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SUMMIT WEALTH PARTNERS, LLC

THE Rational Optimist™

The Sharing Economy: *An Ancient Consumption Model Revamped*

BY CHAD WARRICK, CO-PRESIDENT & CEO

Do you remember the first time you heard the word "Uber?" For many, I would imagine this was well before their recent IPO release. Both Uber and Lyft, who have announced they are going public, are transportation network companies.

The two companies have become the largest transportation companies in the US – without owning a single vehicle. Their success relies on a ride-sharing model that is supported by a high functioning, algorithm-driven application. The technology connects drivers to those in need of a ride. Simple as that.

The concept of the "sharing economy" is not entirely new; it's just been reinvented. Think about our ancestors and how they survived by bartering as early as 6000 BC. We flourished into a society who shared the things that we had.

This modern-day shared economy marketplace is not too much different. It grants individuals the ability to borrow or rent something owned by someone else. It also allows individuals to receive services from another individual.

> ***The focus has shifted towards convenience, price and transactional efficiency: 'community' as a commodity.***

This model works best when there are excess amounts of available resources- a vacant home, an underutilized car, or someone with extra time on their hands.

These resources, by way of a platform, are now being exchanged for money. World Economic Forum simplifies the new mindset on this year's outlook of the sharing economy, "The focus has shifted towards convenience, price and transactional efficiency: 'community' as a commodity."

Twenty years ago, I would have never believed a scenario like, "In the future, you'll fly into another city, upon arrival, you'll summon a stranger with a few taps on a screen, a stranger will use their personal vehicle to pick you up. They will drop you off at another stranger's house that you borrow for the week. While you're there, you can also pay another stranger to deliver groceries directly to you- All without exchanging any physical cash and done entirely by your button-free handheld computer-phone."

This scenario is now the new normal for many people thanks to Uber, Lyft, Airbnb, and Instacart – some of the largest companies operating under this shared economy marketplace.

I remember the first time I heard the word "Uber." The concept was initially foreign, yet quickly became a regular part of my business travels. The world around us is ever-changing, yet fundamentally it is still the same.

As you may imagine, this growth in the shared economy market place is disrupting the traditional business models. It places the consumer in a position to quickly compare prices and receive services on-demand from a peer-to-peer service provider.

The desire for "Access over ownership" is a shift that is here to stay, as technology makes it easier than ever to access goods and services instantly. This mindset has become a part of our modern society.

For example, if you are planning a summer vacation with the family, you may find accommodations on Airbnb that are both more comfortable and more affordable than you might find from a hotel. Depending on your destination and itinerary, you may also find that utilizing Uber or Lyft for transportation may be less costly than renting a car for the whole week.

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ALSO IN THIS ISSUE:

It's a Matter of Trust.

When and Why to Consider an Independent Trust Company

BY CHAD LEATHERWOOD, CFP®, WEALTH ADVISOR

If you have a trust or are considering one for the future this information pertains to you. While most of our clients know that Summit Wealth Partners works with estate planning attorneys to help set up their estate plans, I've found that many don't realize that we offer trust services through select independent trust companies.

A trust company is a legal entity that acts as a fiduciary and trustee, on behalf of a person or business, that oversees the eventual transfer of assets to a beneficial party. A trust company allows your trust to be managed by a professional third party when you no longer have the ability or desire to do it.

When might this be important? There are many reasons one may consider a trust company. Let's look at a few simple examples.

Let's say you are in a second marriage with children from your previous marriage. You want to provide a home and income for your spouse once you pass on, but you want the remainder to go to your kids.

A third-party trust company could manage the trust including the home maintenance, taxes and so on should you pass away. The assets can be distributed to your children when your spouse passes. You may appoint a trusted individual or family member to serve as your trustee, but a trust company is often better equipped to deal with this kind of situation and can continue to help a family through generations.

Another consideration for using a trust company is when you want to have your assets managed with income distributed over time to your children or loved ones upon your passing. For planning, it may be better to leave an income stream over a lump sum to your beneficiaries.

