses on areas that are important for an investment adviser to know when providing investment advice. These topics include retirement planning, portfolio management strategies, and fiduciary obligations.

At Summit we are proud of all of our professionals and their accomplishments. We hope that you are too. That is why we asked Naple's own Nicole Sadez and Orlando's Jessica Feliciano to share with our readers their recent experiences and achievements. Below are their stories.


Nicole Sadez

Even though I am a recent graduate of Florida State University, the day I graduated, I knew it did not mean school was out forever, and I would never study or take a test again. As stated by Conrad Hall, "You are always a student, never a master. You have to keep moving forward."

At Summit, we are encouraged to keep moving forward. Management believes we can always improve ourselves and our service. That is why I decided to earn my Series 65 license. The support and resources I received from the team at Summit were remarkable. If it was not for their belief in me and supplying me the key resources, I would not have been able to thrive. I am looking forward to new doors this has opened, not only for me, but for Summit and our clients too. I feel I am in a better position to serve our clients and advisors, and I am enthusiastic to continue to learn and improve.

The experience of studying for the Series 65 and successfully passing it allowed me to grow and push my limits. There were times I became discouraged with certain topics. Other areas came second nature to me and some I was already familiar with from my previous studies. Countless times, tasks that I was working on in the office would reinforce my readings from the night before. There is nothing more valuable than real world experiences to put the textbook learning into action; therefore, in a way, Summit's clients helped me achieve my goal, so I thank you! — *Nicole*

