



ON THE FINANCIAL HORIZON

THE VAUGHN MCLAUGHLIN TEAM

Quarterly Newsletter for Friends & Clients

FOURTH QUARTER 2015

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 VP, 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

FROM JIM'S DESK: *Super Cycles*

It's Tuesday morning, 10/6/2015, as I put my thoughts to paper for where we've been and where we think we're going. This particular newsletter I look forward to for one specific reason. In August of this year we experienced our first correction (market down 10% from its high set in 5/2015). Statistically this was long overdue as we have mentioned and it was gratifying to hear a number of clients say to us "well, you told us it was coming." Even more gratifying was that our clients reacted accordingly and stayed right through the correction. A very small number went even partially to cash, so they have remained in position to enjoy a strong comeback already. I did put out two short white papers to address what we believed to be a normal, healthy correction to remind clients what these look like and how they resolve.

It is incumbent on us to address short-term phenomena as best we can because human beings "live" in the moment, not in 5 or 10 year increments (usually even longer). Yet our financial plans are designed for these longer intervals. So it is with some zeal that I return to my much stronger preference to talk about and the one I'm much more confident espousing- the longer term.

Most of you know by now that we are constructive on the markets (particularly equities) in the longer term at this juncture. Also, most know that I read a lot, listen a lot to many economists, analysts, money managers and strategists. This is a daunting task, because they certainly do not all agree. So it is with great humility that I attempt an amalgamation of all the various opinions.

I am of the belief that our society and the world have already been transformed by technology. So much so that we see the significant decrease in the price of almost every commodity especially in the last 4-5 years. I think this continues and amounts to what some economists call super cycles brought about by a great shift (think horses to cars). Huge decreases in the price of commodities reduce input costs for companies to produce their goods and services. If the cost of producing goods and services declines sharply (inflation) for companies then real gross domestic product (GDP) doesn't have to be as high as when inflation is running higher. In other

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FROM TRACY'S DESK: *Investor Education*

Over the past few weeks, I have been surprised at the pervasive notion that the recent stock market correction must be terribly disruptive to my daily routine. I find it humorous when people extend the usual "How have you been?" greeting and quickly follow with "Boy, I bet you're having a tough time with clients!"

Although my friends have genuine concern for me, I believe they need to receive the same education we espouse daily in my office. The reality is, that there were no frantic phone calls from clients who were desperate to sell, sell, sell! With very few exceptions, most of the calls I received during those down days were folks interested in the opportunity that lower stock prices might present. I was hearing from people who wanted to buy stock at cheaper prices in August and September. I am thrilled to see how our culture of education had resulted in clients who understand normal market actions and are equipped to view their investments in light of

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COMMUNITY SPOTLIGHT: *Lee Alexander, Senior Affairs Coordinator, Seniors vs. Crime.*



Years in Position: 16 months. Retired from the Sheriff's office. **Family:** I have four children- three grown sons and a daughter at Lecanto High School. **How long have you lived in Citrus County? What do you like most about Citrus County?** 27 years. The outdoor options, the woodlands, rivers, and lakes. **How do you spend your free time?** Caring for three horses and as a travel agent on the side at Goldshield Travel Services. **Causes You Are Passionate About?** I'm passionate about my position. We've expanded our services since I've taken over- not just by availability but also education and public awareness, e.g. speaking to groups, writing a weekly article in the Chronicle and a monthly piece in the Village Crier. **Favorite place you've travelled to?** I've been to 30 different countries. Favorite country? Ireland. In part because of my heritage, but I also enjoy: the beautiful, lush green countryside, the people are very cordial, the style of living- the village style.