Making sure a child doesn't get a lump sum inheritance is very important if a child has creditor issues or might poorly handle a large sum of money. An independent trust company could manage the legacy and pay out a monthly or annual amount, as determined by you in advance.

A third example might be where you have a person named as a successor trustee should you or a spouse no longer be able to do it. A trust company could be added as a back-up if the named person can't or won't do it.

Why should you consider an independent trust company over a corporate bank trust company?

One of the great things about some independent trust companies is they work with your wealth advisor to accommodate your trust needs. When appointed as a successor trustee, an independent trust company would serve as the trustee upon your inability to do so, and your investment advisor remains Summit Wealth Partners, keeping in place the plan you have established.

Unlike corporate big bank trust companies, an independent trust company does not provide investment services or products. They are designed to be autonomous, avoiding potential conflicts of interest that a company affiliated with a larger financial institution may have.

A problem I've seen with the corporate big bank trust companies is when they take over as trustee of a trust, the first thing they do is essentially fire your trusted advisor by transferring the funds to their bank under their direct management.

Corporate trust companies may also liquidate the current assets to implement their strategy, sometimes even using their proprietary financial products inside the trust. The details of these potential scenarios are critical to comprehend if you have a bank trust department named in your estate planning documents.

What should you consider when looking at trust companies?

One of the first considerations is the fees and minimum assets required. Many of the most well-known bank trust companies have substantial minimums, and the costs can be quite high.

It is also essential that the trust company has a track record of working with independent financial advisors to service their clients' trust needs. If your preference is to keep assets with Summit Wealth Partners, then a corporate trust company is probably not your best option.

An independent trust company would manage your trust but maintain the services of your wealth advisor, so you know your assets are in trusted hands. If you are interested in learning how Summit can help with trust services through an independent trust company, talk to your advisor about what options might work best with your long term goals.

Regards,

Our offices will be closed on Monday, May 27th for Memorial Day.

How to Live Your Best Life

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

The blessing of a long life is something we all hope for; but given a moment to think about it, we quickly amend our wish with the qualifier, "quality." We want a long life, but only if it is enjoyable, disease-free, and meaningful.

In 2004, and with this thought in mind, researcher Dan Buettner, National Geographic, and a group of longevity researchers set out to identify which groups of people around the globe were experiencing a marked improvement not only in longevity but also the quality of their lives.

They discovered five anomalous population pockets, dubbed, "Blue Zones," where people were more than ten times as likely to hit centenarian status, that is age 100, than they were in the United States.

The 5 locations were as follows:

- **Sardinia, Italy (Barbagia Region)** Which boasts the world's highest concentration of male centenarians.
- **Ikaria, Greece** - An island in the Aegean Sea, that has some of the lowest rates of dementia on earth.
- **Nicoya Peninsula, Costa Rica**
- **Loma Linda, California** - Which has the highest concentration of Seventh Day Adventists, who tend to live 10 years longer than their North American counterparts.
- **Okinawa, Japan**

Once researchers found these anomalously healthy people groups, they set out to identify the commonalities among them in an evidence-based approach, thinking that if it was not environment dependent, perhaps these common elements could be replicated in other people groups to similar effect.

The scientists and researchers found nine such common elements across the five populations. Dubbed the "Power 9®," here they are:

❶ ***Move Naturally*** – The world's longest-lived people are not running triathlons; nor are they pumping iron at Planet Fitness. Instead, they find a reason to be moderately active each day. They grow gardens and do their yard work. They walk. They find a reason to get off the couch and move. They set up their lives in such a way that it is necessary to do so, to remove the temptation to become a davenport spud (aka. couch potato).

❷ ***Purpose*** – Having a reason to get up in the morning can be worth up to 7 extra years of longevity. When others depend on you, it gives a sense of purpose or mission to life; it becomes imperative.

