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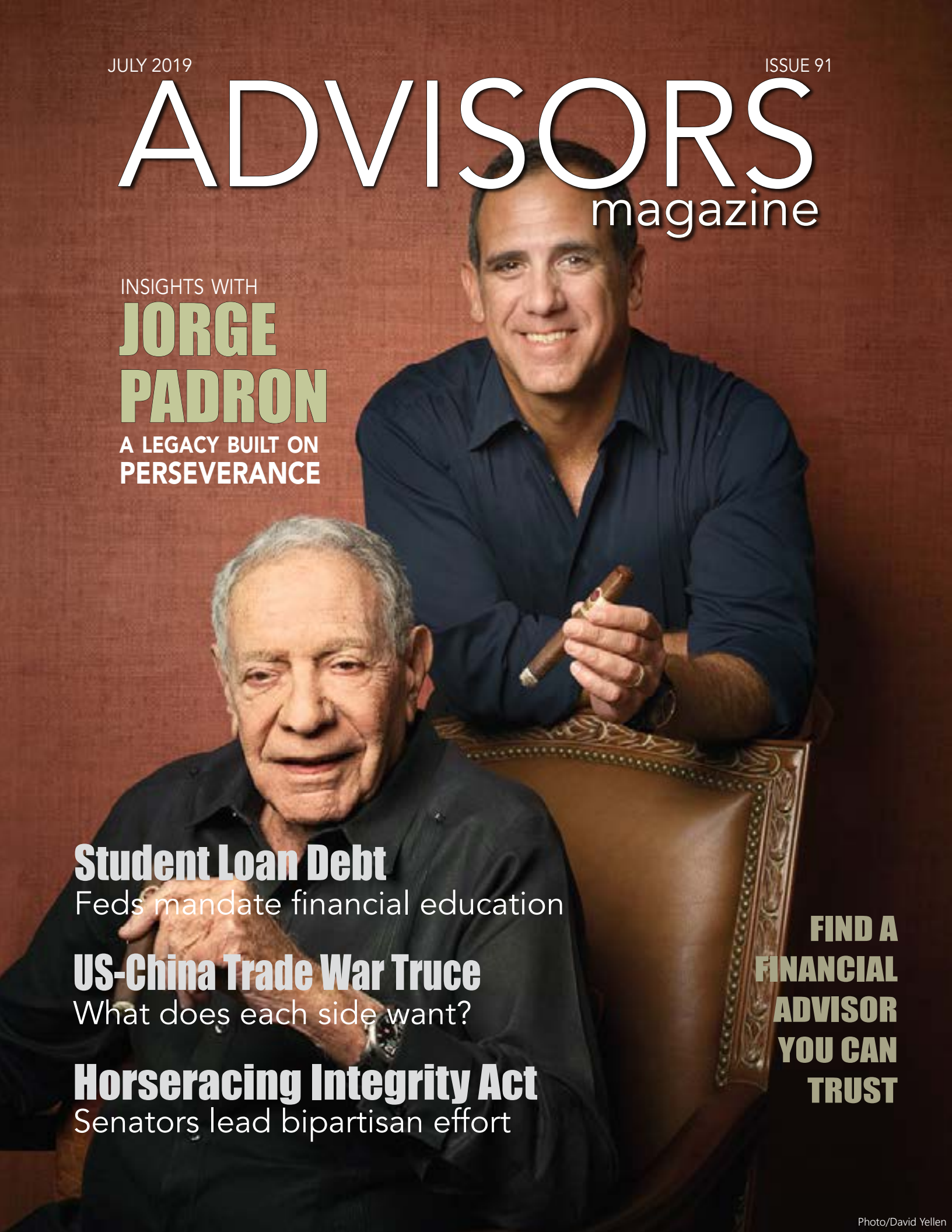

