

THE Rational Optimist™

Are Short Attention Spans Hazardous to our Health?

BY JASON PRINT, CFP®, CO-PRESIDENT & CEO

As you are reading this, you might also be listening to music, watching the news, asking Alexa to order more laundry detergent and responding to a text message from your wrist- all at the same time.

Technology has undoubtedly changed our lives. Not only can we communicate with anyone, anytime, we can now watch movies, catch up on the news, and of course track stocks continually throughout the day; doing many things at once is now just a way of life, but studies have shown this can have an adverse effect.

Cognitive neuroscientist, Adam Gazzaley and psychologist Larry Rosen, authors of the book, "The Distracted Mind: Ancient Brains in a High-Tech World," provide an interesting analysis of the brains capabilities, or lack thereof, in today's society.

In the book, they explain how "our evolved ability to set high-level goals naturally collides with our ability to control our attention, working memory, and goal management, making us especially vulnerable to distractions."

+ *Deactivating and reactivating your goals allows you to stay focused.*

Due to the vast array of information available, we are always rapidly moving from one piece of information to the next, rarely examining anything long enough to digest it fully. Effective decision-making often requires careful analyzation and concentration, so prioritizing and knowing when it is time to limit or remove distractions is the key.

An article titled, "Productivity in Peril: Higher and Higher Rates of Technology Multitasking," references a study done comparing

multitasking in the early 2000s to today. It finds that we do have limitations on what we can mentally process, and multitasking likely negatively impacts studying and reading, and also the ability to engage in "serious face-to-face conversations."



The study also confirms that it is incorrect to think that young people multitask more than anyone else. The multitasking phenomenon is, in fact, prevalent across multiple generations. As the next generation of tech-savvy young minds makes its way into the workforce, many anticipate them being able to multitask "better" than any other age group.



The idea that a specific generation may be able to juggle tasks more efficiently is a myth since, as humans, we all have "fundamental limitations in human information processing—limitations that are shared among generations." Although this younger generation may multitask more, they have the same underlying mental architecture as other generations.

The biggest challenge today is not only knowing when to put your phone on silent, but also filtering out the useful information from the distractions and noise. Experts recommend focusing on the most relevant information, not necessarily the most available.

Nobel Laureate Daniel Kahneman says we tend to focus on the information directly in front of us without doing a deeper dive. With credit cards, for example, companies put the minimum payment information which studies have shown has led to a decrease in paying the full amount.

People now have an attention span that is shorter than a goldfish- an average of 8 seconds, according to a 2015 study done by

Continued on page 7

ALSO IN THIS ISSUE:

- [Saving Social Security](#) JEFFREY JANSON - PAGE 2
- [Is College Worth the Price of Admission?](#) TRAVIS MARTIN - PAGE 3
- [Planning for the Unthinkable](#) CHAD WARRICK - PAGE 4
- [Are You Tall Enough to Ride?](#) KRISTIANA DANIELS - PAGE 5
- [You Don't Need to Predict the Future](#) CHAD LEATHERWOOD - PAGE 6
- [Markets Down, Annuities Up: Part 2](#) ANDREW DICKENS - PAGE 8
- [All That Glitters is Not Gold](#) ALYSSA FERRARO- PAGE 9
- [Summit Spotlight](#) - PAGE 11



Saving Social Security

BY JEFFREY JANSON, CFP®, AIFA®, SENIOR WEALTH ADVISOR

As many people know, Social Security was created in 1935 under Franklin D. Roosevelt. It was designed to be a social safety net to ensure that people who work have some basic level of income after ceasing from work.

In 1935, the average life expectancy of an American male was 66 years of age. So the program anticipated the average person would receive benefits for about one year before passing away. Obviously, a lot has changed since that time.

Current solvency problems originated from the fact that the ratio of contributors to recipients has shifted dramatically, and will likely continue to do so. Also, due to baby boomers' increasing life expectancies, this ratio became more and more out of balance during the 80s, 90s, and 2000s.

In fact, in 1950, the ratio was sixteen contributors for every one recipient (16:1). The current ratio is roughly 3:1, and that is expected to slowly decline closer to 2:1 over the next 25 years.

Social Security began spending more money than it takes in as of 2016. Also, current projections indicate that it will not be able to make full payments starting around the year 2034.

These projections do not mean it won't be able to make any payments, just not the amount promised. Barring any change between now and then, it is estimated that only 77% of the current benefit level would be sustainable after 2034.

So, what can be done to save Social Security? Here is a list of the most popular ideas being put forth to solve the Social Security Administration's underfunding crisis:

Increase the full retirement age beyond age 67. There is a precedent for this. This increase was done once before in 1983 when the full retirement age increased from 65 to age 67. It is anticipated that this would impact workers below the age of 45 to allow them adequate time to plan around this development.

This solution is the most politically popular choice given the general rise in longevity and allows those younger generations affected a longer time horizon to plan around the potential impact on their retirement.