❸ ***Down Shift*** – Everyone experiences stress; even Blue Zoners, but they have developed specific routines designed to cope by shedding stress, such as prayer, napping, and enjoying happy hour. Either way, the result was the same – offloading stress. Remember that stress can lead to chronic inflammation associated with most age-related diseases.

❹ ***80% Rule*** – People across the Blue Zones have figured out a way to proactively manage weight using the "80% rule," which is the idea of eating until you are about 80% full. The 20% gap that exists between no longer feeling hungry and a feeling of fullness is the difference between losing weight and gaining it. Generally speaking, Blue Zoners eat mindfully, try to eat their smallest meal for dinner, and choose not to eat for the rest of the day after dinner.

❺ ***Plant Slant*** – Beans, which contain lots of fiber and digest slowly thus keeping one's insulin production even-keeled, are a cornerstone of most centenarian's diets. Meat that is eaten, mostly pork, is eaten on average five times per month with the portion size being about the size of a deck of cards. Centenarians are not necessarily vegans, but generally eat lots of fruits and vegetables; certainly more than most people.

❻ ***Wine at 5*** – Except for the Seventh Day Adventist population, all the Blue Zone populations made enjoying a moderate daily amount of wine a regular part of their routine. They did not drink in excess but enjoyed a glass or two with dinner or with friends regularly.

❼ ***Engage in Community*** – Strikingly, all but 5 of the 263 centenarians interviewed during the Blue Zone research belonged to a faith-based community. The research showed that attending faith-based services once a week added between 4 and 14 years of life expectancy!

❽ ***Loved Ones First*** – Blue Zoners across the board prioritized their families, including keeping parents and grandparents nearby, as well as investing in younger generations with both their time and love. They also commit to a life partner adding on average three more years of life expectancy, according to the research.

❾ ***Right Tribe*** – This is the concept of engaging with groups of people who are supportive of both healthy behaviors and are supportive of you personally. Science has shown that smoking, obesity, unhappiness, and even loneliness are contagious. Therefore, it only makes sense to surround yourself with people who are sympathetic and supportive of the healthy and positive behaviors you wish to reinforce.

Only 20% of the factors allowing people to enjoy such longevity are genetic. The other 80% of the factors are environmental and therefore within our control.

Are you going to make it to age 100? No one knows for sure.

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The Evolution of the Credit Card

BY KRISTIANA DANIELS, CFP®, SENIOR RELATIONSHIP MANAGER

It's probably safe to say that you have two or more credit cards in your wallet at this very moment. You use them almost every day without thinking twice. We live in a world where the habit of carrying cash in your wallet is becoming increasingly rare.

The ways that we pay are continually developing to become more efficient, convenient, and secure. It's incredible to see how advanced this simple piece plastic has become. Let's take a look at the past 100+ years of the evolution of the credit card.

▶ The 1860s: Charge Plates

Created mostly by department stores, these small dog-tag-like aluminum plates were the first form of a credit card. They were embossed with an individual's name and address.

▶ 1946: Charg-It Cards

The Charg-It Cards were the first bank cards. To obtain one, you had to be a customer at the bank. The use of the card was quite limited as businesses that had agreements with the bank were the only transactions approved for the charge. These cards eventually evolved into the Visas and MasterCards we know today.

▶ 1950: Diners Club Cards

This card became the first charge card that could be used in a variety of transactions, branching out from the previous card's small network of agreed upon businesses. Like most of its predecessors, it was made of cardboard.

▶ The 1960s: Plastic Cards

A decade after the multipurpose Diners Club Card, American Express introduced the first plastic credit card.

▶ 1970: Magnetic Strips

Due to the increasing fraud circling credit card use, IBM created the magnetic strip which provided another layer of security. At first, this feature cost $2 per card. Eventually, all credit card companies hopped on board when the price decreased to $0.05 per card.

▶ 1981: Rewards Programs

American Airlines created the first rewards program for frequent flyers. Now almost all credit cards have some form of a rewards program that you can select.