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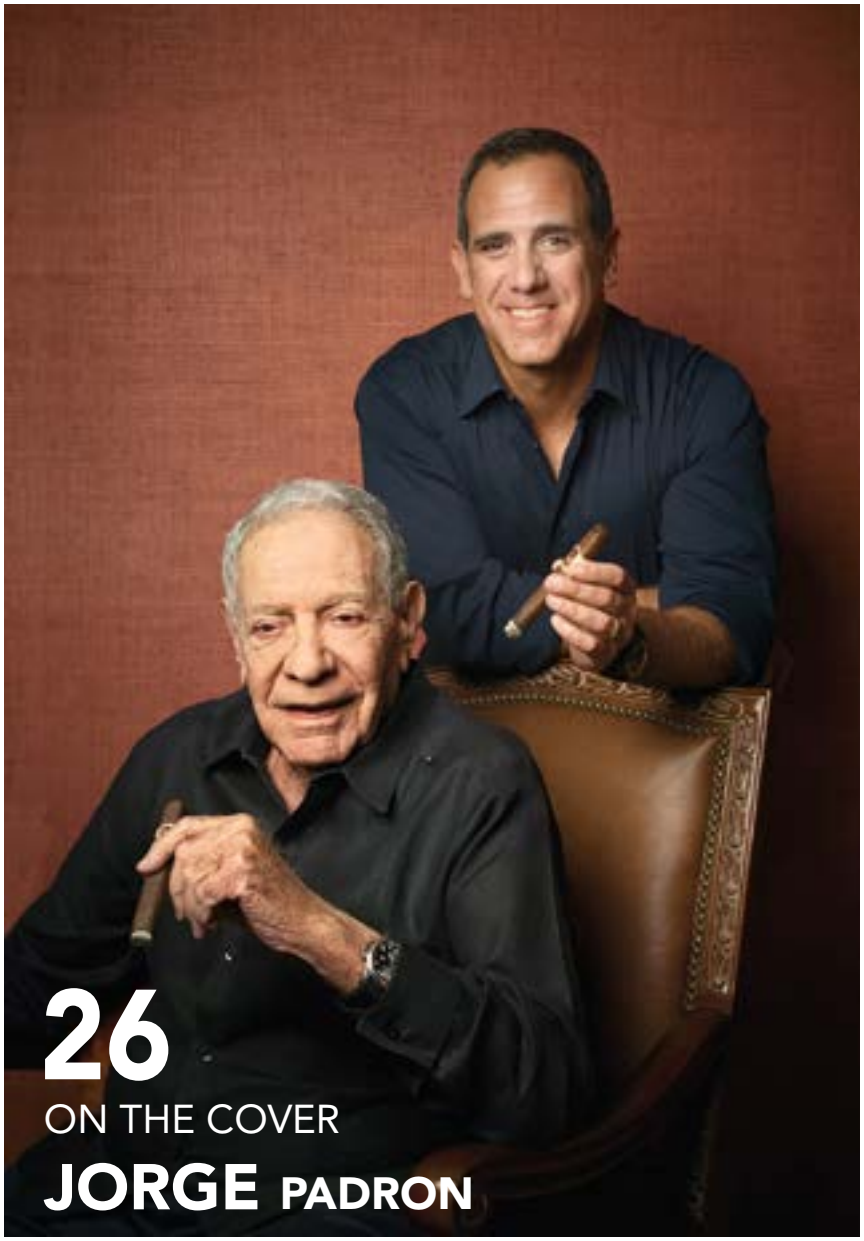

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ADVISOR INTERVIEWS

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VION Receivable Investments
400 Interstate North Parkway
Suite 800
Atlanta, GA 30339
877.845.5242 phone
678.815.1557 fax

Mesquite Corporate Center
14646 N. Kierland Blvd.
Suite 122
Scottsdale, AZ 85254
480.729.6419 phone
866.260.1826 fax

123 North College Avenue
Suite 210B
Fort Collins, CO 80524
877.845.5242 phone
970.672.8714 fax

11921 Freedom Drive
Suite 550
Reston, VA 20190
703.736.8336 phone

VION Advisory Services
18017 Chatsworth Street
Suite 28
Granada Hills, CA 91344
818.216.9882 phone
818.891.8738 fax

VION Europa
Paseo de la Castellana 95-15
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by chris hobart

3 Questions to help find a financial advisor you can trust

When it comes to financial planning, most Americans take a do-it-yourself approach.

In fact, various surveys and studies over the years have shown that anywhere from 60 to 70 percent or more don't have a financial advisor.

But does that mean the remaining minority who do hire someone are more confident about what the future holds for them financially?