Reduce or eliminate the Cost of Living Adjustment (COLA) rate. In general, people tend to underestimate the impact of inflation, so they tend not to get as upset about this change even though over time it would be a significant reduction in benefits. Current retirees would see smaller annual benefit increases.

Because so many retirees rely disproportionately on Social Security for their sole source of income in retirement, this

solution is more like "boiling the frog," trading an imminent crisis for a senior poverty crisis further down the road.

Increase payroll taxes. Currently, payroll taxes to fund Social Security are 12.4% of a worker's annual income. This tax is split evenly between workers and employers; 6.2% apiece. It is estimated that increasing the Social Security tax rate by 2% per year would eliminate the underfunding problem.

This increase would put the Social Security tax rate at 14.4%. Because workers and employers equally share the cost, this solution makes it that much more difficult for employers to hire workers and for workers to pay their bills.

Increase or eliminate the wage cap on payroll taxes. Presently, only the first \$132,900 is subject to Social Security payroll taxes of 12.4%. If this cap were raised or eliminated, a much more significant portion of earned wages would be subject to this tax that supports the Social Security system. This new tax would disproportionately affect high wage earners.

One-time 13% reduction in current Social Security benefit levels. This solution would affect retirees only. As such, it is highly unlikely given the fact that seniors vote in higher numbers than any other age demographic. Politically, this would be virtual suicide for any congressman or senator that would throw their support behind this kind of an approach.

Taxation of all Social Security benefits. At present, if a married couple files a joint return with a combined income below \$32,000, their benefits are entirely tax-free. For income between \$32,000 and \$44,000, up to 50% of their benefits may be taxable; and up to 85% of benefits are taxable if their combined income is more than \$44,000.

Again, the political likelihood of this particular solution is not very high as it would ask those least able to carry the tax burden to bear a disproportionate amount of it.

As you can see, regardless of which solution is elected to save the Social Security program, some interested party is going to bear a disproportionate cost of solving the problem. I do believe this problem will be solved (because it must be), but I also think this political "can" will continue to be kicked down the metaphorical road until we are staring the crisis face-to-face.

I'm hopeful for finding a solution that is fairest to all parties involved. Perhaps the best solution is some combination of the six possible solutions listed above? Just a thought.

Best Regards,

A handwritten signature in black ink, appearing to read "Janson".



Is College Worth the Price of Admission?

BY TRAVIS MARTIN, CLIENT SERVICE SPECIALIST



With conference tournaments underway for the Men's 2019 NCAA basketball season we are nearing another selection Sunday set to take place on March 17th.

As schools battle it out for a spot in the Big Dance, the question of value comes to mind. Not value as it relates to a team's resume sitting on the bubble watch, but rather if the increasing cost of college tuition has surpassed the value of a diploma.

For most of the players on the court, they have earned a unique opportunity. At the Division 1 level, 337 universities have basketball teams for men. There are 13 scholarships available per team to be divided among the players. A total of 4,381 scholarships are offered in Division 1 basketball for men.

An even lesser number of those student-athletes will decide to test the waters and compete for one of sixty spots in the upcoming 2019 NBA Draft. For the rest of college students, the majority of which are not receiving athletic or academic scholarships, they must find other ways to fund their education.

The discussion about going to college is something that has been talked about frequently as of late. The one sure thing about this debate is that tuition costs are rapidly on the rise. Tuition and fees vary from college to college.

The resources available for financing an education are more abundant than ever. The earlier you start planning, the better.

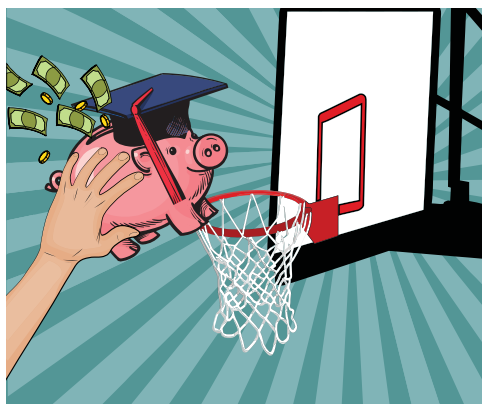
According to data reported by U.S. News the average cost of tuition and fees for the 2018–2019 school year was \$9,716 for state residents at public colleges and \$21,629 for out-of-state students at state schools, and \$35,676 at private colleges.

However, the cost of attendance isn't always transparent because most families

and individuals don't pay the exact advertised price once financial aid and grants are factored in.

The apprehension many individuals with young children and grandchildren have is whether that cost will surpass the value by the time that child is ready for college.

If an individual and their family ultimately decide that attending a college or university is the path they wish to take, the good news is that resources for assisting in financing their education are more abundant than ever. The earlier you start planning, the better.



A 529 plan is a tax-advantaged savings plan designed to encourage saving for future education costs. It allows an account owner to open an investment account to save for the account beneficiary's qualified higher education, and now secondary education expenses and tuition.

A prepaid tuition plan lets an account owner purchase units or credits at participating colleges or universities for future tuition for the account beneficiary. One of the great benefits of 529 plans is the tax-free earnings that grow under the plan. The longer your money is invested, the more time it has to grow as most states offer tax benefits for contributions to a 529 plan.