▶ 2002: Mini Cards

No wallet? No problem! This card was a tiny keychain-sized credit card. Discover debuted this new technology that you could attach to your key ring.

▶ 2007: Personalized Cards

Capital One was the first company that gave the option to credit card holders to print a personalized image on the face of the plastic credit card.

▶ 2015: Chip Cards

What we almost exclusively use today are chip credit cards. They became mainstream in 2015. The need for extra security drove the shift from magnetic strips. The unchanging magnetic strip of the cards is encrypted with your data.

The embedded chip in the new credit cards contain that same data; however, the security upgrade presents itself in the method that data is transmitted. When paying with a chip card, the chip creates a unique transaction code for your information that is a one time use.

This efficient method makes it more difficult for hackers to steal credit card data and reuse it in a different transaction.

Looking forward, the latest evolution of the credit card will make payments even more efficient: a contactless card.

Providers from Visa to Capital One are producing and distributing credit cards enabled with embedded chips and near-field communication antennas, allowing the consumer to tap the card on the payment terminal.

This action initiates a radio wave signal from the card to the terminal to complete the purchase. With each transaction, similar to the chip cards, these contactless cards generate a unique code/cryptogram –making it more difficult for hackers to steal your data.

With the speed that a contactless card provides you via a tap-and-go transaction, you should move through the grocery checkout line at least 15 seconds faster.

You may already have a credit card that has this technology, and chances are that if you don't, you will likely have one by the end of 2019.

Think of the opportunities you have with the extra 15 seconds of your life you will regain! We hope you spend every extra second doing something you love.

Best Regards,

Kristiana

https://www.creditcards.com/credit-card-news/history-of-credit-cards.php

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.

The Top Questions to Ask About Your 401(k)

BY ANDREW DICKENS, DIRECTOR OF PENSION SERVICES & WEALTH ADVISOR

For many Americans, the most significant portion of their retirement savings accumulation is from their company's 401(k) plan. Company retirement plans offer the most tax-deductible savings, and many have matching formulas that reward employee participation, making these plans a desirable option.

One of the significant limitations for an employee participating in their company retirement plan is control over options. The company, rightfully so, sets up the plan within the guidelines established by regulatory agencies like the IRS and Department of Labor.

They may hire one all-inclusive or a variety of vendors such as record-keepers, trustees, administrators, and investment advisors. While there are advantages and disadvantages, either way, there will always be costs associated with the service of these vendors.

Even though employees don't have control over many decisions, asking questions about the elections the company has made for their benefit is essential.

Ask your employer about the plan expenses: Are any paid directly? Are they paid from the plan assets? Are they paid pro-rata?

Some fees, such as taking out a loan, are paid only by the employee initiating the service request. Other costs are shared between employee accounts and can be challenging to determine. These costs are usually associated with the operational expenses of the whole plan.

The company may pay part of these expenses, or they can pass any or all of the costs to the employees. Often, but not always, the portion that may be the employee responsibility is shared on a pro-rata basis. Everyone pays the same percentage but not necessarily equal dollar amounts.

Knowing how and which portion of the retirement plan's operational costs are employee paid is a valuable first step in getting your arms around fees.

Does your employer pay any of the service costs through investment fees?

Although it is common to pay fees through investments, deciphering the details can be challenging. Recent law changes have required retirement plan vendors to be more transparent about fees, but the information is often still difficult to interpret.

All investment options will have a management fee associated with it, but some can be structured to carry "extra" fees, known as revenue sharing, which is distributed to vendors to cover their service costs. The employee typically won't directly "see" this fee unless they read their annual disclosure statements carefully.

Many employers are resistant to charging the fees outside of the investments to avoid the requirement of a line item expense on your statements. However, I encourage our retirement plan clients to be straightforward with their participants in disclosing this information. Some investments that share revenue with vendors may pay a larger share of those costs than others.

Does your plan's investment advisor have a fiduciary relationship with the plan?