Maybe. But maybe not.

Most of those people say they don't completely trust that their advisor is always acting in their best interests, according to a poll by the American Association of Individual Investors.

That distrust could even be part of the reason some people decide to forgo using an advisor at all.

"People see headlines about shady practices that exist in the financial word, and as a result they become leery of working with any financial advisor because they no longer know who to trust," says financial Chris Hobart,

a financial professional and financial commentator.

It was the shady practices of one such advisor that put Hobart on the path to a career in financial services. His grandmother placed her trust in an advisor who "advised her right out of her life savings," he says.

"I think it's important for those of us in the industry to demand more of ourselves, because investors deserve more from us," he says. "We must call out questionable practices when we see them."

But what can the average person do to improve the odds that they are working with an advisor they can trust? Hobart suggests a few questions to ask yourself about the person you rely on to handle your finances:

Is your advisor honest when discussing how they are paid? Financial professionals are paid in a number of ways, but the financial industry hasn't always been forthcoming about compensation, Hobart says. Some are paid on commission. Some charge fees. Some work based on a combination of commissions and fees. It's important to know just what you are paying for the services. "Clients often are hesitant to ask how their advisors make money," he says. "Don't be. A trustworthy advisor will have an honest, open conversation with you about this."

Does your advisor encourage questions? "Any good relationship is built on open, two-way communication," Hobart says. "It's your money. You deserve to know exactly how it's being invested and why." But a good advisor will do more than answer your questions, he says. They will also proactively provide information to your about your accounts, whether you ask or not.

Does your advisor know you? Everyone is different, with their own goals and dreams about the future. "The right financial plan for you isn't the right plan for anyone else," Hobart says. "Your advisor should offer personalized financial planning that fits your life, not cookie cutter advice that's the same for everyone."

"Now, more than ever, investors are demanding honesty from not only individual advisors but also larger financial institutions," Hobart says. "There is no longer space within the industry for financial professionals who are motivated only by their own financial gains."

About Chris Hobart

Chris Hobart (www.hobartfinancialgroup.com) is CEO and founder of Hobart Financial Group. A graduate of the University of North Carolina, where he earned a bachelor's degree in business administration, Hobart is a nationally-recognized financial commentator, an Investment Advisor Representative (IAR), and a licensed insurance agent. Senior Market Advisor Magazine named Hobart one of the nation's top independent financial advisors. He's been a featured guest on CNBC and Fox Business and a regular guest on WCNC's "Charlotte Today." Hobart has also appeared in The Wall Street Journal, Reuters, The Associated Press, MSN Money, The Charlotte Observer, Men's Health, Kiplinger, Market Watch, The Street, The New York Times, USA Today and Forbes.

47 Of Everything And Everything In Its Place

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by david gargaro

UNDERSTAND THE EMOTIONAL SIDE OF FINANCIAL PLANNING:

CONSIDER MORE THAN NUMBERS FOR INVESTORS

Many financial advisors focus on the practical aspects of financial planning when developing retirement portfolios with their clients.

They will discuss the features and benefits of various investment options, tax implications, risk levels, sources of revenue and expenses that could affect retirement, insurance and long-term care riders, and other matters. The emphasis is mostly logical – their clients have a need, and this specific investment package will address that need.

However, people are not completely logical – they are also emotional beings. They have wants and fears that can affect their decision-making process. Facts and figures can help to explain investment choices, but they won't alleviate your clients' worries when the market fluctuates. In fact, numbers can make things more stressful when not properly explained or taken in context. Clients don't mind riskier portfolios when the market is going up, but they can become very stressed when the market goes down, regardless of how their portfolio is structured.

Bradford Ferguson, CFA, president of Halter Ferguson Financial, learned all about risk, and how people react emotionally, while he was a professional stock options trader during the dot-com bubble. When he became an advisor with Halter Ferguson Financial, he focused on helping clients through the financial crisis. He learned that investing wasn't all about numbers and statistics, but rather helping clients to deal with their emotions through the ups and downs.

"My wife would often ask me, 'Are we going to be OK financially?' and I would tell her that finances was what I do for a living, and that she should trust me," said Ferguson. "Needless to say, that did not ease her worries. It wasn't until we got a custom financial plan that she could see and understand where we stood financially. Money is no longer a worry for her."

