



ON THE FINANCIAL HORIZON

THE VAUGHN MCLAUGHLIN TEAM

Quarterly Newsletter for Friends & Clients

SECOND QUARTER 2017

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.

Your team...



Tracy Vaughn, CFP®
Branch Manager
tracy.vaughn@raymondjames.com



Jim McLaughlin, WMS
Senior Vice President, Investments
jim.mclaughlin@raymondjames.com



Amy Barbieri, CFP®, MBA
Financial Advisor
amy.barbieri@raymondjames.com



Nanci Roth
Branch Operations Specialist III
nanci.roth@raymondjames.com



Kris Flanders
Registered Paraplanner
kris.flanders@raymondjames.com



Suzanne Pinner
Senior Registered Service Associate III
suzanne.pinner@raymondjames.com

FROM JIM'S DESK: *April 5, 2017*

April 2017 represents my 36th year in this profession, 25 years of which has been with Raymond James. I've had essentially three careers: seven years as a toxicologist, 17 years as a psychologist and the 36 years as a financial advisor. There was some overlap wherein I was primarily a psychologist and a part time financial advisor. By the way, there's still overlap. I find that as a full time financial advisor, there is a major psychology component. In fact, there is a burgeoning field where considerable research is dedicated to the study of human behavior as it relates to investing. We know for a fact that human behavior and beliefs play a major role in successful investing (or the lack thereof)!

This all leads me to something that has always been a hot topic for as long as I can remember: the debate over cost versus value. Of course this is not a debate exclusive to the investment profession, rather to all businesses. My sense is that it's sometimes harder for investors to discern when it comes to investing than say buying a car. Most of us don't go out and buy the lowest price car (hence the lack of Yugo's on the road). No, we demand a certain amount of quality and reliability for our cost, value if you will.

Many investors judge the value of investment advice almost exclusively based on cost. Cost is clearly always a component but can never equal value. Another way many investors evaluate the value of investments advice is strictly on performance. Here again, performance is obviously a major component of assessing value, but this can be fraught with danger given the risk taken to achieve said performance!

An oft example of cost versus value- do you want the cheapest doctor to do that surgery? Again, an easy example. Still, when it comes to investing, there is an ever-bright spotlight on cost. I submit that this is understandable, even meritorious. Those of us who have done this a long time realize that demonstrating value in some ways is harder than whether my surgery was successful. But I do have my favorite, well studied and

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FROM TRACY'S DESK: *Kids these days!*

Does this sound familiar? We hear this frequently from our clients of the more seasoned generation. It seems that for many, young people these days do not understand finance, have a little work ethic and simply want to spend their days on their computers and cell phones in a virtual world. I hear the frustration many clients feel when they consider their grandchildren and the future. I wondered how the kids I watched grow up, seemed so different from what my clients were describing, so I did some research.

The facts did reveal something different. I learned about a new term for young people called "Generation Edge." These are young people born after 1995 and raised by "GenXers." For those of you who are doing the math right now, yes- that's my generation. We raised these Gen Edgers during the financial crisis of 2007-09. These young people have a very different view of money, employment and their future. Many of them watched their parents lose jobs, the family may have lost their homes, and certainly lifestyles changed forever. The Gen Edger saw the headlines proclaiming that Wall Street was evil, mortgage lenders we're praying on unsuspecting victims and the real estate market was a house of cards. The result, is a cautious attitude not unlike those who grew up in the Depression. These young people are saving money, not spending like many believe they are. And they are not investing because of distrust. The safety net that their parents once provided is no longer something they can count on. They are delaying buying homes

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COMMUNITY SPOTLIGHT: Q&A with Terry Jackson



Terry & his wife Betty Jean

Position (former): Professor of Physical Education and Head Soccer and Lacrosse Coach at Wesleyan University. **Years in Position:** 31 years.

Family: Wife Karen deceased in 2005; Daughter Kim and Grandchildren Jackson and Alex. Alex graduates from Wesleyan in May and Alex is a sophomore at Brandeis University. Sharon and grandchild Jahi, a sophomore at Hampshire College; Son Terry and Grandchildren Brooke (9) and Ava Grace (7).

How long have you lived in the area? In Rainbow Springs since 1999.

What do you like most about the community? Love the beauty of the horse farms, rolling hills, the tall Oak trees and the Rainbow River.

Hobbies/Interests: Still play golf twice a week. Also enjoy following the Tampa Bay Rays and Lightning. Looks as though the Bucs are also developing a strong team. But the team that tops the list is the New England Patriots. Bill Belichick played lacrosse for me at Wesleyan, and we've maintained a friendship.

Favorite places you've travelled to? Grand Canyon.

Place you'd still like to visit? Football Hall of Fame in Canton, Ohio for Bill's induction into the NFL Hall of Fame.

Career accomplishment most proud of? Honor Award from the National Soccer Coaches Association of America; Induction into four Halls of Fame and having the soccer field at Wesleyan University named Jackson Field.

