



# ON THE FINANCIAL HORIZON

THE VAUGHN MCLAUGHLIN TEAM

Quarterly Newsletter for Friends & Clients

FOURTH QUARTER 2016

## 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: *October 11, 2016*

I guess I wish there was something a little more exciting to write about since our summer newsletter, but alas, we've gone nowhere fast as of this writing. As the song by Steeler's Wheel goes (obscure reference I suspect) "we're stuck in the middle" of a very narrow range. Now as many of our clients often say when we mention this, "it's better than going down," which is hard to argue with; but it makes it harder for me to write something to stir the data pot.

Some clients have also countered with they seem to recall some days where we'd be down a couple hundred points on the Dow and then up a couple hundred points the next day repeating this several times within just a week or two with little rhyme or reason. If I had to speculate on these swings that have taken us no place over the summer, I'd have to say it's been a lot about when the Fed is or isn't going to move on interest rates. But from where I sit, this makes very little sense to me especially when we look out past our nose. After all, we remain at historic low interest rates and a move higher would likely signal that the economy has regained an upward growth rate indicative of improving fundamentals.

Others feel the upcoming election may be stalling the markets of late. And as we get closer to resolving that uncertainty, I would agree that is a bigger factor in the very short term. But history teaches us that election years are more often up than down. So by the next newsletter, we will have to look at other things. Of course, we will return to our bread and butter, the fundamentals and our longer term outlooks. Even now, we continue to see improving fundamentals (albeit slow) and our longer term call of a secular bull market (one that lasts 15 years on average). So it that's right, then we expect markets to be mostly up for 6-10 more years. Maybe I'll have more fodder for comment in the next newsletter but for now, let me close with something one of our clients has said

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## FROM TRACY'S DESK: *Cyber Security Awareness*

In previous newsletters, we have highlighted the many ways that Raymond James is working to enhance our technology to better serve you. October is National Cyber Security Awareness Month (NCSAM), so what better time to encourage clients to protect their computers, which contain so much data critical to our daily lives. At Raymond James, we believe that cyber security awareness will help us become safer members of our digital society – at work, at home and at play. As a firm, we know protecting our client data is critical to providing the highest level of service to our clients. Here are a few preventive measures, including promptly reviewing your statements for any unauthorized account activity, you can use to help secure your assets and personal information.

- ◆ **KEEP YOUR EQUIPMENT UP TO DATE.** Install the latest updates and patches for your computers and mobile devices and use security software including antivirus, firewalls and encryption. And before selling or disposing of computers and mobile devices, wipe them of data.
- ◆ **USE PUBLIC WIRELESS NETWORKS WITH CAUTION.** Avoid visiting sensitive websites when away from home.
- ◆ **USE COMPLEX AND UNIQUE PASSWORDS.** These contain a combination of upper and lowercase letters, numbers and special characters. Do not share your passwords.
- ◆ **BE ALERT TO RISKS ONLINE.** Never open attachments or click links in suspicious emails or from senders you don't recognize, and limit the personal information you share.

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## COMMUNITY SPOTLIGHT: *Donald A. Stevens*



**Education & Profession:** Graduated from the Rochester Institute of Technology with a degree in mechanical engineering. Joined Alliance Tool Corporation after the war, advancing to partner. Retired in 1981. **Years in Position:** 30  
**Service:** Branch - Army Air Forces. War Zone – Europe. Years of Service - Active duty 1942-1945, Air Force Reserve 1945-1970. Ranks - Active duty, first lieutenant, Air Force Reserve, lieutenant colonel. Most prominent honors - Distinguished Flying Cross, seven Air Medals, numerous campaign ribbons. Specialty - B-17 pilot.

**Family:** Married to Elva, who passed in 2013, for 67 years. We were high school sweethearts. When I was going overseas, I wanted to wait until after the war to get married. We have one daughter- Diane,

two granddaughters - Katie and Amelia, four great-grandchildren - Carolyn, Cecelia, Quentin, Henry.

**How long have you lived in Citrus County?** We bought our first home here in 1972. **What do you like most about Citrus County?** The trees. When you think of Florida, you think of palm trees. Here you have oak trees, rolling hills, greenery. It's beautiful.

**Hobbies/Interests:** I like to read and reminisce. I get a great deal of enjoyment just looking back at my life. I've been very fortunate, my family too...lucky, you could say. To fly 34 missions, shot at and make it back – I feel blessed in many ways. I've been active in a retired officers association and meet weekly with a local social group. **Favorite place you've travelled to?** Italy. I was there in World War II. A great place to be- so much history took place there. I've been all over the United States- from Seattle to Palm Springs, to the space center in Houston. I've been to Bermuda and Puerto Rico.