When it comes time to write that first tuition check, and additional assistance is needed a student may apply for grants that are awarded based on their financial need, and determined by the income they reported on the Free Application for Federal Student Aid (FAFSA) application.

There is no right or wrong answer when deciding if a college education is the right fit. Depending on an individual's goals and aspirations they may decide on a career path where higher education is not necessary or worth the expense.

When making this decision, everything is relative. Considering what college or university to attend and what major and concentration to study are all significant factors.

Putting entry salary expectations aside, from a holistic standpoint you cannot put a price tag on the educational value that comes with receiving a degree. It should not be mistaken; college is an investment and should be treated like one, you should invest in an education that will bring the highest return as it aligns with your goals.

In the meantime, we should all look forward to another March Madness filled with disappointments, Cinderellas, and having our brackets busted one upset at a time.

Regards,

Travis

<https://money.cnn.com/2017/04/25/pf/college/pay-for-college/index.html>
<https://www.sec.gov/reportspubs/investor-publications/investorpubsintro529htm.html>
<https://www.usnews.com/education/best-colleges/paying-for-college/articles/what-you-need-to-know-about-college-tuition-costs>



SPRING AHEAD!

Daylight Savings time begins on Sunday, March 10th

Planning for the Unthinkable

BY CHAD WARRICK, CO-PRESIDENT & CEO



Parenting: a word with so many diverse meanings. Used as a verb, it describes the process of caring for a child through all life stages, starting from the entirely dependent years of infancy through the various stages of childhood, adolescence, and adulthood.

For me, the fascinating part about parenting is that the support begins as mostly physical and then quickly evolves to include financial, social, emotional, and intellectual development.

Even as our children enter into early adulthood, this emerging independence typically requires the ongoing involvement of parents. This involvement may come in the form of financial support, encouragement, counseling, and even healthcare coverage.

From a healthcare standpoint, many adult children find themselves remaining on their parent's insurance plan until the maximum age of 26 – a benefit that did not exist a decade ago. However, even though an adult child might be covered under their a parent's plan, without written consent, the Health Insurance Portability and Accountability Act (HIPAA) might limit disclosing health information to parents.

This limitation might not seem like a big deal or present any immediate concerns, however, in emergencies parents of adult children may be shocked to find out how little control they could have.

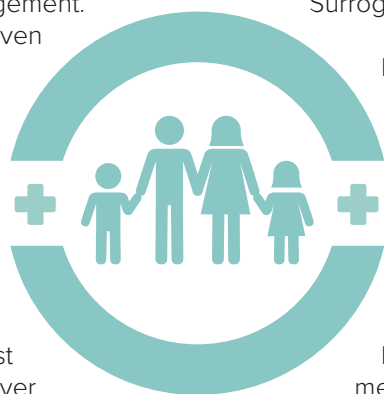
Due to these medical privacy laws, they may not be allowed to receive updates on their child's condition or allowed to make any medical decisions on their behalf.

A medical provider or facility can opt to use their professional judgment and act in the best interest of a patient when it comes time to decide whether or not

to disclose patient Protected Health Information (PHI) to a family member without authorization.

There are situations, particularly in an emergency, that a doctor might not know anything about the family relationships or dynamic, meaning physicians and facilities often opt to protect patient privacy.

Herein lies the opportunity to take a proactive measure to prevent administrative complications that could potentially arise during unexpected health events. Think about the unthinkable before it becomes a reality. Unmarried adults over age 18 should consider designating a Health Care Surrogate.



Executing a Medical Power of Attorney (or Health Proxy, or Health Care Agent Designation - terms used interchangeably depending on the state you live in), would give a parent legal authority to make medical decisions on behalf of the adult child, under circumstances where the adult child is unable to make their own.

This document would also grant the surrogate access to medical records, ability to make choices regarding surgery or medication, and the ability to select providers or continuing care facilities.

A document that is often rolled into a Medical Power of Attorney form is a HIPAA release authorization form. As an alternative, this form can act as a stand-alone document. It allows a patient to stipulate which health information they want to remain private and it doesn't need to be notarized. However it does *not* grant decision-making authority.

Each state carries unique laws governing medical Power of Attorney documents.

Consider the following three scenarios where a health care surrogate would be helpful:

- 1.** Your 19-year-old child is entering into his second year of college and experiences a sports injury, leaving him unconscious for several days in the hospital.
- 2.** Your 23-year-old child is on her way to work and is involved in a car accident. She is rushed to the hospital and sedated, while the medical staff works to manage the pain and assess her need for surgery.
- 3.** Your 36-year-old child, who is recently divorced, experiences a severe stroke. Life-prolonging interventions need to be considered.

In the above scenarios, parents would not have access to their child's health information without written consent according to HIPAA rules. The disheartening frustration of not being able to intervene is preventable by executing a Medical Power of Attorney now before an unexpected situation occurs.

In an emergency, parents of adult children may be shocked to find out how little control they could have.