Place you'd still like to visit? I've been to India but I didn't get to see the Taj Mahal when I was there. When I was stationed, I had the opportunity to attend special events around the world, in India, Russia. There are many places I'd like to travel to *again*- Portugal, Italy, Australia. **Career accomplishment most proud of?** Being the Chief of the Inverness Police Department. I was the last one. **How old were you when you became interested in your profession?** For law enforcement- when I was a kid. For travel- came from when I was in the service, seeing all the countries, so in the mid-1980s. **What do you enjoy most about your profession?** The opportunity to resolve people's issues. From a neighbor dispute, to a lost animal, a home broken into- the ability to step in when someone is having a difficult time and help them through it. **What do you want to learn more about?** There's always something I want to learn more about- learning new resources available to do the job I do now with the Sheriff's Office, learning new products, travel information. **If you had complete financial security, how would you spend your time?** Combination of travel and volunteering. Going back to always having more to learn- new locations, cultures, interesting how people in different countries operate in their daily lives, even the little differences- eating pommes frites (french fries) in Belgium with mayonnaise instead of ketchup. **What do you strive for most in life?** Professionally- to provide those who need our services with the best service possible. Personally- that my kids grow up having the things they need and the opportunity to enjoy the future they desire. **What do you try to avoid?** *Unnecessary* drama. **How would you like to be remembered?** Someone who did their best to help others, gave guidance to those in need, was a good friend to those who wished me to be one. **What values or philosophies would you like to pass on?** I wish people would show more respect for one another, give each other the benefit of the doubt. My dad always said it's not the mistakes we make but how we recover from them. Be willing to forgive when the effort is being put forth to be forgiven, give second chances. Philosophies? "Do unto others as you would have them do unto you." **Services your office provides community members may not be aware?** Even though seniors are the primary group we help, our services are available to all ages. Our services are free. We try to resolve disagreements between parties, between two individuals, or between an individual and a business. We do not get involved in legal actions or legal advice. For example, if you hire a landscaping company, pay money, and don't feel work was completed by contract, we can step in and try to come to a satisfactory resolution between both parties. We educate the public on ongoing scams, activities, unscrupulous businesses, in order to help them not be a victim. Since our local program's inception in 2002, we have helped recover almost \$2.5 million. **Advice for community members?** We've had a huge increase in calls on the IRS scam. This area is being targeted. In dealing with scams in general, like the IRS scam, grandparent scam, electric bill scam- two main factors, fear and time (and sometimes greed). What we do is affect time. Work at your pace, not the scammer's. Scammers say you have to deal with such-and-such in a short period time or something bad will happen- jail, fee, lost opportunity. Take away their time tool. Act when you feel comfortable, not when they say you have to. Call us, a friend, research the issue, so you can make a sound decision. If it's a deal today, it's a deal tomorrow. Learn more at www.seniorsvs crime.com, the Citrus County Sheriff's website, or by calling 352.527.4260.

FROM JIM'S DESK: *Continued*

words, a GDP of 2% may be just fine relative to say a 3 or 4% GDP where inflation is higher.

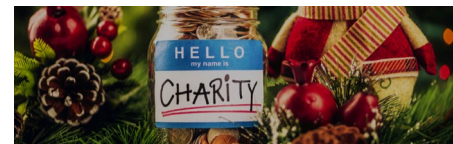
The country considered to have the highest standard of living in the world according to most sources is Switzerland, not exactly the country that comes to mind when one thinks in rapidly expanding GDP. There are indeed cultural factors as well (100% literacy) but these are factors for another discussion. Economically speaking, this country is doing just fine with current GDP when cost of goods is factored in. Earnings can continue to expand at a modest pace with current conditions and we believe improve further as the economy continues to strengthen and ultimately this shows up in higher stock prices! We are optimistic!!

FROM TRACY'S DESK: *Continued*

facts, not fear. Our clients are heeding the advice of the great investors like Warren Buffet who proclaims that we should "be greedy when others are fearful" and our Chief Investment Strategist Jeff Saut who repeatedly reminds us that "Patience is the most precious commodity on Wall Street." So, for most of our clients, I have to pay a congratulations. You are light years ahead of many of your peers in the common sense category of investing. I hope you have an opportunity to share some of your insight with friends and family who may not have had the benefit of similar education. I think there has been a lot of unnecessary worry out there and we can make a difference.

