



# ON THE FINANCIAL HORIZON

THE VAUGHN MCLAUGHLIN TEAM

Quarterly Newsletter for Friends & Clients

SECOND QUARTER 2018

## Our mission...

To build a partnership that will help our clients meet their financial goals and enjoy a more secure future. Our goal is your 100% satisfaction with the advice and service you receive.

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## FROM JIM'S DESK: April 3, 2018

A good number of you who see this were able to attend our Chief Investment Strategist's presentation on March 29th. For those who weren't able to attend, Jeff Saut always brings us both a tour of current markets, but also a "big picture" perspective that attempts to look past short-term noise and focus on what the longer-term outlook will most likely look like! On that, his mantra of the last 8 -9 years has been that we are in a long-term bull market (secular bull market) and he has not changed that prognostication. He does think we have transitioned from a low-interest driven secular bull to an earnings and revenue-driven secular bull, a more robust paradigm.

Jeff's presentation was followed by an especially sagacious Q&A, which speaks well of the audience's sophistication. That was good to see. In the meantime, we humans live in the moment for the most part and so we can't help but be moved emotionally by what is happening in the markets, literally, on a day-to-day basis. So I want to address this a little bit.

Just a little context here. After January 2018 we had gone 19 straight months without so much as even one 5% pullback. In the 12 months of 2017, we didn't even get one 3% pullback. These are historically long periods without really any pause. Finally in February, this long period of very low volatility realized a correction of a little over 11% as measured by the S&P 500. Here's what is not as well known. Once you get a correction and you put in a bottom of that correction (we think we have), then we go from a non-volatile market, to one that roils back and forth with much higher volatility. This is normal, but can be disconcerting. Further, this roiling tends to last longer than we would like because we have reintroduced fear back into the market. Every little thing that comes out, every tweet and you see big moves. Yes, we've seen some geopolitical machinations introduced right here at the same time, think tariffs.

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## FROM TRACY'S DESK: Planning for life's transitions

In this edition of our newsletter, it is no coincidence that we are featuring Roger Foderingham, owner of the Royal Dalton House Assisted Living and Memory Care in Homosassa. Over the past several months, this new resource in our community has garnered a lot of attention and generated many questions from our clients. We hear questions about who is using these facilities? When should one consider them as an alternative? How do Medicare, Medicare supplements, HMOs, Veteran's benefits and other sources of income integrate when paying for assisted living?

Over the years, we have developed a robust process to plan for life's transitions as we get older. The important message here is that it is optimal to begin planning **before** the need arises. Most readers know that the statistics indicate that they will require at least some care during their lifetime, but how many of you have done the basic planning for this care? Many times, the objection to doing this planning is just plain avoidance, because of the unpleasant nature of the topic.

The good news is, there are many things you can do today to make a plan that can help you remain independent for much longer than you would if you had not been proactive. In addition to putting in motion a plan to help pay for care, we think there are several resources to assist clients with some of the challenges faced as we get older. Below are a few we want you to be aware of:

- ◆ **Everplans** helps clients prepare for the unexpected. The secure digital platform enables clients to store information – from a will to a family recipe – and end-of-life wishes in a secure online database, which can be shared with trusted family and friends of the clients' choosing. Everplans guides individuals through the step-by-step process, ensuring families have a full understanding of a loved one's life and wishes.
- ◆ **EverSafe** seeks to protect clients from financial fraud by using a proprietary algorithm to

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## COMMUNITY SPOTLIGHT: *Q&A with Roger Foderingham*

**Current Position:** Owner / Developer, including one of the owners of the Royal Dalton House, a new assisted living facility located in Sugarmill Woods of Homosassa, Florida; unique gated communities in Pinellas county with French pastoral inspirations; as well as communities in Lecanto.

**Past Positions:** Engineer and Metallurgist for Ford Motor Company, specialized in Titanium.

**Family:** Four daughters, one son, eight grandchildren, three great grandchildren.

**How long have you lived in Citrus County?** Originally from England, I moved to the United States 52 years ago. I travelled the world with Ford and settled in Detroit. However, I did not feel it was a place to raise a family. I gave it all up to go into business for myself. I moved to Citrus County in 2003. I previously lived in Palm Harbor— though I did not like the traffic there. I also returned to England for a time, in 1996, when my mother was ill.

