Summit Wealth Partners

Volume 4, Issue 5 February 2013

The Rational Optimist™

Focus On The Process, Not The Product

Keeping Priorities In Order *By Mitch Levin, MD, CWPP, CAPP*

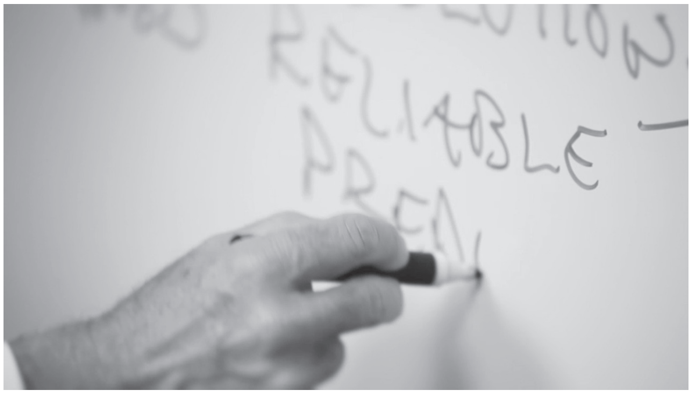
The beginning of a new year is typically marked with intentions to "do better" in some form or another. Whether we're trying to eat less, exercise more, improve in our stress management, or enhance skill, we must first examine the fundamentals of the task and build from that foundation. This principle stands valid when planning for retirement, investing for the future, or strategically dis-investing our wealth. One of our core principles is the significance of one's process, rather than one's product. I'll share some ideas to clarify what I mean here.

A good way to understand why we take this approach is to simply consider the game of golf. Professional golfers often say, "It's all about the swing; it's not about the clubs." While you do need to use the right club (and in the right way) to successfully get the ball where you want it to go, the process, or, "swing" if you will, is far more important. Once you have your process down, simply add the right club (tool, or financial product if you will), and your likelihood of success skyrockets.

You could spend hours selecting your clubs, only to fail because you hit the ball into a hazard or have a swing so wild you cannot get the ball anywhere near the green. It is the same way with investing. Financial advisors, insurance agents, annuity agents, stockbrokers and so forth are like "manufacturers reps," selling products like annuities, investments, gold, mutual funds, retirement plans, real estate, etc., and too often they declare, "Buy my (insert product here) and you will succeed!" We see it differently.

We believe that the power is not in the tool; the power is in the process. Yes, deliberate success also requires integrity, strong ethics, and the expertise to determine which tool is needed, why it is needed, and the constitution to diligently monitor progress

Continued on Page 4 ...



Solid growth, through safe management and trusted advice.

What's Inside This Issue:

More FIVE STAR PROFESSIONAL Awards!

Congratulations to Summit's Chad Warrick, Jason Print, CFP® and Dr. Mitch Levin

We are once again honored to report another year of Five Star Professional's Wealth Manager Award designations. This year, along with Summit Senior Wealth Advisor and Chief Compliance Officer Chad Warrick (third consecutive year), Senior Wealth Advisor Jason Print, CFP® and CEO & Managing Director Dr. Mitch Levin have also earned the recognition.

According to Five Star Professionals' (FSP) "Program Summary and Research Methodology," the Five Star Award candidate selection process "is designed to identify the broadest possible population of high quality award candidates in order to ensure that eventual award winners have been drawn from a large and diverse pool."

Once identified, FSP verifies licensure and disciplinary history. Further, according to their site, FSP "conducts a review of each award candidate as reported by FINRA, the SEC, the State Board of Accountancy or the State Bar. For wealth managers with a CRD Number, Five Star Professional relies on the wealth manager's FINRA Broker Check Report."

The winner selection process is a bit picky, that's why we are so pleased to receive it. According to their publication, "once the data forms are collected, award candidates are evaluated based on the 10 eligibility and evaluation criteria. **Five Star Professional finalizes the preliminary list of Five Star Wealth Managers to be no more than 7% of the wealth managers in the area**."

This is great feedback - more to show us that we are on the right track and working in the right direction. While this is encouraging, you should know that we are not satisfied. We will continue our work, with our greatest diligence, to ensure we are ever improving for

Something to Consider:

The people you care about are seeking financial guidance from someone. Doesn't it make sense for them to receive this important guidance from someone you know, like and trust?
Thank you for your continued trust and confidence!