AMY'S COMMUNITY CORNER: *The tradition of charitable giving*

As 2015 wanes, consider the many ways charitable giving can brighten a holiday season. Charitable giving is a tradition for many of us, but did you know that tradition is as old as time? In fact, the name for doing good – philanthropy – derives from the ancient Greek term for the love of humanity. Like everything, things have evolved considerably since the term was coined. Today's giving strategies not only provide tax benefits, but also something else that may be important to givers like you: choice.



Writing a check. This is one of the easiest ways to gift, especially for those who give sporadically to a limited number of charities. Of course, you can also donate gently used items, clothing, food, etc.

Donating appreciated securities. Doing so means you'll receive an immediate tax deduction and can help you avoid paying capital gains tax on the appreciated portion of their value. Gifts also have the potential to reduce future estate taxes.

Donor-advised funds (DAFs). Think of this as a charitable checking account. DAFs combine the ease of direct giving with the benefits of a private foundation – with less work and time commitment. Because the funds are sponsored by a charitable organization, donors avoid the cost and upkeep of creating a foundation, but still have a hand in the grant-making decisions and can even name the fund itself. To get started, you make an irrevocable contribution (e.g., cash or marketable securities) to the fund. You take an immediate tax deduction, subject to income limitations; the fund sells and reinvests the assets, and you help direct when and how the proceeds are used.

Volunteering. Donating your time can give you an insider's view of the organization, its people and practices. Plus, it feels good to give back.

Charitable remainder trusts. A significant step up for serious donors, this popular, irrevocable trust allows you to donate an asset, which the trustee will sell and reinvest the proceeds in an income-producing portfolio. You then receive the tax deduction, as well as a percentage or fixed amount of income. When you pass away, the remaining funds go to the designated charity.

Charitable lead trusts. Like a CRT, you gift an asset which then funds a portfolio, but the CLT reverses the payout order. The charity receives the annual (or lead interest) income for a set number of years; afterward, the remainder passes back to you or other designated beneficiaries.

Gifting life insurance. If you have a policy that is no longer needed for its original purpose, you can use it to maximize a charitable gift and minimize exposure to estate taxes by transferring ownership to a charitable organization or naming the organization as beneficiary. There are other strategies as well. Ask us and your tax advisors about wealth replacement and maximum gifting using life insurance.

Charitable gift annuity. This is a simple contract between a donor and a qualified charity. The donor contributes cash or assets and is entitled to a charitable tax deduction (subject to income limitations) for a portion of the donation. The charity agrees to pay a fixed sum to designated recipients annually. Any remainder reverts to the charity.

Year-end giving benefits you with a tax deduction. Because everyone's tax situation is unique and the codes are complex, work with us and your tax advisors to determine how to give and at what level. Doing so can help you live comfortably while giving wisely.

FROM NANCI & KRIS: *Protect your identity when shopping online this holiday season*

Another holiday season is here, bringing new ways for cyber-thieves to attempt to steal money or identities. The FBI and other experts offer ways you can guard yourself against identity theft by following safe practices when shopping online.



Have up-to-date virus protection on your computer that also scans for malware.

Before you enter credit card information at a retailer's website, check to make sure that the website is secure. A secure website normally has "https" in its URL and a lock icon next to the URL address.

Consider designating a credit card account – or purchasing a reloadable prepaid card – exclusively for online or holiday shopping, and leave the rest of your credit cards at home. That way, if a thief does get your credit card or credit card number, the loss will be minimized. Avoid using your debit card, which may not offer the same kind of theft/loss protection.

Ask your credit card issuer if it offers "virtual credit cards," or single-use card numbers, that can be used at an online store. Such cards generate a random account number in place of your actual credit card number. You can configure the expiration date and the maximum amount allowed for a virtual credit card. Once used, the card typically is tied to the merchant where it was used and cannot be used elsewhere.

Create a good password. The National Privacy Rights Clearinghouse offers tips on creating a hacker-proof password.

If you buy something at an auction site or via an online classified ad, **keep your personal information secure** by paying with a third-party service like Google checkout or PayPal.

Purchase gift cards directly from retailers or merchants. Gift cards from auction sites or classified ads could be fraudulent or stolen.