**What do you like most about Citrus County?** The nature coast, slow life, beautiful area, laid back.

**Hobbies, interests, community involvement?** Tennis, golf, ballroom dancing. I was part of Rotary and Sertoma organizations in Pinellas county.

**Favorite place you've travelled to?** Much of Europe, France. I've attended Wimbledon. The east coast, Cape Cod.

**Place you'd still like to visit?** There is still much of the U.S. I would like to see, especially out West.

**What do you enjoy most about your profession?** The freedom, following a dream. This (the Royal Dalton House) is a dream and an adventure.

**What do you strive for most in life?** Good health, be active, happy. Do the things that make you happy.

**What do you try to avoid?** Conflicts.

**How would you like to be remembered?** I want this— the Royal Dalton House— to be my legacy. I don't want to retire. I'm 83 years old and probably will never fully retire. Royal Dalton, a Tudor-styled assisted living community will provide a continuity of care as people age and experience different health needs. Couples can live in a cottage while they're both independent. Should one spouse need assisted living or memory care support, he or she can move into the ALF building and the other can stay in the cottage, without having to travel far for visits. We plan to have 76 independent-living cottages, including 13 around the main building, and a secure 20-suite memory care center for residents with Alzheimer's and other related dementia disorders. All residents of Royal Dalton will be part of the community and welcome to use the amenities, including a theater, English-Style pub, elegant and private family dining rooms, room service and outdoor patio dining, a library, spa and salon.

**What values would you like to pass on?** Be a very true person. People will respect you for what you say and what you do for the benefit of others.

### Special Coffee Club at the Royal Dalton House



Our team will host a special coffee club meeting on Tuesday, April 24th, 9:30am at the Royal Dalton House to discuss life transition planning. Light refreshments will be served. The meeting is open to the first 20 individuals who RSVP.

We will host additional meetings at the facility if demand. Please call 352.795.6155 to RSVP or email Amy at [amy.barbieri@raymondjames.com](mailto:amy.barbieri@raymondjames.com)

## FROM NANCI, KRIS & SUZANNE: *It's Time to Spring Clean Your Finances*

Now that spring has sprung, it's time to look back on your progress this year and discuss any outstanding to-do's. Consider consolidating retirement accounts and requesting your credit report to see where you stand.

- ◆ **Midyear monitoring:** Look back on your to-do list progress, follow up on your taxes, make sure your retirement plan is on track, determine if your emergency fund is adequate, and establish a regular savings plan that you can stick to each month.
- ◆ **Don't delay distributions:** If over 70½, take required minimum distributions (RMDs) from your IRAs. You must begin RMDs by April 1 the year after you turn 70½. After the first distribution, IRA holders must take distributions by December 31 of each year.
- ◆ **Mind your mortgage:** It's homebuying season. If you're considering buying or refinancing, check your finances and pay close attention to interest rates.
- ◆ **Consider an extension:** If applicable – particularly if you hold securities subject to income reallocation – ask your tax advisor if filing an extension with the IRS would be beneficial. Also, ask us for a report comparing 2017 and 2018 brackets, rates and tax law changes.
- ◆ **Freshen up your finances:** If you have retirement accounts with former employers, talk to us about options to consolidate 401(k) or 403(b) accounts.
- ◆ **Request your credit report:** Obtain a free copy of your credit report and conduct a midyear review.
- ◆ **Save for school:** Talk to us about establishing or contributing to a 529 education savings plan for your child, grandchild or great grandchild.
- ◆ **Sow financial seeds:** Have a conversation about finances and budgeting with a student or recent graduate in your life. Consider introducing him or her to



## FROM JIM'S DESK: *Continued*

Trade wars would not be a good thing for sure.

We've talked a lot over the years that said geopolitical can not be "planned" for and that they tend to have a relatively short life. Earnings, revenues, free cash flow reassert their dominance, but this can take a few months.

My sense is we'll see this kind of market action for several months, but in the second half of 2018, those dominant forces will stabilize the markets and we can see the secular bull move up once again. I wouldn't be complete here if I didn't acknowledge that we are again trying to peer into the future with the inherent pitfalls of trying to do that. For instance, if that "bottom" to the correction I spoke of is "taken out" to the downside, then we start this process over again. We've seen that a fair number of times throughout history. Nevertheless, other than delaying the resumption of the secular bull, it does not change our best assessment of the future, that things are getting better and better and patience will once again be rewarded!