**Personal and professional accomplishments most proud of?** Getting through the war, getting married, graduating school, getting into a business and becoming a partner. I've had a successful life and marriage, been quite amazing really. Interesting story- my grandfather was a Methodist minister in the central New York state region. My mother was born around the Finger Lakes. She mentioned my grandfather used to preach in different places, including in the small town Tyrone. Over the years we passed that little town five or six times. Last summer my family once again drove by there; this time we stopped. We went to the local church, introduced ourselves and inquired about its history. We were able to look through the records and found that there were 12 ministers during 1910-1913. And then, while going through one of the record books, a picture fell out, captioned "Daniel M. Young" – that was my grandfather! I never met my grandfather. He died in 1919, and I was born in 1921. It was amazing to find the picture that way; we have the same nose! My life has been simple, but interesting...and relatively trouble-free. My mother had just one word: moderation. Simple, but it can apply to everything you do. **What did you enjoy most about your profession?** I was fortunate to get into business school after the war. When I joined Alliance Tool Company, they had 50 employees- having started with 10 men not long before. I became partner, and when the company was sold in 1979, they had seven divisions, 1400 employees, sold to a company on the New York Stock Exchange. I was able to retire from that company. Many people went to Eastman Kodak. I chose a small private company. I was very fortunate. I feel blessed. I tell my daughter, that if I don't wake up some morning- don't weep or feel bad. Celebrate. I've had a good life.

**What do you strive for most in life?** Not money, doing things right, doing a good job. In our business, we were respected by our customers. They could rely on our quality. We took great pride in doing a good job. **How would you like to be remembered?** My greatest accomplishment- a nice life with one person. My wife- she was a cheerleader at our high school. I played basketball. She stuck with me through the war. Great family, great success- a simple family life. **What values or philosophies would you like to pass on?** Be honest, frugal, faithful. Your word, a handshake, matters. If I say I'm going to do something, you can count on it.

**Veteran's Day**  
**November 11**

*Thank you to our veterans & their families for your patriotism, love of country & willingness to serve & sacrifice for all of us.*

## FROM JIM'S DESK: *Continued*

on various occasions over a number of years. He says that with his Raymond James accounts he has noticed that when the market is going up sharply (as measured by the Dow or S&P 500) he doesn't go up as much. But when the market is moving down, he doesn't go down as much! Most importantly, that makes him more comfortable. For us, the reason for this experience is diversification. Sure, putting the right diversified allocation together is different from individual to individual, but it's still- diversification, diversification, and diversification. Getting that right for each client is our challenge. Monitoring, reviewing and tweaking are requisite. Our process is to do just that and how well we do that is how we will be judged.

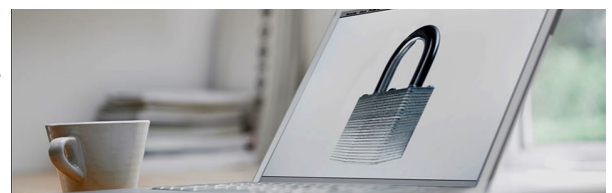
All the best as we approach the holidays. We'll be in touch but as always, don't hesitate to let us know what's happening, questions or concerns – it's the other half of a successful process!

## FROM TRACY'S DESK: *Continued*

- ◆ PRACTICE SENSIBLE DATA MANAGEMENT. Shred sensitive documents when disposing of them.

For those who regularly use Investor Access to view your accounts, you may have experimented with the "Vault" which allows for a secure storage of all your important documents. Another enhancement is our account aggregation feature which is a convenient way to link accounts at other financial institutions to your investor access account in the most secure way possible.

I encourage you to explore the capabilities within our website: [www.raymondjames.com/citrus](http://www.raymondjames.com/citrus). You will find timely investment and economic commentary, and a secure place for your financial information. If you would like more information about our pledge to keep your information secure, please reach out to anyone on our team, we will be glad to provide all the details.



## AMY'S COMMUNITY CORNER: *'Tis the season for charitable giving*

No matter what traditions you hold around this time of year, there is one we can all share: the importance of giving to those less fortunate than ourselves. We share some of the community efforts we're supporting this time of year as ideas on ways to give time or monetarily and encourage you to share with us ways you will do the same this holiday season.

In November, we will sponsor the **YMCA Youth Triathlon** and serve as a drop-off location for the **Toys for Tots** program. Since 1947, Toys for Tots has made a difference in the lives of children. The gift of a shiny new toy - something many take for granted - means to needy children that someone cares, that they haven't been forgotten, that Christmas hasn't passed them by. To donate, please bring in new, unwrapped toys to our office by December 15. Also in December, we will sponsor children in the **Voices for Children** program with holiday gifts, support the **Santa for Seniors** program, and partner with local elementary classrooms to send holiday cards to troops overseas.

Many **Citrus County Education Foundation** (CCEF) upcoming fundraisers and programs will benefit these classrooms, as well as local middle and high schools. **Coupons for Classrooms** fundraising books are now on sale for \$25 and include over \$1,500 in savings at local and national vendors (books can be purchased in our office). CCEF's **First Library** program kicked off on October 25th and will continue school-year-round. This early literacy program gives books to local children to help them build their "first library" and encourages nightly reading at home; more classroom volunteer readers are needed. In November, CCEF will sponsor the student zone at the annual **Festival of the Arts** event in Inverness. The following week, CCEF will award over \$90,000 in **classroom mini-grants** focused on literacy and STEM, with classroom mini grants focusing on student health and wellness awarded in January. On December 16, please attend the third annual **Foundation Fest**, 6:00-11:00pm at Pine Street Pub in Inverness; community leaders will be the servers for the night, all competing to raise the most tips. The event will also include a **Battle of the Band Teachers**, silent auction, four bars, and food trucks. Funds raised will go towards CCEF programs supporting our schools.