What did you enjoy most about your profession? Working with college age people to form a foundation of values and Ethics and fair play. Teaching them through participation in sports the values of team and family.

Biggest challenge in your profession? Developing relationships and understanding of what it takes to be successful in life.

What do you want to learn more about? At 80 years old, I have discovered that I was losing touch with what was going on in the outside world. So I decided to learn more about investing, an area that I had always left up to other people to handle. By starting to buy stocks and to do research in that area, I opened a brand new door and language that I never had an interest in before. Through the research of stocks and investments, I have caught up some on what is happening in the real world.

If you had complete financial security, how would you spend your time? Traveling and seeing more of my family.

What do you strive for most in life? Getting the most out of every day and interacting with others. I also strive to put a smile on not only my own face but also the faces of others. Happiness for myself, my wife and our children and the people around us.

What do you try to avoid? Complacency. Live every moment of my life to the fullest.

How would you like to be remembered? That I cared about others and made a difference in the lives of others.

What values or philosophies would you like to pass on? To be successful, one needs to have good people around them who will help you through both tough and special times. Each of us should be thankful for those around us who have made a difference in our lives. Each step of the way I have been fortunate to have had special people give me guidance. I was fortunate to have had wonderful guidance from my parents, Kenneth and Dorothy; from my school teachers and coaches. And from co-workers and my college coaches. Irv Schmid, my college coach was not only my mentor but also a dear friend. Bill Belichick, Head Football Coach of the New England Patriots, played lacrosse for me at Wesleyan University. As a player he knew the game as well as anyone, and he helped others to enjoy the sport. He also gave of his time to babysit our kids

and help us move from one house to another. We struck up a friendship that has lasted 45 years. It is my wish to live long enough to see him inducted into the NFL Hall of Fame.

FROM TRACY'S DESK: Continued

and starting families, because they have dealt with the fact that a college degree does not always equal a job, like in generations past. Because Gen Edgers have realistic expectations about their prospects for a job, they appear to have a more resilient attitude, and have developed patience, as they have to wait longer to develop financial security that will allow them to start a family. They may in fact, be making more sound financial decisions than their parents have.

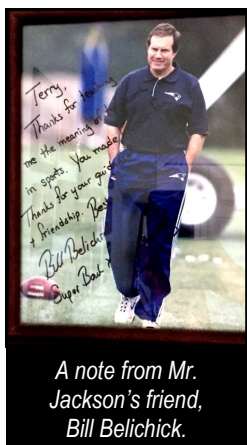
Their rebellion against traditional norms is not ignorance. They actually seem quite aware of the news and current events around the world. This is a result of technology they've grown up with at their fingertips. They are more aware and have access to information constantly.

Why do I feel it's important to highlight this group in our newsletter? Because you can make a difference in a generation of kids that need your perspective and experience. There are many wonderful opportunities to be involved with young people in our community. A few notables - the Citrus County Education Foundation, YMCA, Boys and Girls Club, and Big Brothers Big Sisters - all offer an opportunity to help young people develop in our community. Those who spend time working with these young bright minds, have come to appreciate what young people can bring to the table with all of their new skills developed by current technology and a different point of view. They're not lazy, they simply approach things differently, and have had different sets of challenges as they've grown up. I encourage those of you who are curious about the next generation to look into volunteering with some of these organizations. The kids out there need your experience and guidance. Please reach out to us if you would like more information on getting involved.

So the next time you see a young person typing away on their cell phone, don't assume that they're playing games, or posting on Facebook. They may be reading the New York Times, the Wall Street Journal or the local news on their favorite website.



Some of Terry's awards, including induction to Wesleyan University Athletics Hall of Fame, Connecticut Soccer Hall of Fame and National Soccer Coaches Association of America.



A note from Mr. Jackson's friend, Bill Belichick.

FROM AMY'S DESK: *Raymond James milestone, partnership & financial literacy month*

We're proud to share that Raymond James Financial, Inc. has been selected for the S&P 500® index, effective March 20, 2017, under the GICS Investment Banking and Brokerage Sub-Industry Index. From our Chairman and CEO Paul Reilly, "This represents a significant milestone for Raymond James and a major accomplishment for our Chairman Emeritus Tom James, who brought Raymond James public more than 30 years ago, as well as the many current and past advisors and associates who have built this company to its current place among our industry's leaders. Our addition to the S&P 500, like all of our corporate achievements, would not be possible without our client-first culture and the dedicated people who work here."

Also in Raymond James news, we have partnered with HealthPlanOne. Medicare enrollment can be a complicated and time-consuming process. We partnered with HealthPlanOne to provide personalized assistance for those about to make decisions regarding Medicare coverage. HealthPlanOne provides online education and decision support tools designed specifically for people who are eligible for Medicare and offers plans from all major national and regional carriers. Through HealthPlanOne, you can receive personalized service and unbiased advice from a dedicated Licensed Agent, including: assistance with reviewing healthcare information and evaluating available plans; help with purchasing the plan of your choice and completing the enrollment process; and support for setting up of billing and premiums payments. There is no cost to use HealthPlanOne's services and those services don't end after enrollment. Your Licensed Agent will continue to provide support throughout the lifetime of your enrollment for coverage questions, appeals and plan renewals. To learn more about HealthPlanOne, call the dedicated Raymond James number at 844-269-2646.