The financial crisis emphasized the true value of having a financial plan. While Ferguson focuses on professional investment management, he works closely with Tiffany White, CFP®, who is responsible for financial planning at Halter Ferguson Financial, to create customized financial plans for their clients. In addition to helping clients to achieve their financial goals, she helps them to feel more emotionally secure about their investments.

> EDUCATION IS VITAL TO HELPING CLIENTS FEEL BETTER ABOUT THEIR PORTFOLIOS AND FINANCIAL FUTURE.

The results have been positive on several levels. Clients with a financial plan did not react as emotionally to changes in the market as those without a plan. Clients in the first group held firm in their investments, and held onto more of their money, than clients in the second group. As a result, Ferguson, White and the Halter Ferguson Financial team have elevated the need for creating financial plans with clients. They've also

brought more emotion to both the planning process and client communications.

"We believe that every decision is made on an emotional level," said Ferguson. "To serve clients in this way, you must have a strong relationship with them. This also means being willing to have uncomfortable conversations, and setting down your problem-solving hat to put on your listening hat."

Education is vital to helping clients feel better about their portfolios and financial future. However, it requires more than explaining the features and benefits of the various investment options available to them. They don't care what financial advisors do or the specific details of a particular retirement strategy. Clients want to know where they are with their finances right now, and what they need to do to reach their goals.

As a financial advisor, to help alleviate a client's fears, you must demonstrate that all investment and retirement options have been considered, explain what they mean, and ensure that you have not left out anything important. Clients also want to know what they need to do, and why they need to do it. People have an innate need to know the reasons for making – or not making – a particular choice, but you must be careful to not overwhelm them with too much information.

"We take great pains to make their finances as simple as possible to educate them on their finances," said Ferguson. "After all, no one can make decisions when they are overwhelmed and confused. We go into greater detail only when it's going to help the client or when they request it."


Ferguson CFA, / Tiffany White CFP®

Creating a customized retirement plan can help to alleviate a client's fears. However, focusing on the numbers can get in the way during the early stages. The first step is to truly get to know the client beyond their specific financial goals. Get to know them as people, and understand what is important to them. What are their values, such as faith, family and the need to be secure? What do they enjoy doing when not working? What does retirement look like?

Financial advisors should help clients to determine their most important financial priorities. This would involve asking a question like, "If you can only have one financial goal, what comes first before the others?" Once this has been established, you can lay out various financial options, and then hone in on more specific issues. For example, identify their most important concerns, and ask about scenarios that most interest them. Also ask whether they have any specific questions, and determine if they have any major decisions to make in the near future.

"After we make the plan, we show them everything that went into the plan and how their plan turns out, and give them specific action items," said Ferguson. "At Halter Ferguson Financial, we believe our process creates a GPS-like clarity about the path forward, freeing the recipient from stress and worry about money, which allows them to confidently make big financial decisions."

For more information on Halter Ferguson Financial, visit: hffinancial.com

HALTER FERGUSON FINANCIAL, INC.

by matthew d. edward

Book of Five Rings

Legendary Japanese swordsman's advice still remains relevant to modern business in the age of big tech

Miyamoto Musashi's "Book of Five" Rings might not be Sun Tzu, but it still deserves a place on every entrepreneur's shelf.

Entrepreneurs with experience in Asia know that reading clients, competitors, and even their own local business partners can be difficult, at best. Information remains more precious than dollars in the East – China, especially, comes to mind, although Thailand, Vietnam, and everywhere else in the region runs on essentially the same principle – and sharing is not the norm. Just as Sun Tzu's "The Art of War" found itself repurposed as a how-to for business deals, Miyamoto Musashi's "Book of Five Rings," written as a guide for swordsmen, offers insight to modern entrepreneurs on how to see into a competitor's mind – and better understand their own.