## AMY'S COMMUNITY CORNER: *The Art of Giving*

When it comes to giving generously, cash doesn't have to be king. You can donate time, money, stocks, even property like your art or car collection. But why give away a collection you've built and enjoyed over the years? In some cases, your heirs may not be as passionate about your passion investments or hesitate to take on the upkeep of a sizeable collection. So you may consider donating the property instead of bequeathing it. The good news is that, in many cases, donating tangible property allows you to enjoy a tax deduction as well as the feeling of sharing something you love with others.

Of course, there are some IRS rules to consider, so it's a good idea to talk to both your tax professional and financial advisor – as well as your designated charity and an appraiser – before donating your collection of art, antiques, collectibles, jewelry, vehicles or other tangible property. Keep in mind, though, that collectibles generally come with ongoing expenses – for storage, insurance and maintenance. So, before you crate up the Van Goghs, consider:

**Whether They Want It:** Your family doesn't want the collection, but who does? Current tax laws favor donations to public organizations that can make use of the items (e.g., art to museums and rare books to a university library). It's called related use. In order to maximize your charitable deduction benefits, the qualified organization must also be a public charitable organization. If you donate to a private foundation, you'll likely be limited to deducting your cost basis rather than full fair market value, which may have increased since you purchased the pieces. Gifts to charity or donor advised funds for non-related use are deductible at the lesser of the cost basis or fair market value.

Before you wheel over your car collection, find out what kind of property your chosen charity is willing to accept and under what conditions. Museums may not be interested in the upkeep, storage and maintenance of vintage vehicles, for example. And they may only want the most important items in your collection. This may be a time to set aside your ego, look at your collection critically and decide if selling some of the lesser works might be better used to fund an endowment to preserve the remaining pieces for generations to come.

**Whether You Can Relinquish Control:** Think how hard it is to relinquish your favorite comfy chair to charity. It only gets harder when the items have considerable monetary value, too. You may be inclined to put some restrictions on how the property can be used (whether it must hang in the permanent collection or be included in the catalogue) or impose conditions on its future sale. However, retaining too much control could mean the transaction will no longer be considered a gift for tax purposes, or that the recipient may need court approval to change the terms of the agreement after you pass away. An unrestricted gift agreement between you and the donee is essential if your intention is to truly benefit the recipient.

**Whether the Gift Is Worth What You Think:** Valuations can be disputed, so get an independent, qualified appraisal for anything that may be worth more than \$5,000. If the item's value is less, there are several online sources to help you determine fair market value for your donated goods. Don't forget to get a written receipt acknowledging the donation and its value. And if you're donating something worth more than \$50,000, ask the IRS for a Statement of Value before claiming it on your tax return.

Source: [thetaxadvisor.com](http://thetaxadvisor.com); [artbusiness.com](http://artbusiness.com); Planned Giving Design Center.

Please note, changes in tax laws or regulations may occur at any time and could substantially impact your situation. While familiar with the tax provisions of the issues presented herein, Raymond James Financial Advisors are not qualified to render advice on tax or legal matters. You should discuss any tax or legal matters with the appropriate professional.

## FROM TRACY'S DESK: *Continued*

monitor accounts and credit reports for unusual activity. Alerts are sent to the individual and those designated as trusted contacts.

- ◆ **HealthPlanOne** helps clients navigate the complexities of Medicare by comparing options and finding the most cost-effective plan, while assuring appropriate coverage for preferred providers, doctors and medications.
- ◆ **PinnacleCare:** A concierge health service, PinnacleCare helps individuals manage complex healthcare episodes. PinnacleCare maintains relationships with top-ranked medical centers across the country and works with individuals to find the most appropriate treatment, facilitate appointments with top specialists and coordinate second opinions.
- ◆ **Broadspire® Care Management** aids in planning for the largest financial factors in retirement: housing and healthcare. Broadspire will assess, recommend and facilitate strategies for clients wishing to stay at home as they age or other care needs associated with aging, from minor home modifications to finding a memory care facility.
- ◆ **Goal Planning & Monitoring** is a sophisticated software program that we use right in our office to show our client's full financial picture. It takes into account specific goals, investment strategy, risk tolerance, spending and saving rates – and tells you the probability of achieving client goals.