And April is Financial Literacy Month. Contact us if you would like some educational resources to expand your financial knowledge and/or that of a friend, child, grandchild, mentee, etc. We have several guides for those new to investing and financial planning. For younger learners, we also have lists of: questions and activities to start conversations on financial topics, books, and online resources.

FROM NANCI, KRIS & SUZANNE: *Time to check off your midyear to-do's*

It's time for your semiannual checkup. Look back on your progress thus far and talk to us about any outstanding to-do's. Plus, 'tis the season to spring clean your finances. Consider consolidating retirement accounts and requesting your credit report to see where you stand.

MARK YOUR CALENDAR

- ◆ **April 1:** Last day to take 2017 required minimum distributions for those who turned 70½ in 2016.
- ◆ **April 18:** Tax day. The deadline to file your taxes or request a tax filing extension. This is also the last day to contribute to traditional and Roth IRAs or Coverdell education savings accounts for 2016.

PLANNING TO-DO'S

- ◆ **Midyear checkup:** 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.
- ◆ **Discuss 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:** Check your finances and pay close attention to interest rates if you're considering buying or refinancing.
- ◆ **Consider an extension:** Consult with your tax advisor to discuss the possibility of filing an extension with the IRS, particularly if you hold securities subject to income reallocation.
- ◆ **Spring clean your finances:** Consider rolling over retirement accounts from old employers to consolidate and simplify.
- ◆ **Request your credit report:** You can obtain a free copy from annualcreditreport.com to conduct a mid-year review.
- ◆ **Save for school:** Talk to your advisor about establishing or contributing to a 529 education savings plan for your child or grandchild.
- ◆ **Speak with students:** Have a conversation with your recent graduate about finances and how to budget. Consider introducing him or her to your financial advisor to learn the basics of saving and investing.

FROM JIM'S DESK: *Continued*

documented phenomena that is the strongest case I can make for the value we can add.

This gives me a chance to integrate the aforementioned career as a psychologist with my current profession of financial advisor. Even after crafting a well thought out financial plan accounting for the client's goals, experience, risk tolerance, etc., what stands in our way to successful execution of that plan? We've talked about it many times before but it can't be overstated. It's that human emotion we call fear. We have many, many empirical studies that clearly demonstrate fear undoes the best laid plans more than any other factor by many degrees. In my opinion this is the greatest value we provide that justifies our cost. There are many components for dealing with fear such as education, reducing volatility, diversification, etc. With all this, we still must remember, we are dealing with human beings, who live primarily in the moment, and all the education and planning may not carry the day when fear grabs hold. It is here, at these times when we can potentially add the greatest value. It takes a strong conviction to sit face to face with clients (including looking in the mirror) and say "your emotion of fear is betraying you when it comes to investing." It's hard, but I can say that with all that I've mentioned, it's what is required. Through some rough and *very rough* patches, it has been the right thing to do. This is our value statement!




VAUGHN MCLAUGHLIN
Team Of
RAYMOND JAMES®
2101 SE US Hwy 19, Crystal River, FL 34429
352.795.6155 or 800.443.4368 ff
raymondjames.com/citrus

SAVE the DATE



Friends, family, and clients of Raymond James are invited to the 23rd Annual *Symphony Under the Stars* concert Saturday, **May 6th**, 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 and Master Chorale of Tampa Bay. The prelude performance 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 18: Wall Street Coffee Club, 9:30am, Juliette Falls country club, Dunnellon.

April 22: 19th Annual Superintendent's Golf Classic to benefit the Citrus County Education Foundation, 8:30am, Sugarmill Woods Golf & Country Club, Homosassa, \$55 to play (includes golf, lunch, door prizes & contests). Sponsor opportunities also available. Call 352.726.1931 x2240 for more information.

May 4: Wall Street Coffee Club, 10:15am, College of CF, Room 103, Lecanto.

May 16: Wall Street Coffee Club, 9:30am, Juliette Falls country club, Dunnellon.

May 20: Kings Bay Pirate Fest, 10:00am-10:00pm, Citrus Avenue, Crystal River.

May 27: School's Out - Rock the Park, 5:00-9:00pm, Liberty Park, Inverness.

May 29: The office and markets will be closed in observance of Memorial Day.


June 1: Wall Street Coffee Club, 10:15am, College of CF, Room 103, Lecanto.

June 10-11: Big Fish Cobia Fishing Tournament, Homosassa River & MacRae's of Homosassa.

June 20: Wall Street Coffee Club, 9:30am, Juliette Falls country club, Dunnellon.

July 1: Scalloping Season Opens through September 24. Bag limit is 2 gallons of whole scallops (in the shell), or 1 pint of scallop meat per person per day.

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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