The average age of marriage is trending at 27 years old for women and 29 years old for men, leaving a gap of about ten years where an adult child should consider having a health care surrogate designated.

Appointing a healthcare surrogate would also be a smart choice for adult children who have chosen not to marry or have experienced a divorce.

Continued on page 10

Are You Tall Enough to Ride?

BY KRISTIANA DANIELS, CFP®, SENIOR RELATIONSHIP MANAGER



Have you ever stood in line for a roller coaster, excitement building as you move closer to the front of the line, only to reach the coaster, buckle in, and think to yourself, "What in the world am I doing? I cannot handle this!"

You would not be alone in that thought! It is not unusual to think we can handle more or less of an activity or risk than we really can. Our mind can paint our ability to withstand discomfort or uncertainty in a different picture than is actually representative of reality.

Whether we tend to underestimate or overestimate our reality – it can be challenging to correctly pinpoint our comfort levels and risk tolerance for a specific situation.

Simply stated, risk tolerance is the measure of how much risk, variability, and volatility you are willing and able to withstand. If you are inconsolably crying throughout the roller coaster ride, we would probably bet that you overestimated your tolerance for that ride!

*** Our mind can paint our ability to withstand discomfort or uncertainty in a different picture than is actually representative of reality.**

Frequently, people can misinterpret their risk tolerance when it comes to investing. It is not uncommon to think that you are suited to handle much more risk in the stock market than you are comfortable with. On the contrary, you may be able to withstand more risk than you may recognize at first.

We forget what it feels like to weather the storm when the skies are blue. So when the market pulls back, it is natural to get caught up in the moment and want to eliminate all risk. Neither extreme is suited for the long-term success of your financial plan.



This is why at Summit, we eliminate the distractions and invest with a plan. It is a pivotal part of our process to create a financial plan tailored to you, implement it together, and most importantly, stick to it through the ups and downs. Driven by your time horizon and risk tolerance, we invest your hard-earned dollars with your goals at the forefront of our minds.

As a firm, we recently acquired a tool, Riskalyze, that can help bridge the gap when analyzing your risk tolerance for us to provide you with the best possible journey to meet your goals.

By taking a short questionnaire, Riskalyze assigns an actual number, ranging from 1 to 99, to your risk tolerance. We like to view this range as a speed limit. If your portfolio is a 65 and your risk tolerance is a 50, we need to evaluate your situation. You may be going too fast for your comfort level!



By using this technology, we can construct a portfolio that is appropriate for you, your time horizon, and the level of risk you can tolerate to achieve your goals.

You should feel comfortable with the level of risk your portfolio is taking. We at Summit aim to not only guide you in your financial decisions but go further to educate and empower you to know the risk in your portfolio and understand how that plays a role in your financial picture.

Do you know your risk number? Give us a call to help put a number to your reality.

Warm Regards,

Kristiana

Check out our new look:
mysUMMITwealth.com

You Don't Need to Predict the Future to Succeed at Investing

BY CHAD LEATHERWOOD, CFP®, WEALTH ADVISOR



After experiencing another bout of volatility in the market recently, I began to reflect on the decisions we as human beings have the propensity to make in periods of heightened uncertainty. The fear of loss is a powerful emotion that can cause us to override the most logical and disciplined investment decisions if not tamed.

One of the toughest parts of investing is not knowing what the future holds. As astute observers, the best we have is an educated guess of how things should play out. Even the greatest of investors, including Warren Buffet, cannot predict with a degree of certainty what the future holds.

► *None of us know what the future holds.*

What we do know is how things have played out in the past. Over the long-term, the US stock market has had an upward trajectory. Over the past 100 years, the US market has always come back from a downturn.

It came back from the lows of the Great Depression and the lows of the Great Recession more recently. The market has weathered wars, presidential assassinations, oil embargos, high inflation, and financial crisis.



Does this mean we can be confident the market won't collapse and recover? Anything can happen. Considering the likelihood of something happening is important. A meteor could hit the planet and wipe out life as we know it. This not very likely, at least I hope!

Practically speaking, I believe the market has a high enough probability of recovering from a downturn that it pays to stay invested. I say this, of course, assuming broad diversification and an allocation that is appropriate given a person's goals, risk tolerance, and time frame.

Market Cycles

To understand investing, it is vital to grasp that the market moves in cycles. While the long-term trend of the market may be up, it shifts above and below the trend line over time. The short-term movements can be very irrational. Over the long-term, the markets seem to be relatively rational.

Market movement is driven both by the fundamentals, like corporate earnings growth for example and by investor psychology, which is how people generally feel about the market. It appears that investor psychology causes the market to move to extremes, either up or down.

Why not time the market?

Knowing that the market moves in cycles, it seems intuitive that we should try to get in when things are good and get out when they are dire. This concept seems relatively simple, but the truth is that it's not an effective strategy.

There are times when things seem ideal in the market, but a downturn is just around the corner. On the other hand, there are times when things look terrible, and you want to get out, but an upturn lies just ahead.