Many employers may not know the answer to this question. The word, "fiduciary," often misinterpreted, is a powerful word to comprehend as it relates to your finances. Fiduciary advisors are required to act in your best interest, adhering to a higher standard of ethics than a non-fiduciary advisor.

With a fiduciary advisor in place, you have a better chance of active monitoring of the investment lineup, which is a critical decision that employees do not have control over. Also, a fiduciary advisor by law cannot be paid through revenue sharing as previously discussed.

Please reach out to us if you need help understanding your company's retirement plan or are unsure about which questions you should be asking.

If you've already retired, consider sharing this article with your children or grandchildren who may benefit from this information. We'll gladly help them navigate these questions too!

Best Regards,

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

DALBAR, Inc.- The Quest for Prediction Precision

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

The average investor lost 9.42% last year and sold equities during the downturn in the fourth quarter. How did you do? For those who are frequent readers of our commentary, it shouldn't come as a surprise that the average investor mistimed the market and didn't get back into stocks before the first quarter rally of 2019.

Does market timing work? One of the great benefits of technology that I have come to appreciate is the ability to analyze data. With technology and data, we can analyze different market downturns.

It's easy to look back and see what could've been an excellent buying opportunity. However, during those buying opportunities (such as Christmas Eve of 2018) the news is filled with people screaming and yelling about how much the Dow is down and attempting to incite panic everywhere they can.

It turns out; this recent downturn was very similar to ones in the past. Many investors were cashing out, heading to the sideline, perhaps waiting for a better opportunity. It's hard to blame investors who regularly get bombarded with scary news.

The headline from December 17th, 2018 on CNBC reads, "The stock market is on pace for its worst December since the Great Depression." One week later, it was worse, on December 24th the CNBC headline read, "The stock market just booked its ugliest Christmas Eve plunge – Ever." Who would want to endure the pain of owning stocks in such a hostile environment?

Many people didn't. Based on Morningstar data, US-domiciled funds and exchange-traded funds investing in both equity or credit had about $80 billion outflows from October through the end of 2018, but just $28 billion for the first part of 2019 (from January 1 through March 4th). Less risky government bonds and money market funds have remained positive, by about $37 billion in 2019 so far.

While you will hear people claim to have a strategy that successfully times the market, the data suggests that most people do not successfully time buys and sells. One of the financial industry's leaders in evaluating and auditing, DALBAR, Inc., has been tracking this type of information for over 25 years.

An article on Money.com summarizes the tracking purpose:

"Since 1994, DALBAR's Quantitative Analysis of Investor Behavior (QAIB) team has used aggregate cash-flow data from U.S. mutual funds to compare theoretical fund returns to how investors will actually fare in real life."

QAIB measures the effects of investor decisions to buy, sell, and switch in and out of mutual funds over both short-term and long-term timeframes. These effects are measured from the perspective of the investor and do not represent the performance of the investments themselves.

The results consistently show that the average investor earns less –in many cases, much less – than mutual fund performance reports would suggest. The overall goal of QAIB is to improve the performance of investors by managing behaviors that cause investors to act imprudently.

DALBAR, Inc. has found that investors are often their own worst enemy, failing to exercise the necessary discipline to capture the benefits markets can provide over longer time horizons, while succumbing to short-term strategies such as market timing or performance chasing as they did in 2018.

While strong inflows backed the rally in equities in the first part of 2018, this has not been the case so far in 2019, according to Barclays equity strategist Emmanuel Cau.

October 2018 was a difficult month. After a relatively smooth 2017 and fair start to 2018, we saw the equity markets begin a multiple month decline. The S&P 500 lost -6.84%. Unfortunately, the average equity investor experienced a return of -7.97% according to DALBAR.

While essential to avoid repeatedly benchmarking our equity returns against the S&P 500, having a diversified portfolio made up of thousands of different equities of various sizes, from a variety of countries, has proven over time to provide not only superior returns, but also a smoother ride than one single asset class.