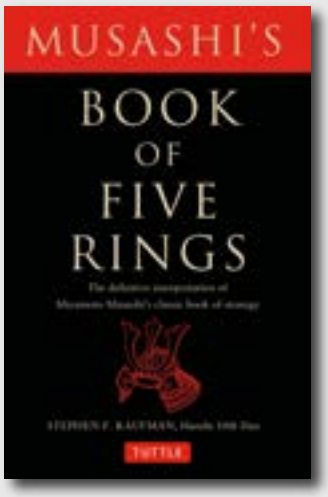
"In strategy your spiritual bearing must not be any different from normal. Both in fighting and in everyday life you should be determined though calm," Mushashi writes, one message of many recommending resilience, mental calm, and to understand the right time and place for action.

The warrior wisdom still applies today. One can see, for example, President Donald J. Trump following Mushashi's dictums on unsettling the enemy – media outlets recently reported that China, internally, admitted to miscalculating the U.S. president's willingness to engage in a "trade war." That Trump has read Mushashi is unlikely at best, but common wisdom often finds its way into the larger culture. So too, can one see the common attitude in Asia toward negotiating contracts, with frequent feints, renegotiations, and last-minute additions, as having a home within the swordsman's world-view.

But where "Art of War" looked at the marco of warfare, from large battles to siege warfare, "Book of Five Rings" takes readers to the micro level of mano-a-mano combat. The advice in this book is personal, focusing instead on how warriors should keep their minds, and swords, sharp.

"Your attitude should be large or small according to the situation. Upper, Lower and Middle attitudes are decisive," he writes. "Left Side and Right Side attitudes are fluid … The decision to use Left or Right depends on the place."

Mushashi's five books parallel the ancient Japanese elements of earth, wind, fire, water, and void. Each book follows a theme – for example, the fire book covers combat, in line with its element. Mystical in places, philosophical throughout, but also containing a wealth of practical thought on knowing others, "Book of Five Rings" is worth the read for entrepreneurs and executives either bound for Asia, or just looking for a new take on negotiation.



The Book of Five Rings
By Miyamoto Mushashi,
published 1645

by matthew d. edward

STUDENT LOAN DEBT:

U.S. Government calls out colleges and universities
New report recommends mandatory financial literacy education

Student loan debt continues to smash records year over year. The total for 2019 so far amounts to the highest ever recorded, but is likely to be overshadowed by 2020's figures. Student loans now amount to a $1.5 trillion crisis borne by more than 44 million borrowers across the nation, and the trendlines have not shown any signs of changing anytime soon.