A case in point is what happened with the downturn in the last quarter of 2018. The market declined significantly with the S&P 500 falling -19.4% on a total return basis from the high of October 20th through the low of December 24th 2018.¹

Then from December 24th, 2018 through January 30th, 2019, the S&P 500 recovered significantly posting nearly a 14.2% total return for the period.¹ If you capitulated and sold out in near the lows of December 2018, you would have missed the sudden upswing that occurred.

What can we do?

I'm not saying one's understanding of the market cycle, and an economic outlook shouldn't help to inform a portfolio's asset allocation. I'm just saying the best thing one can do in the face

Continued on page 7



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.

Continued from page 6 - You Don't Need to Predict the Future-

of uncertainty is focus on what matters most and can be adequately managed and controlled.

When managing portfolios for our clients, we first focus on maintaining the appropriate risk level based on the client's risk tolerance and objectives. Doing this helps in weathering a downturn in the market.

Also, we focus on establishing a well-structured asset allocation, that provides considerable diversification while attempting to balance opportunity and downside risk mitigation. We also consider the costs of the underlying holdings and work to maintain tax efficiency when necessary. Lastly, we generally rebalance regularly to keep the portfolio in line with the targeted allocation.

With a well-structured strategy in place, it is crucial to remember that successful investing is a long-term endeavor that requires discipline for success. It's best to ignore the noise, avoid the tendency to take on more risk when things are good, and resist the urge to bailout during the inevitable downturns.

While we can't sidestep the unknown, we can prepare for whatever might come along. With proper planning, regardless of the conditions, there can be a fitting place to take money from when you need it.

If you were incredibly nervous during the recent market downturn, you might find that your portfolio is invested outside your risk tolerance, meaning it may be a good time to take a deeper dive to make sure it is in line with your comfort zone.

For those who are not clients and may be a good fit for our firm, we offer a no-cost, no-obligation second opinion service. We can review with you the risk level, efficiency and costs of your current portfolio. We can also stress test it against various market conditions including how your current allocation might weather another 2008 market scenario. Reach out if you would like more information.

Regards,

1. First Trust; Market Commentary 01/31/2019 <https://www.ftportfolios.com/Blogs/MarketBlog/2019/1/31/the-recent-correction-and-subsequent-rebound-in-the-sp-500-index>

The information presented is general in nature and not intended as an investment recommendation or advice to any specific person. Investors cannot invest directly in an index. Past performance is not an indication of future results. Asset allocation does not protect against loss or ensure a profit.

Continued from page 1 - Are Short Attention Spans Hazardous-

Microsoft Corp. We know it's a problem, so what can we do to improve our ability to focus on tasks that do require our undivided attention?

Surprisingly, research has shown that taking breaks is the answer; it may be a good idea to exclude your smartphone from break time though. University of Illinois psychology professors Atsunori Ariga and Alejandro Lleras explain: "Deactivating and reactivating your goals allows you to stay focused. From a practical standpoint, research suggests that, when faced with long tasks (such as studying before a final exam or doing your taxes), it is best to impose brief breaks. Brief mental breaks will help you stay focused on your task!"

Here are a few new ideas based on research studies for planning restorative, stress-reducing breaks, each of which takes a small amount of time- from Gazzaley and Rosen's book reference earlier.

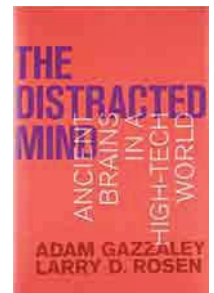
- ① Train your eyes using the 20–20–20 rule: every twenty minutes take one twenty-second break and focus on objects twenty feet away. This training changes your focal distance from inches to many feet and requires blood flow to brain areas that are not related to constant attention.
- ② Expose yourself to nature. Consider using at least part of your break to get away from technology and spend a few minutes in a natural setting. Research has shown that just ten minutes in a natural environment can be restorative; even viewing pictures of nature can be therapeutic.
- ③ Talk to someone. Face-to-face or telephone conversations can reduce stress and has been shown to improve work performance.

As integral as technology has become to Summit, we also recognize the importance of focus when it comes to keeping your goals on track.

Best Regards,

*The Distracted Mind: Ancient Brains
in a High-Tech World*

Adam Gazzaley & Larry D. Rosen



Gazzaley, A., & Rosen, L. D. (2018, January 09). Remedies for the Distracted Mind. Retrieved from <http://behavioralscientist.org/remedies-distracted-mind/>

**Let us know how we can help.
Thank you for your TRUST and CONFIDENCE.**

Markets Down, Annuities Up: Part 2

BY ANDREW DICKENS, DIRECTOR OF PENSION SERVICES & WEALTH ADVISOR



In Part One, I reviewed the basics of immediate and deferred fixed annuities. In this article I'm going to focus on just one type of deferred annuity: the "equity index annuity" or "fixed indexed annuity" or FIA for short.

The FIA is a type of fixed annuity that can be misconstrued as a market investment, but it is not. Its returns are based on interest credited to the account. However, the interest credited is determined by an index that parallels some market allocation. In other words, the amount of interest is dependent on the performance of that index which may mimic a market investment.