The fourth quarter of 2018 was also a reminder of how equity markets can be volatile in the short-term. At Summit, our goal is to properly position our clients' portfolios through diversification and a fixed-income component to avoid selling out during the painful months.

We seek to add value in this way and help investors perform better than the "average investor." For many of our clients, we can help them accomplish their goals without timing the market, but rather maintaining a disciplined approach and removing emotion from the equation.

Best Regards,

Jason

DALBAR.com. Quantitative Analysis of Investor Behavior. Retrieved from https://dalbar.com/ProductsAndServices/QAIB

Klebnikov, S. (2019, March 25). Investors Doubled Their Stock Market Losses in 2018 By Making This Costly Mistake. Here's How to Avoid It. Retrieved from http://money.com/money/5639551/market-timing-2018/

Continued from page 1 - The Sharing Economy

On the other side of the equation, if you do find yourself with desirable assets or skills, perhaps this is an opportunity to earn some additional income. It is likely that you have an overflow of "idling capacity" items you can profit from since the number of self-storage facilities in the U.S. is more than double our country's McDonald's and Starbucks locations.

The backbone of this business model is the technology – connecting individuals who may have otherwise never connected. At the end of the day, we are still individuals offering something that meets the needs of another person.

Be Well,

Rinne, A. (2019, January 4). 4 big trends for the sharing economy in 2019. Retrieved from https://www.weforum.org/agenda/2019/01/sharing-economy/

Strutner, S. (2015, April 22). America Has More Self-Storage Facilities Than McDonald's. Are We Hoarders? Retrieved from https://www.huffpost.com/entry/self-storage-mcdonalds_n_7107822

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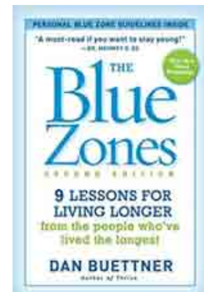
What is my takeaway? This week after church, we should walk purposefully down to the local bistro to chill out for a bit. Once there, we should eat fava beans until we are 80% full and wash them down with a nice glass of wine or two. Feel free to bring your family. There is room in my tribe for all!

Regards,

The Blue Zones, Second Edition:
9 Lessons for Living Longer From the People Who've Lived the Longest
By Dan Buettner



SUMMIT SPOTLIGHT

A LOOK INTO THE LIVES OF THE SUMMIT TEAM

Our First Jobs and Grown-up Goals

Your Summit team had some humble beginnings as they entered the workforce for the first time, but their childhood dream jobs and career aspirations were pretty ambitious!

JASON PRINT
First Job: Grocery Bagger
Wanted to be a Meteorologist

CHAD WARRICK
First Job: Champ's Sporting Goods
Wanted to be a Nascar Driver

KRISTIANA DANIELS
First Job: Panera Bread
Wanted to be Key Maker at Meijer

TRAVIS MARTIN
First Job: Deli Clerk
Wanted to be a Paleontologist

OWEN MORROW
First Job: Landscaper
Wanted to be an NBA player

AMANDA PATE
First Job: Ferguson's Auto & Marine
Wanted to be an Archaeologist

ALYSSA FERRARO
First Job: Lifeguard & Swim Instructor
Wanted to be a Marine Biologist

ANDREW DICKENS
First Job: Sold software in the Mall
Wanted to be an F-16 Pilot

DAWN PENNY
First Job: Bloomingdale's
Wanted to be a Veterinarian

BEN WHITE
First Job: Newspaper delivery
Wanted to be an actor

BRAD TOWLE
First Job: Newspaper Delivery

GLENN DOWNEN
First job: Construction
Wanted to be a baseball player

CHAD LEATHERWOOD
First job: Golf cart boy
Wanted to be an astronaut

TERESA TURNER
First Job: Office supply wholesaler
Wanted to be a singer

JEFF JANSON
First Job: Golf course Pro Shop
★Wanted to be Darth Vader★

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