If you'd like to know more about any of these services, please give us a call.

### The Tom & Mary James / Raymond James Financial Art Collection

*The Tom and Mary James / Raymond James Financial Art Collection, one of Florida's largest private art collections, consists of close to 3,000 works of art. It includes original paintings, sculptures and graphics. More than 95% of the collection is owned by Tom James, executive chairman of Raymond James Financial, and his wife, Mary James. Mr.*



*James has selected almost every piece of artwork himself. While some of the artists in the collection are now deceased, he believes buying works from living artists helps to sustain them in their profession. The collection is on display at the firm's corporate headquarters in St. Petersburg, Florida.*

*Although the collection began in the late 1950s with predominantly American artists, primarily from Florida, it has grown to include a variety of genres. In the mid-1980s, while on trips to Colorado and New Mexico, Mr. James began to collect Western and Southwestern art. More than half of the collection now consists of Western/Southwestern styles of art, including works by Earl Biss, Glenna Goodacre, Allan Houser, Dave McGary, Dan Namingha and many members of the Cowboy Artists of America. Wildlife art is also well represented, including works by Matthew Hillier, John Seerey-Lester and Al Agnew. Other genres include Pop, Contemporary, Figurative, Sports Art and Landscapes.*

*The James family, as well as Raymond James Financial, has long been a supporter of the arts. Raymond James Financial is the annual title sponsor for the renowned Raymond James Gasparilla Festival of Arts in Tampa.*

*A significant personal project for Tom and Mary James is The James Museum of Western & Wildlife Art which is now open in downtown St. Petersburg. For more information on The James Museum, please visit [thejamesmuseum.org](http://thejamesmuseum.org).*



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## SAVE the DATE



Friends, family, and clients of Raymond James are invited to the 24th Annual *Symphony Under the Stars* concert Saturday, **May 12th**, at Raymond James Stadium (Tampa). Bring your lawn chairs and blankets and enjoy a casual, family-friendly evening filled with music on the football field. This private concert of lively and lyrical pop compositions will feature the award-winning Florida Orchestra. The prelude performance, Ruth Eckerd Hall's Jazz Combo Band, begins at 6:00pm with the featured performance starting at 7:30pm. Picnic-style food, beer and wine will be sold during the concert at a discount. The event and parking are free; however, tickets are required. Contact us for tickets. This concert will be presented by Raymond James as part of our continuing support of the arts community.

- April 19:** 2018 Citrus Resource Fair, 5:00pm, College of CF, Lecanto.
- April 24:** Special Coffee Club on Life Transition Planning, 9:30am, Royal Dalton House, Homosassa.
- April 26:** Recover your Swing CMHF Health Talk, 11:00am, Citrus County YMCA, Lecanto.
- May 3:** Wall Street Coffee Club, 10:00am, Citrus County YMCA, Lecanto.
- May 10:** 17th Annual Steak & Steak Dinner to benefit the Boys & Girls Clubs of Citrus County, 5:45pm, M&B Dairy, Lecanto.
- May 15:** Wall Street Coffee Club, 9:30am, Juliette Falls country club, Dunnellon.
- May 28:** The office and markets will be closed in observance of Memorial Day.
- June 7:** Wall Street Coffee Club, 10:00am, Citrus County YMCA, Lecanto.
- June 19:** Wall Street Coffee Club, 9:30am, Juliette Falls country club, Dunnellon.
- July 4:** The office and markets will be closed in observance of Independence Day.
- July 5:** Wall Street Coffee Club, 10:00am, Citrus County YMCA, Lecanto.
- July 11:** Thematic Wall Street Coffee Club with Special Guest Expert, 9:30am, College of CF, Lecanto.
- July 14:** Citrus County Chronicle's Best of the Best Showcase, 9:00am-2:00pm, Citrus County Auditorium, Lecanto.
- July 24-29:** Team member to attend educational conference, Orlando.

*Call us with questions on any of the above events or if you would like to feature your organization's upcoming events in our next newsletter.*

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