The indexes used are varied, from the S&P500 or NASDAQ to custom designed indexes by some of the most recognized investment firms on Wall Street.

I won't spend much time on the different indexes themselves because the analysis is too complicated for this article; however, I want to focus on some of the mechanics of index crediting to familiarize you with the language you may hear.

An index credits the principal with interest once per crediting period. This period is often one year, but it can be two or three years depending on the product. In between periods, the contract's value will only be affected if there are fees applied for optional riders.



Once the crediting period ends, any interest gained will be credited to the account, and the index will "reset" and a new period begins. Usually, around this time you may have the option to change which indexes you want to be applied to the next period.

During the crediting period, the contract may credit by one of three methods currently used. The most common is the point to point way, where it simply calculates the difference in the index between the start date and end date. Much less common methods include monthly sum and monthly average.

The amount of interest credited depends not just on the underlying index performance, but also on the crediting limitations of that index. Limiting factors include caps, participation rates, and spreads. All indexes will have at least one limiting factor.

A cap is a ceiling on the maximum crediting available for that index. If a cap is 10% and the index returns 11%, the cap will limit your gain to 10%. If a cap is 10% and the index returns 8%, you would get 8% barring any other limiting factor on the index.

A participation rate is a rate at which you participate in the gain of the index. If a participation rate is 100%, that means 100% of index

gains are available to be credited, subject to other limiting factors. If an index has a 50% participation rate and returns 10%, your participation rate would restrict you to a 5% gain.

Participation rates can be higher than 100%. If a participation rate is 150% and the index returns 10%, you would be eligible to receive up to 15% credit.

A spread is an "internal" fee imposed on the index before any crediting occurs. A spread of 1% means an index return of 10% would credit 9%, subject to other limiting factors. If a spread is 2% and the index returns 1%, you would receive no interest credits.

While it's not uncommon to find more than one limiting factor, it is unusual to see all three on a contract. Putting it together, if an index has a cap at 8% and a participation rate at 80% and the index returns 10%, you would receive 8% (10% return * 80% participation = 8% which is not more than the cap of 8%). If an index has a spread of 2% and a participation of 50% and the index returns 5%, you would be crediting with just 0.5% (5% * 50% participation = 2.5% - 2% spread = 0.5%).

The FIA is a type of fixed annuity that can be misconstrued as a market investment

One of the most attractive features of FIAs is that negative index performance doesn't cause a loss of principal because the insurance company cannot credit a negative interest rate. Thus, protecting the principal from losses incurred by an index option used.

FIAs have all the same risks and drawbacks as other fixed annuities, such as default risk, interest rate risk, surrender periods/charges and more. It's important to make sure you understand both the benefits and drawbacks of any contract you might consider.

FIAs usually have optional riders associated with them available for a fee. These riders vary in form and function, but the most popular riders provide lifetime income guarantees that are different from the "annuitization" option available to all deferred annuities.

Lifetime income riders can often offer the benefit of an income stream guaranteed by the claims-paying ability of the insurer without giving up control of the asset.

If you have any questions about any annuity or want us to review options for you, please don't hesitate to reach out to us.

Regards,

A handwritten signature in black ink, appearing to read "Andrew Dickens".

All That Glitters is Not Gold

BY ALYSSA FERRARO, CLIENT EXPERIENCE MANAGER



What took mother nature billions of years to produce, can now be created in just weeks in a lab. Science has allowed us to replicate the process of producing flawless diamonds.

Currently, man-made stones account for only 2% of the diamond industry's supply. This scientific success story could have destroyed the value of diamonds, but as lab-grown diamond prices fall, prices of their natural counterparts are surprisingly on the rise.

If they are chemically identical, cheaper, and just as sparkly, why aren't consumers opting for a more affordable option?

A recent poll conducted by Harris Insights and Analytics on behalf of the Diamond Producers Association revealed that only 16% of the 2,011 adults surveyed considered lab-made diamonds to be "real diamonds," even though they pass all tests used to confirm a natural diamond.

This relatively young method of diamond production has been slow to gain acceptance because people still desire a traditionally mined gem.



The cost to make a diamond has dropped considerably, making lab-grown diamonds a real contender for large center-stone engagement rings. In 2018 the price to make a diamond fell to \$300, compared with \$4,000 per carat in 2008.

So what is the long term outlook for the diamond market? Suppliers are getting

creative. De Beers once again steps up to meet consumer demands by addressing several buzzwords circulating in the diamond market including, "ethical," "conflict-free" and "sustainable."

De Beers has officially jumped into the lab-made arena with its new line of man-made diamonds called Lightbox. They began by undercutting their competitors by almost 75%.

Trends *have* changed since less than three years ago, the diamond-giant was combating the lab-grown debut with poignant marketing campaigns bearing slogans like, "Real is Rare." Lightbox diamonds average just \$800 per carat. The average cost of a 1-carat mined diamond is \$6,000.

Recent headlines boast synthetic diamonds as a more sustainable alternative to mined stones, with smaller carbon footprints.