Q4 2012

Advisor's Message:
Cliff Avoidance, the "Wall of Worry," and More

Chad Warrick • Jason Print, CFP® • Brad Towle • Jette Browne, CFP® • Brad Doster

With 2012 in the review mirror, and fresh off of our "fiscal cliff" diversion, we are reminded of media-driven events similar to "Y2K," when many thought that all computers were going to crash when the clocks struck 12:00 am on the eve of year 2000. Needless to say, my then Dell never crashed, nor did the market, as we stepped into this New Year. With that said, many investors (as is frequently the case) did not have to look hard to create reasons to avoid the financial market. The daily headlines provided plenty of doom and gloom to feed their already uneasy concerns, yet investors who acted on this rush to avoidance could have missed a potential opportunity to participate in strong returns across the global financial markets. We have included a snap shot of what occurred.

2012 World Market Asset Class Recap
As of December 31, 2012

	Returns (%)		
Asset Class	One Year	Three Year*	Five Years*
Large Cap	16.00	10.87	1.66
Small Cap	16.35	12.25	3.56
International	16.41	3.65	-3.43
Emerging Markets	18.22	4.66	-0.92
Commodities	-1.06	0.07	-5.17
US Long-Term Government Bonds (SBBI)	3.31	13.42	9.33
Barclays Corporate High Yield	15.81	11.86	10.34
Barclays Municipal Bonds	6.78	6.57	5.91
Barclays US TIPS Index	6.98	8.90	7.04

**Annualized*

Despite reporting a multitude of concerns, most markets around the world climbed the proverbial "wall of worry" to log strong returns. Major market indices around the world realized double-digit return totals, and taken together, the developed and emerging markets outside the US out performed those markets within. The total market value of global equities, as measured by the MSCI All-Country World Index, increased by an estimated $6.5 trillion in 2012, while market-wide volatility fell to its lowest level in six years.

Continued on Page 6 ...

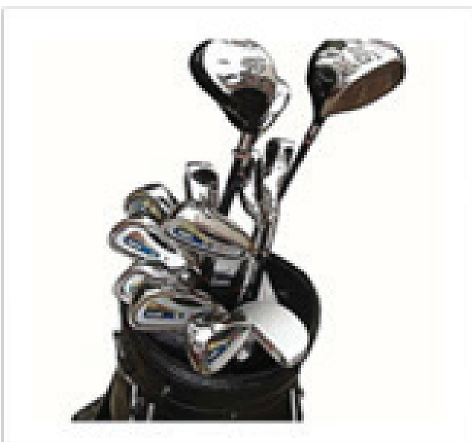
Focus On The Process, Not The Product

Keeping Priorities In Order *By Mitch Levin, MD, CWPP, CAPP*

Continued from Page 1

and make appropriate adjustments as needed; however, it all begins with process.

This is one reason why we believe a fee-based firm is superior. It is in the client's best interest. We believe our clients should have universal access to all of the best products, or "clubs," using the golf analogy. We believe that offering a variety of solutions on a fee-based structure gives our clients the best opportunity to achieve success in an efficient, effective and comfortable manner. They retain control, maintain their lifestyle, protect their families, and preserve their legacies as productive members of our society and community. And this fee-based structure creates a relationship wherein our success is contingent upon our client's success. We would not have it any other way.



VS.

We are not the only ones who feel this way. In the February 2012 edition of *Investment News*, researchers reported that finding sustainable yield for retirees has been tough in recent years. Because of this, the "four percent rule" of withdrawal (a premise that suggests that maintaining an annual withdrawal rate of four percent or less could keep you from outliving your resources) has been called into question. This issue is only aggitated by the practices of popular financial media, who imply that you can succeed if you simply buy the latest and greatest product.

Chris Finefrock, Senior Analyst of *ValMark* in Akron, Ohio, puts it this way: in response to record low interest rates, he says, *"In high volatility and equity markets, finding sustainable yield for retirees has not been an easy task. The answer to yield scarcity lies at the intersection of insurance, advisory and brokerage worlds, where independent advisors are uniquely equipped with different products and investment management tools that can work together to help generate the sustainable income and growth that retirees seek."*

We believe this clearly affirms our philosophy about independent financial advisors. It's all about the process, not one particular product. That is why we offer universal access to an abundance of available tools. We want to offer you everything you need to stay in control, to make informed decisions, with clear disclosure and high-level transparency at all times.

