



June 25, 2015

Changing Gears

Since we joined Raymond James in early November, I have written a series of letters about our investment approach. The financial markets are a passion of mine and I wanted to share insights into the ‘whys’ and the ‘wherefores’ of our approach. That is because I recognize that it’s different than what many other advisors and firms advocate. More importantly throughout my career, I have developed a keen appreciation for how important it is to help ensure that our clients understand their portfolios so that they will have confidence to stay the course during market extremes - both at times of euphoria and pessimism. To that end, I have shared quite a bit of data about the track record for active versus passive management as well as how stock markets here and abroad have performed in recent decades.

As you know, we believe that diversification helps mitigate risks while vigilance with respect to investment costs and tax efficiency serve the interests of long-term investors really well. In sum, we believe our approach is both prudent and logical. That said, investing is really just about the means to an end. There are other aspects of wealth management that are often of greater importance to you and your family. Today, I want to set the table for discussions on some of these other important topics and to share some insights into our firm’s resources and capabilities.

Beyond Investing

When you think about it, an investor might achieve good results on his investment portfolio and still not achieve the outcomes that she desires. You may recall from a letter I wrote a few months ago that even “reasonable” withdrawals can lead to a decline in principal such that the confidence an investor has erodes to the point where he or she is justifiably concerned about outliving their sources of income. This can be particularly true in the event of unforeseen adverse events including poor health of a loved one who needs costly care. On the other hand, it is also possible to invest so conservatively that an investor fails to capture long-term returns that could translate into the ability to leave a substantial inheritance to one’s heirs and/or to contribute substantially more to charities, schools and other entities that are important to an individual or family.

While in many respects the future is unknowable, it nevertheless makes sense to plan for contingencies and also changes in our own circumstances in order to be well informed and hopefully well positioned to meet challenges that may lie ahead. The good news is that Raymond James has been a leader in developing a goals based approach. Our chairman Tom James explains, we have been focused for decades on helping our clients prepare for the future. In order to achieve success, each of us needs to understand not only our objectives and preferences, but also what obstacles and hurdles may well face each of us. It is a great deal more complex and nuanced than just having a sensible investment strategy – although that is obviously important. Happily, we are pleased to be able to offer our assistance in these important matters.



One of the powerful tools we have at our disposal is our Goal, Planning and Monitoring (GPM) software. GPM enables us to not only consider our clients' assets that can support their objectives but also detailed information about likely future expenditures that effectively lay a claim on those assets. These future expenses include things like the health care expenses that are not covered by Medicare in retirement years as well potential options that individuals and couples might like to explore with respect to high quality assisted living communities. In addition many clients we advise want to understand how best to invest for things like college for children and grandchildren and/or how they can generously support institutions that matter to them during their lifetimes. If you click on the link below, you will be able to watch a short video that provides insight into the depth and scope of GPM at a very high level. [Click here to play video.](#)

As you may know, our firm is doing some really interesting work around quality of life issues as people near and enter retirement years. We look forward to sharing information on this research when we get together. In the interim, one of my colleagues in our St. Petersburg headquarters that is one of our experts in this area recommended a great book that I just finished. It is entitled ***Being Mortal: Medicine and What Matters in the End*** by Dr. Atul Gawande. I found this book to be really well written and relevant. It is a candid and thoughtful book about the challenges and choices that most individuals and families need to make in the latter stages of life. Dr. Gawande enables us to see through his own experience and expertise how we can reasonably prepare for and discuss the decisions many of us will face that affect our own quality of life as well as those we love. I believe it is an important book.

I want to close this letter with a couple of quotes from U.S. Presidents that I think are fitting for this topic of formulating comprehensive plans. They are –

“We cannot do everything at once, but we can do something at once.” - Calvin Coolidge.

“There are risks and costs to action. But they are far less than the long-range risks of comfortable inaction.” – John F. Kennedy. In other words, procrastination is easy – but it seldom bears fruit.

Warmest regards,

W. Richard Jones, CFA
Senior Vice President - Investments

Diversification and asset allocation do not ensure a profit or protect against a loss. Keep in mind that there is no assurance that any strategy will ultimately be successful or profitable nor protect against a loss. Raymond James is not affiliated with Dr. Atul Gawande.

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