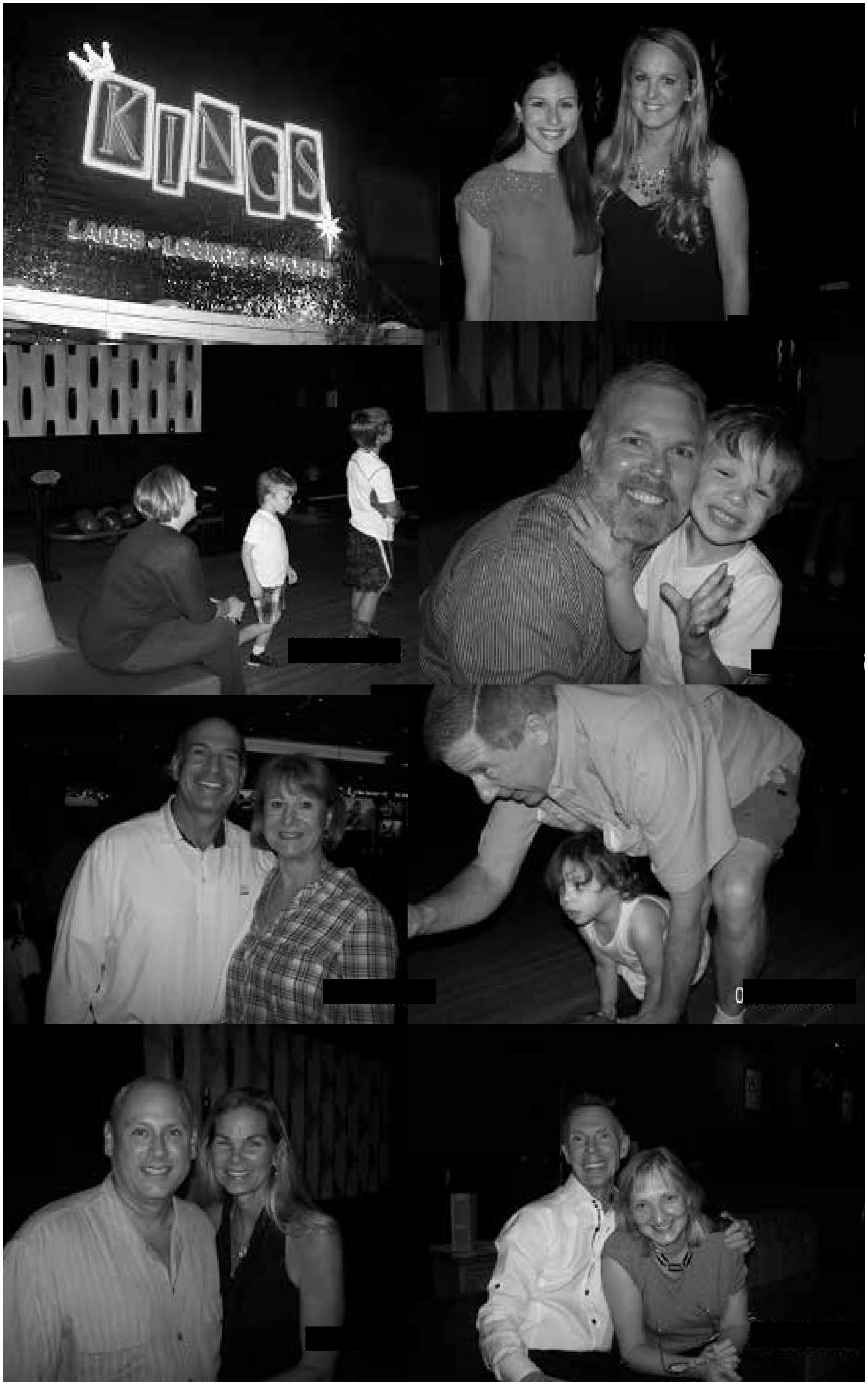

Jessica Felciano

About one year ago, someone told me "Your brain is a muscle, if you don't exercise it, it will stop growing". Those words have remained with me, and fueled my desire to learn and grow. Summit encourages our team to constantly improve. When I was presented with the opportunity to take the Uniform Investment Adviser Law Exam, hundreds of thoughts ran through my mind. I was excited and receptive of the challenge, yet I also faced a glimpse of doubt and concern. Having a husband and two small children, I was worried that perhaps I would not be able to commit the time needed to prepare. In the midst of my uncertainty, the words that impacted me a year ago resonated in my mind, as I contemplated the reality of the challenge up ahead, "Your brain is a muscle, if you don't exercise it, it will stop growing".

I dismissed the doubt and re-arranged my evening and weekend priorities and began studying. Four months later, I walked into a room filled with computers, anxious test-takers, and a dense silence. Three hours drifted by, before I finally submitted my test for grading. The computer takes approximately 30-45 seconds to review and generate the results. Though the final wait was less than a minute, it felt longer than the three hours spent on taking the actual exam. A deep sigh of relief exhaled from my body as the word "PASS" appeared on my screen. It has been a challenging and fulfilling experience, ultimately providing me with the tools and resources to add value to serving our clients. — *Jessica*

Bowling Makes You Smile

by Amanda Morris, Client Service Specialist



Each summer Summit team members gather together to discuss ways we can improve serving our clients.

The goal is to insure that our clients have the most valuable and meaningful client service experiences possible.

It is also an opportunity for teambuilding and to have fun. This year, we ended our retreat by joining family and friends at Kings Bowl!

For many of us, it had been a long time since we had gone bowling. Some of us had never been bowling at all. As you can see, bowling does make you smile!

Top Row
Nicole and Amanda

Second Row
Meghan Warrick with sons Liam and Aiden
Chad with Liam

Third Row
Mitch and wife Swantje
Robert Brodnax helping Jessica's daughter Olivia bowl for the first time.

Bottom Row
Jeff Janson and wife Kristen
BT and wife Anjelika

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Need a Speaker?

Invite a professional from Summit Wealth Partners' team to speak at your next event! Our financial experts are well versed on any number of topics relevant to the financial industry, from Social Security to investments to wealth management and more. For availability and to discuss the specific topics that are of interest to your group, please call Vicki Brodnax at (407) 656-2252 or email vbrodnax@mysummitwealth.com.

SUMMIT WEALTH PARTNERS

"There is no dignity quite so impressive, and no one independence quite so important as living within your means"—Calvin Coolidge (1872-1933)

Coolidge was the 30th President of the United States from 1923-29. Known as Silent Cal because of his quiet demeanor, he took the oath of office following the death of President Harding.