Make Great Decisions,

Mitch

Mapping the Basics - Part II:
Identifying Key Financial Points for Women
By Chad A. Warrick, Senior Wealth Advisor and Chief Compliance Officer

Last month we examined a few key financial points for women; here's a brief reintroduction and the rest of the piece:

An increasing number of women are taking the lead in financial affairs – whether for themselves, their families, or in response to an unfortunate loss of spouse. A couple critical questions should be asked (and no, not just by women): "What does retirement mean to me?" And, "how do I determine if I am getting the right advice (and complete advice)?" Many clients we meet who are preparing for life in retirement aspire to travel, volunteer, develop their hobbies, begin a new and exciting career, and more. Whatever your goal, a retirement income plan that's designed to support the retirement lifestyle you envision, and minimize the risk that you'll outlive your savings is critical.

How Much Will You Need?
Once you know when your retirement should begin, its estimated length, and the type of retirement lifestyle you desire, it will be important to determine how much you will need to keep you there. One of the biggest retirement planning mistakes you can make is to underestimate the amount you'll need to save by the time you retire. It is often said that you could need 70% to 80% of your pre-retirement income after you retire. You should focus on your actual expenses today and consider whether they will stay the same, increase, decrease, or even disappear by the time you retire. You should also keep inflation in mind. Help is available for this determination and it should be utilized.

Understanding the Sources of Income
Once you have an idea of your retirement income needs, your next step is to assess how prepared you (or you and your spouse) are to meet those needs. Where are the retirement funds coming from? You may be able to count on Social Security to provide a portion of your retirement income. Do you have a pension or other source? You may also have a 401(k) or other retirement plan, IRAs, annuities, and other investments. The amount of income you receive from those sources will depend on the amount you invest, the rate of investment return, and other factors. Finally, if you plan to work during retirement, your earnings will be another source of income. When you compare your projected expenses to your anticipated sources of retirement income, you may find that you won't have enough income to meet your needs and goals. Closing this difference, or "gap," is an important part of your retirement income plan.


Senior Wealth Advisor and CCO, Chad Warrick and Wealth Advisor Brad Doster

Taking "The Plunge"
While retirement is certainly a time to celebrate, working to maintain your strong standing into and through retirement with vigilance is an ongoing task. This is where working with a leading financial planner/advisor can make a tremendous difference. Monitoring your progress, your portfolio, and identifying opportunities to adjust to life changes or maximizing new (and appropriate) avenues can have an incredible impact.

Continued on Page 7 ...

Q4 2012

Advisor's Message:

Cliff Avoidance, the "Wall of Worry," and More

Chad Warrick • Jason Print, CFP® • Brad Towle • Jette Browne, CFP® • Brad Doster

Continued from page 3

Overall, we continue to see the same headwinds challenging US economic growth. We, like you, see some common themes in each quarterly review: weakness in job growth, real wages, consumer confidence, and spending. The European debt troubles have diminished, due in part by a great deal of help from the Euro finance minister and its own bailout pack for Greece. The European Central Bank (ECB) also recommended their own backstops (monetary support) to be put in place.

Both the US and European central banks' Q4 2012 actions helped to reestablish investor confidence and initiated some degree of stabilization in the global financial markets. The US Congress must begin to shift their focus to a potentially bigger short-term risk to the economy: raising the debt ceiling. This will not be easily achieved in the absence of spending cuts. The planning should start around February 15, 2013, with the potential for at least partial resolutions by March 1.

Continuing with some momentum are corporate earnings and balance sheets – these still appear relatively healthy and strong. Likewise, continued low inflation, dropping oil prices, historically low mortgage rates and a strengthening housing market offer more tail wind to assist us in our financial "comeback." Global Markets have also continued to see signs of improvement over the past 5 months.

We (investors/ clients/ friends and family members) must not lose sight of the bigger picture and the impact of having a long-term investment and planning strategy. This will reward us in the short and long-term. Long-term investing, driven by solid advice and a safely managed philosophy and process, has repeatedly proven more reliable than short-term speculation.

This is critical…

The golden lesson of these recent and historical events is that we should work to plan for all likely scenarios, comprehensively, rather than waste time, energy, and stress attempting to predict the future. Timing, picking, predicting, and chasing leave us vulnerable to the "greed/fear cycle," unmeasured action, and perpetual frustration.

In this spirit, we maintain our disciplined approach in managing the risk vs. reward trade off of our investments, and we continue to rebalance your portfolio to accommodate your risk tolerance and/or adjusting needs. We look forward to reviewing and discussing your planned strategy in the new year.

Summit's primary objective is to listen to our clients. We believe that our ability to understand your concerns, needs, and goals, enables us (with your help and input) to build a predictable, evidence-based plan that will supply a great foundation for your success into and through retirement. This foundation, when buttressed with our proven and disciplined approach works to ensure you the greatest probability of success.