In an interview for The New York Times, Steven Coe, the general manager for Lightbox refutes this claim stating, "Given the pressure required to create lab-grown diamonds, it's akin to the Eiffel Tower being stacked on a can of Coke. If you look at the detailed numbers, the energy consumption levels between natural and man-made diamonds are in the same ballpark."

One notable piece missing from lab-grown diamonds are specific color and clarity grades on Gemological Institute of America's (GIA) reports; instead, a broader coding system is used.

This unique method is an effort by the diamond industry to differentiate lab-grown stones from natural ones and avoid crossing information about value and rarity; essentially delegitimizing lab-grown diamonds and keeping consumers starry-eyed for natural ones.

The battle of natural versus man-made has shown that there *is* money to be made in the diamond market, even on the technology side.

An article on worldfinance.com states that over the past ten years, the value of rough diamonds has increased by 33.7%, while prices for rare, cut stones have gone up even more. Despite the wealth they represent, historically they have not been a popular investment asset.

Governments do not decide on diamond prices, and there isn't a regulatory framework allowing them to retain their market value, even in a recession. Like other commodity assets, diamonds are inflation-proof but, unlike gold, their value has increased recently.

Yaniv Marcus, the founder of the Diamond Investment and Intelligence Centre, suggested many reasons why diamonds have not traditionally received the same prominence among investors as gold.

"The main reason for investors choosing gold is that it has a spot price on the market and is managed by several major financial institutions," Marcus told World Finance. "Diamonds, on the other hand, are not traded at a spot price, as each diamond is unique in various ways."

The value of mined diamonds hinges vastly on the perception of consumers.

The expectation of higher returns has helped drive recent interest in diamond investments. Demand in developing economies, like China and India, is predicted to increase.

Although De Beers sales of rough diamonds fell nearly 25% in early 2019, research done by Bain & Company still predicts a 2% annual increase in demand for natural diamonds and a possible 10% global demand increase for lab-grown diamonds by 2030.

Continued on page 10

If you have an unmarried adult in your family, we strongly recommend enlisting the guidance of an estate planning attorney to discuss setting up medical Power of Attorney. We would be happy to direct you to some local professionals that we have worked with before.

*Be Well,
Ch*



Our offices will be closed on April 19th in observance of Good Friday

Supply is only forecast to rise by 1% in this same time frame, meaning we can expect to see a price surge due to demand exceeding supply.

All these predictions are just that. The truth is that nobody can predict how marketing efforts by the diamond industry will sway the younger generations judgment. Bain & Company indicates that “the self-purchase product category continues to grow as Millennial and Generation Z’s female spending power increases.”

Lightbox is even focusing advertising efforts toward new target markets like “the self-purchasing professional and older women that already have a large jewelry collection,” according to their head of marketing, Sally Morrison.

A shift in target markets and buyer priorities could seriously alter the long-term outlook for the diamond market. The value of mined diamonds hinges vastly on the perception of consumers.

Right now natural and man-made are separate categories, but if consumers begin to view them as interchangeable products, we can expect to see a 25%-30% drop in the value of mined diamonds over the next decade.

Best Regards,

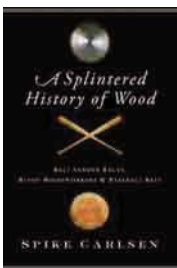
Alyssa

Ballard, B. (2018, September 19). Diamond market continues to open up as confidence in the luxury commodity grows. Retrieved from <https://www.worldfinance.com/markets/diamond-market-continues-to-open-up-as-confidence-in-the-luxury-commodity-grows>

Linde, O., Geyler, O., & Epstein, A. (2019, January 02). The Global Diamond Industry 2018: A Resilient Industry Shines Through. Retrieved from <https://www.bain.com/insights/global-diamond-industry-report-2018/>

Paton, E., & Friedman, V. (2018, May 29). 'Diamonds Are Forever,' and Made by Machine. Retrieved from <https://www.nytimes.com/2018/05/29/business/de-beers-synthetic-diamonds.html>

BOOKS WE'RE READING:



A Splintered History of Wood: Belt-Sander Races, Blind Woodworkers, and Baseball Bats

by Spike Carlsen

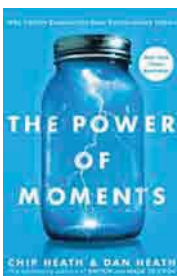
In a world without wood, we might not be here at all. Carlsen has uncovered the most outlandish characters and examples, from world-champion chainsaw carvers to blind woodworkers, the Miraculous Staircase to the Lindbergh kidnapping case, and many more, in a passionate and personal exploration of nature's greatest gift.



The Life-Changing Magic of Tidying Up: The Japanese Art of Decluttering and Organizing

by Marie Kondo

Japanese cleaning consultant Marie Kondo takes tidying to a whole new level, promising that if you properly simplify and organize your home once, you'll never have to do it again. Determine which items in your house “spark joy” (and which don't), clear your clutter and enjoy the unique magic of a tidy home—and the calm, motivated mindset it can inspire.