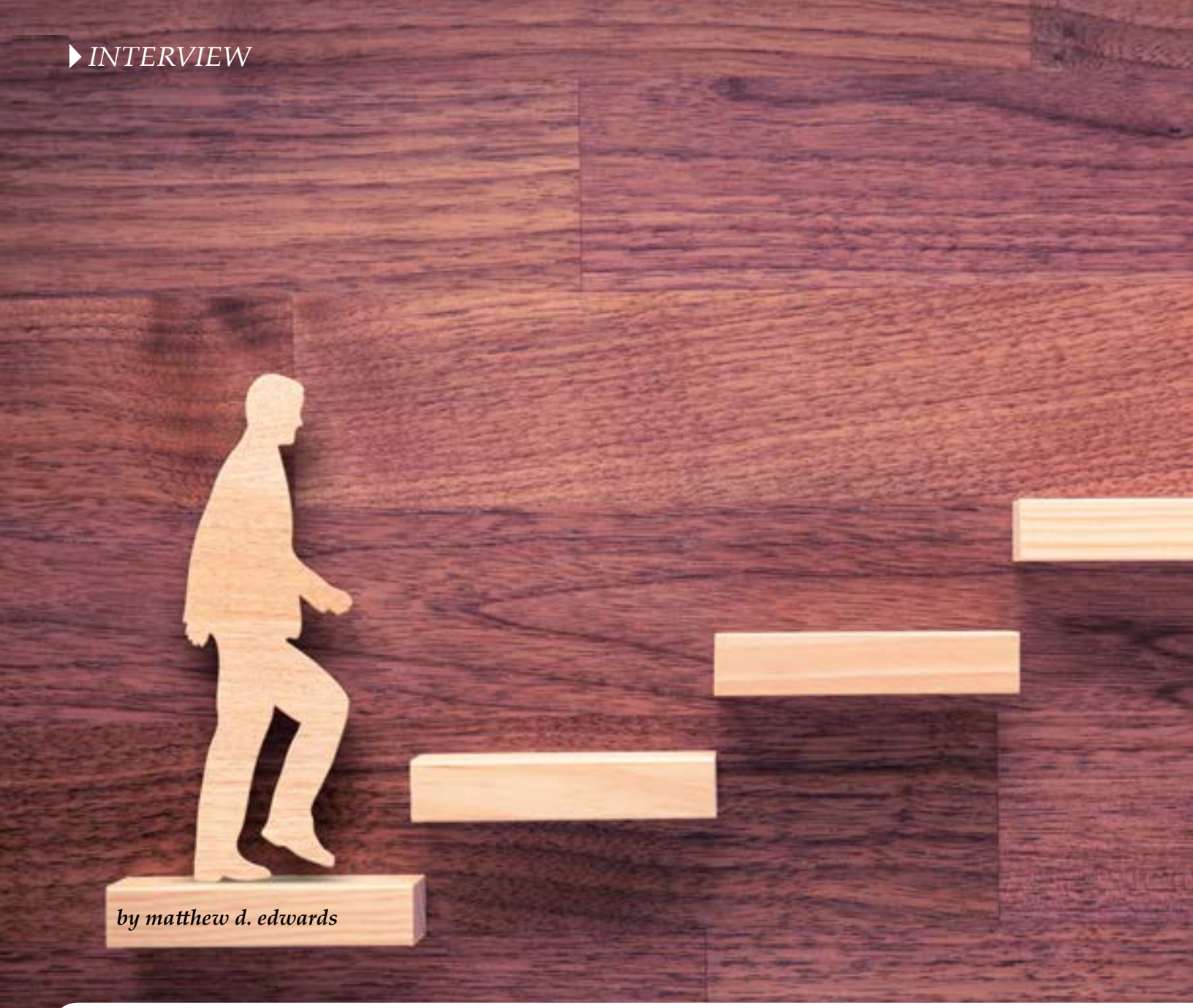
Against this backdrop, a new federal report released last month recommended that universities implement mandatory financial literacy courses for incoming students. The report, published by the U.S. Financial Literacy and Education Commission noted that student borrowers especially lag in financial understanding and often fail to grasp how their loans work, despite efforts by lenders to educate them. The result is that student loan debt is now the second highest consumer debt category, with only mortgages coming in higher.

"Institutions of higher education can address this challenge by effectively engaging students in financial literacy and education," the commission wrote. "The FLEC recommends that institutions of higher education require mandatory financial literacy courses, deploy well-trained peer educators, integrate financial literacy into core curricula, and communicate with students about financial topics more often than during required entrance and exit counseling."

Students' families often lack financial awareness as well. The National Association of Student Financial Aid Administrators, in a 2013 report, found that families felt "overwhelmed and confused" when reviewing multiple financial aid offers. In addition, recent analyses by New America and uAspire found that financial aid offer letters lack standardized terminology, consistent definitions, content, or formats, further complicating matters for overwhelmed families. The report recommended standardizing offer letters, clearly stating the total cost of attendance, and excluding Parent PLUS loans from financial aid packages so students could see what, exactly, they would be on the hook for post-graduation. The report also recommends that institutions itemize financial aid lists and highlight the differences between aid types so that consumers can make more informed choices.

The FLEC report also noted that colleges and universities can leverage data to track knowledge gaps and student needs. And filling those student needs might make a dent in the $28,650 loan burden carried by the average borrower.

"The use of data can allow the institution to meet the actual needs of students, identify students most at risk and deploy resources effectively using an evidence-based approach," the commission wrote. "Institutions should also continue to collect and assess performance data to measure impact and reinforce a culture of continuous improvement."



by matthew d. edwards

"FLOORING APPROACH" TO RETIREMENT PLANNING

COMPREHENSIVE, CUSTOMIZED, AND STRATEGIC

Many people approaching retirement worry that they will not have enough money to maintain their standard of living once they retire. The retirement landscape has changed in recent years because people are now living longer, and there is a realistic chance of outliving one's savings.