We know that, by our very nature, from time to time most of us can get caught up with current events (positive/negative news) and lose focus of the larger picture. And we know this can threaten our commitment to maintaining our long-term strategy. This is why our continued communication and availability to you is vital. Be certain to contact us with any financial question, concern or request – it is our privilege help.

This year, like each preceding year, our focus is to enhance and enrich your client service experience. While we have tremendous comprehensive wealth management expertise, client service experience consistently ranks high among aspects most important to financial service clients. We believe that no matter how disciplined and prudent our approach, or how reliable our advice, your ability to access support, information, and reliable reporting will be a primary determining factor in your satisfaction, as well as our current and future success.

We are honored to serve such an important role in your affairs and we thank you for the opportunity to do so.

SWP

Mapping The Basics

Continued from page 5.

Here are a few more pointers:

• **Regular Portfolio Reviews** with your Trusted Advisor. Summit suggests that retirees should value the safety of their principal above all else. While it generally makes sense for your portfolio to become progressively more conservative as you grow older, it may be wise to consider maintaining at least a portion in growth investments. Again, your advisor can guide you well on this consideration.

• **Spend wisely**. Conscientious spending is always a smart way to go, whether you are in retirement or just beginning your financial journey. Spending during retirement can be incredibly easy, particularly when we have a little more time on our hands. Remember that if you whittle away your principal too quickly, you may not be able to earn enough on the remaining principal to carry you through the later years. One of the primary benefits your financial planner should afford you is the ability to enjoy your wealth and maintain your lifestyle – with prudence.

• **Understanding your retirement plan distribution choices** is big. Whether you have a pension, annuity, retirement account, or another source, your advisor can help you with this difficult, but important, decision.

• **Which assets to use first?** For many retirees, the answer is simple in theory: withdraw money from taxable accounts first, then tax-deferred accounts, and lastly, tax-free accounts. However, this is not a blanket statement and special considerations should be made before choosing. Also, don't forget to plan for required distributions, should you have a qualified retirement account. You must generally begin taking minimum distributions from employer retirement plans and traditional IRAs when you reach age 70½, whether you need them or not.

These key financial points are intended to be "conversation starters" and not directed advice. While these items can and should be examined by you, with your trusted advisor, with the right guidance you can take control of your retirement and enjoy the freedom to plan your future with confidence and excitement. This is why you've worked, saved, and made the great decisions to get you where you are today. Call us today – we can help.

SWP

"Never, ever, think outside the box."

"Finglish" (n) Financial English

Leveraged Buyout (LBO) - The acquisition of another company using a significant amount of borrowed money (bonds or loans) to meet the cost of acquisition. Often, the assets of the company being acquired are used as collateral for the loans in addition to the assets of the acquiring company. The purpose of leveraged buyouts is to allow companies to make large acquisitions without having to commit a lot of capital.

Laughing Heir - A distant relative who has inheritance rights despite not having a close, personal relationship with the decedent. In most jurisdictions, the law requires that the property of a person who passed away without leaving a will be given first to members of the decedent's immediate family, such as a spouse, children, etc.

Relative Strength Index (RSI) - A technical momentum indicator that compares the magnitude of recent gains to recent losses in an attempt to determine overbought and oversold conditions of an asset.

SUMMIT WEALTH
— PARTNERS —
800 N. Magnolia Avenue, Suite 105
Orlando, FL 32803

NEA MEMBER
NATIONAL ETHICS ASSOCIATION
ETHICS.NET

CFP®

FPA
FINANCIAL PLANNING ASSOCIATION
The Heart of Financial Planning™

FIVE STAR PROFESSIONAL
2012 Wealth Manager

CONTACT INFORMATION

www.MySummitWealth.com

ORLANDO

800 N. Magnolia Avenue
Suite 105
Orlando, FL 32803
PH: 407-656-2252
FX: 407-656-8116

NAPLES

9180 Galleria Ct., Suite 200
Naples, FL 34109
PH: 239-254-1875
FX: 239-254-0476

JACKSONVILLE

4223 Duval Drive
Jacksonville Beach, FL 32250
PH: 904-273-4550
FX: 904-212-0193

LOOK INSIDE!

- **Are You *Not* Reading This?**
  - "Opt Out" Information Enclosed!
- Read the "Q4 2012 Summary and Outlook:"
  - ***Cliff Avoidance, the "Wall of Worry," and More*** (pg.3)
- Why Is It More Powerful to Focus On the Process, rather than the Product? (pg.1)
- We share Part II of Chad Warrick's "Mapping the Basics: Identifying Key Financial Points for Women" (pg.5)
- **Have You Watched Our Video?**
  www.MySummitWealth.com