The Power of Moments: Why Certain Experiences Have Extraordinary Impact

by Chip Heath & Dan Heath

While human lives are endlessly variable, our most memorable positive moments are dominated by four elements: elevation, insight, pride, and connection. If we embrace these elements, we can conjure more moments that matter. Many of the defining moments in our lives are the result of accident or luck—but why would we leave our most meaningful, memorable moments to chance when we can create them?

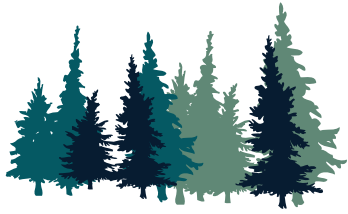


The Passage: A Novel (Book One of The Passage Trilogy)

by Justin Cronin

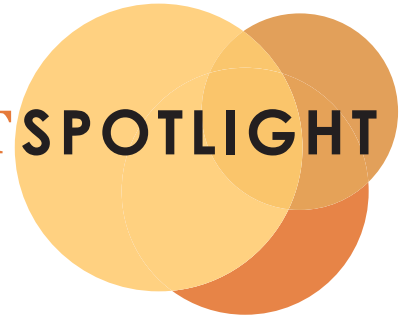
An epic and gripping tale of catastrophe and survival, The Passage is the story of Amy—abandoned by her mother at the age of six, pursued and then imprisoned by the shadowy figures behind a government experiment of apocalyptic proportions. She escapes to find a collapsed society and she is filled with the mysterious and terrifying knowledge that only she has the power to save the ruined world.

Covers & Summaries: [amazon.com](https://www.amazon.com)



SUMMIT SPOTLIGHT

A LOOK INTO THE LIVES OF THE SUMMIT TEAM



Happy Birthday, Chad



The Orlando office had a great time celebrating Chad Warrick's birthday in February. Known for taking a party theme to the extreme, the Orlando team surprised Chad with a hunting themed party. Chad's office was transformed into a wooded habitat decorated with trees, buck balloons, animal furs and skins, a homemade forest cake, and a "creature" in a ghillie suit standing at his desk. They enjoyed a BBQ lunch complete with deer sausage. Topping this Summit birthday celebration is going to be a challenge!



▶ Summit now has five CERTIFIED FINANCIAL PLANNER™ professionals supporting our clients.

Congratulations to Kristiana Daniels, CFP®



We'd like to congratulate Senior Relationship Manager, Kristiana Daniels on achieving the designation of CERTIFIED FINANCIAL PLANNER™! Kristiana passed the CFP® board exam this past December. She has remained dedicated to growing her financial planning knowledge and developing tools to support our clients. Kristiana is our fifth CERTIFIED FINANCIAL PLANNER™ professional at Summit Wealth Partners. She joins Jason Print, Jeffrey Janson, Amanda Pate, and Chad Leatherwood in achieving this career milestone.

The CERTIFIED FINANCIAL PLANNER™ certification is a true measure of ones professionalism, hard work, and commitment to fiduciary financial planning. In addition to passing a rigorous exam, an individual must:



- Have a bachelor's degree or higher from a U.S.-accredited institution
- Complete 4,000–6,000 hours of real world financial planning experience
- Pass a background check and sign an Ethics Declaration
- Complete at least 30 hours of continuing education every two years, participate in their local financial planning community, and fulfill their ethics commitment.

FPA
FINANCIAL PLANNING
ASSOCIATION

The Heart of Financial Planning™



National Ethics
Association
ethics.net

TD Ameritrade
Institutional

charles SCHWAB
INSTITUTIONAL

BLACKROCK

iShares®

RiA
STANDS FOR YOU.

PRE-SORTED
STANDARD
U.S. Postage
PAID
Orlando, FL
Permit No. 2825

SUMMIT WEALTH — PARTNERS, LLC —

INSIDE THE RATIONAL OPTIMIST:

- ➔ *Are Short Attention Spans Hazardous to our Health?*
- ➔ *Saving Social Security*
- ➔ *Is College Worth the Price of Admission?*
- ➔ *Are You Tall Enough to Ride?*
- ➔ *You Don't Need to Predict the Future to Succeed at Investing*
- ➔ *Markets Down, Annuities Up: Part 2*
- ➔ *All That Glitters is Not Gold*
- ➔ *Summit Spotlight- A New CFP® PROFESSIONAL on our Team*



AS SEEN ON:



THE WALL STREET JOURNAL

mysummitwealth.com

SOLID GROWTH SAFELY MANAGED TRUSTED ADVICE

ORLANDO

800 N Orange Ave., Suite 302
Orlando, FL 32801
(407) 656-2252

NAPLES

Vanderbilt Financial Center
9045 Strada Stell Ct., Suite 101
Naples, FL 34109
(239) 254-1875

JACKSONVILLE

822 N A1A Hwy., Suite 310
Ponte Vedra Beach, FL 32082
(904) 273-4550

FORT MYERS

15050 Elderberry Ln., Suite 6-11
Fort Myers, FL 33907
(239) 362-9077