Never follow a link in an email unless you know and trust the sender. Instead of using the link, enter the web address of the retailer, bank or credit card issuer yourself.

Only open email attachments if you know the sender, and scan them for viruses if you can. Attachments can contain viruses.

Be wary of anyone soliciting donations by phone, especially if they claim there is an emergency or deadline for donations. If you are suspicious, ask them to mail you a donation form, or hang up and call the charity directly.

Do not give personal information to anyone who calls you claiming to be your bank or financial institution. Hang up and call the bank directly.

There's always a lot to be done during the holidays. By exercising some care and common sense, you can ensure that you're not spending valuable time dealing with identity theft.



2101 SE US Hwy 19, Crystal River, FL 34429
352.795.6155 or 800.443.4368 ff
raymondjames.com/citrus

SAVE *the* DATE

SAUT RETURNING TO CITRUS COUNTY THIS NOVEMBER World-renowned investment strategist, Jeff Saut, will present on Tuesday, **November 17**, 5:15-7:00pm at the College of CF Conference Center in Lecanto, FL (3800 S. Lecanto Hwy). A disciple of the markets for more than 40 years, Jeff possesses a breadth of experience in the field few can match. He is well known for his insightful & colorful stock market commentary as seen on **PBS, NPR, CNBC, Bloomberg TV, USA Network, Fox News, The Wall Street Journal, The New York Times, Barron's, The Washington Post, BusinessWeek, U.S. News, Fortune, and SmartMoney**. The event is open to the public, free to attend and will include light refreshments. Reservations required. Please RSVP by phone / email ASAP as we expect to reach seating capacity. RSVP phone #800.443.4368 or email amy.barbieri@raymondjames.com.

November 5, December 3, January 7: *Wall Street Coffee Club*, 10:15am, Central Ridge Library, Beverly Hills.

November 5: *Mini Grant Gala*, 5:00pm, Curtis Peterson Auditorium, Lecanto. The Citrus County Education Foundation will award over \$100,000 in classroom mini-grants to local educators. Free to attend, RSVP required. Call or email to RSVP: 352.726.1931 x2240 or BarbieriS@citrus.k12.fl.us.

November 7: *Seven Rivers Regional Kings Bay 5K* to benefit Early Learning Coalition of the Nature Coast, 7:30am, Crystal River.

November 7: *Stone Crab Jam*, 3:00-10:00pm, West Citrus Avenue, Crystal River.

November 17, December 15, January 19 *Wall Street Coffee Club*, 9:30am, Juliette Falls country club, Dunnellon.

November 26-27: The office and markets are closed all day on the 26th and will close at 1:00pm on the 27th in observance of Thanksgiving.

December 5: *Crystal River Christmas Parade*, 6:00-8:30pm, Downtown Crystal River.

December 13: *Inverness Christmas Parade*, 12:00-2:00pm, Main Street, Inverness.

December 18: *Foundation Fest featuring Battle of the Band Teachers* to benefit Citrus County Education Foundation, 6:00-11:00pm, Pine Street Pub, Inverness. Food, celebrity bartenders, silent auction, live music. Learn more at citruseducation.org or [facebook.com/citruseducation](https://www.facebook.com/citruseducation)

December 24-25: The office and markets will close at 1:00pm on the 24th and are closed all day on the 25th in observance of Christmas.

January 1: The office and markets will be closed in observance of New Years.


January 16-17: *Florida Manatee Festival*, 9:00am-5:00pm on 1/16, 9:00am-4:00pm on 1/17, Downtown Crystal River.

January 19: The office and markets will be closed in observance of Martin Luther King, Jr. Day.

January 21: *Galaxy of Stars* to honor teachers and staff of Citrus County Schools, 6:00pm, College of Central Florida, Lecanto. Tickets are \$20 and include a sit-down dinner. Call 352.726.1931 x2240 for tickets or table sponsor opportunities.

January 23: *Florida Manatee Fest Run* to benefit Canine Companions for Independence, 8:00am, Crystal River.

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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