On an ongoing basis, CCEF is seeking volunteer mentors, especially male volunteers, for their "**SAC**" lunch program ("Student Achievement Counseling"). Volunteers will be matched with local students in need of positive role models, dining with the students twice a month at their school in order to open dialogue and encourage students back on track. All mentors receive volunteer and mentor training, undergo a background check, and the cost of lunch is reimbursed. Please contact us if you would like to donate to or volunteer for any of these programs.



## FROM NANCI & KRIS: *Year-end tax planning*

For those considering tax moves, you generally have to take action before the clock strikes midnight on New Year's Eve. With deadlines fast approaching, now's the time to take advantage of tax-deferred growth opportunities, tax-advantaged investments and charitable-giving opportunities, among other strategies. You'll also want to maximize deductions and credits ahead of tax season. Reviewing your investments in light of your goals, the tax environment and the economic landscape can help you and your advisors see where adjustments need to be made to position yourself for 2017 and beyond.



### INVESTMENTS

- ◆ **Maximize contributions** to traditional IRA or SEP retirement plans - you have until April 18, but why not give your money more time for potential growth?
- ◆ **Time investment decisions** to avoid "buying" the dividend or year-end capital gains distributions.
- ◆ **Carefully prune your portfolio** of underperformers to help offset gains through tax-loss harvesting. Avoid upsetting long-term goals by selling a weakened, but fundamentally sound investment, and strive to maintain your ideal asset allocation.

### INCOME & DEDUCTIONS

- ◆ **Maximize tax-deductible contributions** to 401(k) and 403(b) retirement savings plans.
- ◆ **Determine whether to defer income** to 2017 or accelerate deductions into 2016. Pay attention to your tax bracket thresholds if you do.
- ◆ If converting a traditional IRA to a Roth, **determine whether the associated taxes** should fall into this year or next.
- ◆ **File a new W-4** if it appears your paycheck withholding rate will result in a big tax bill or a free loan to the IRA. Set a rate that will get you close to breaking even.

### GIFTS

- ◆ Now is the time to **think of relatives, friends, and worthy causes**. You can gift up to \$14,000 a year tax free to as many individuals as you wish.
- ◆ If you itemize deductions, **this is the time to reduce your tax bill** by making donations to eligible charities. Make sure gifts are well-documented and executed efficiently.

### YELLOW FLAGS

- ◆ **Nearly 3 million taxpayers had their identities stolen last year, according to the IRS.** If you suspect you may have been a victim, file IRS form 14039 to request an identity protection personal identification number (IP PIN). Also, bear in mind that many tax scams use the telephone or email to trick you into giving out information. The IRS does not demand payment over the phone or through emails, nor does it threaten to notify the local sheriff or request credit or debit card numbers.
- ◆ Also, if you are subject to the AMT, some possible year-end moves - such as deferring income and accelerating deductions - simply won't work because the AMT disallows many itemized deductions.

As always, please don't hesitate to call us with any questions or if you would like to schedule a time to sit down and review.



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## SAVE the DATE

**SAUT RETURNING TO CITRUS COUNTY THIS FEBRUARY:** World-renowned investment strategist, Jeff Saut, will present on Thursday, February 16, 3:00-5:00pm 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](mailto:amy.barbieri@raymondjames.com).

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

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

**December 1:** Wall Street Coffee Club, 10:15am, College of CF, Building C4, Room 103, Lecanto.

**December 3:** Crystal River Christmas Parade, 6:00-9:00pm, Downtown Crystal River.

**December 10:** Inverness Christmas Parade, 12:00-1:30pm, Main Street, Inverness.

**December 16:** Foundation Fest featuring Battle of the Band Teachers to benefit the Citrus County Education Foundation, 6:00-11:00pm, Pine Street Pub, Inverness. Food trucks, celebrity bartenders, silent auction, live music. Learn more at [citruseducation.org](http://citruseducation.org) or [facebook.com/citruseducation](https://facebook.com/citruseducation)

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

**December 26:** The office and markets will close on Monday, December 26 in observance of Christmas.

**January 2:** The office and markets will close on Monday, January 2 in observance of New Years.

**January 5:** Wall Street Coffee Club, 10:15am, College of CF, Building C4, Lecanto.

**January 14-15:** Florida Manatee Festival, 9:00am-5:00pm on 1/14, 9:00am-4:00pm on 1/15. Downtown Crystal River.


**January 16:** The office and markets will be closed in observance of Martin Luther King, Jr. Day.

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

**February 2:** Wall Street Coffee Club, 10:15am, College of CF, Building C4, Lecanto.

**February 21:** Wall Street Coffee Club, 9:30am, Juliette Falls country club, Dunnellon.

*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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