There was a time when retirement income came from three main sources: pension plans, Social Security, and personal savings. Fewer people have access to, or can reliably count on, either government or corporate pensions, and Social Security has long-term uncertainty around its viability. This means that more people will need to rely on their savings and investments to fund their retirement, and those funds will have to last longer than they have in the past. With low interest rates, and no expectations for them to rise in the future, it is likely that savings will not grow at a rate to sufficiently outpace inflation and cover future income needs.

So how can people ensure that their retirement income meets

their basic living requirements? One option is to take the flooring approach to retirement income planning. This strategy involves focusing on secure retirement income, rather than a more volatile, riskier investment portfolio. The investor would work with a financial planner to build in a "floor" of income to cover mandatory annual expenses during their retirement years. They can add riskier securities and investments to their portfolio to cover non-essential expenses.

"When we look at a client's budget, we'll divide it between basic necessities and goodies, and then come up with several sources to create a regular monthly income no matter what is happening in the market," said James J. Puplava, CFP®, president and founder of Financial Sense® Wealth Management. "So, we may combine Social Security, the clients' pension funds, immediate annuities, and investments in blue chip stocks that pay regular dividends in our clients' portfolio. This ensures that their basic living needs, such as their mortgage, home expenses, medical care and so on, are covered through various long-term income streams."

Puplava first became interested in financial planning in the early 1980s, after reading a book on the topic. While he had taken courses on investing, he was inspired that he could help individuals more as a financial planner than as a stockbroker. After apprenticing with an experienced financial planner, he built a career in planning and investment management. In 1996 Puplava established Puplava Financial Services, Inc., now Financial Sense® Advisors, Inc., a registered investment advisory firm and Puplava Securities Inc., now Financial Sense® Securities Inc., a broker/dealer firm that offers full brokerage services. Under the umbrella of Financial Sense Wealth Management, Puplava provides retirement income consulting services to help clients develop strategies to help them meet their retirement income needs.

Communication with clients has always been key for Puplava and in addition to podcasts, a quarterly newsletter and semi-annual calls, Puplava loves meeting with clients in person. He's hosted financial seminars for decades and enjoys opportunities where he can help others create secure financial retirement plans.

Taking a flooring approach to retirement planning is different from a traditional retirement strategy, and must also consider different factors. As previously discussed, the main concern is to address strategies that will help clients to pay for the basics of living, such as food, shelter, transportation, and medical care, throughout retirement. Beyond that, the retiree's investments should keep up with inflation so that they maintain pace with tomorrow's prices. People will also have wants – which go beyond basic needs – when they retire, so strategies should address clients' specific goals wherever possible. In some cases, clients want to leave a legacy for those they leave behind, such as helping with medical costs for surviving spouses or leaving gifts for loved ones, so financial planning strategies should help them to achieve these goals as well.

It's nearly impossible to address all these concerns, and meet clients' specific needs, with off-the-shelf or proprietary financial products. That's why Puplava believes in customizing retirement plans for different clients based on their specific needs and situations. As part of the flooring approach, he will collect as much information as possible and get to know clients on a personal level to ensure that he creates a retirement plan that will cover their basic living

"Puplava believes in customizing retirement plans for different clients based on their specific needs and situations."

James J Puplava CFP®, Ryan J Puplava CMT, Christopher M Puplava, Alan Valenzuela CRCP™, Becki K Sutton CFA, Victoria Edwards, Tom Hanson, Crystal Kessler, Cristofer D Sheridan, Chris Preitauer, Josh Nunn, Logan Randolph, Justine Hall, Aaron Wiegman CFP®, Robert Bernard, Ryan Preiss CRPC®

expenses in retirement, as well as address their specific needs.

"In addition to gathering all relevant data on, and documents from our clients, we will also conduct a risk questionnaire and a health questionnaire," said Puplava. "This helps us to better determine their specific risk preferences, while also gaining a better understanding of their specific health needs and long-term health prospects. We'll create different charts for clients of different ages, risk levels, and health care needs to ensure that the strategies we've created fit them specifically."

Retirement is not a static scenario, as people will have varying needs and income requirements at different points in their lives. There are three general stages in a retiree's life, during which time they will have different income needs. From about 65 to 75 years of age, retirees tend to spend more, as they are relatively active in traveling or engaging in various activities and hobbies. From the ages of 75 to 85, retirees tend to slow down and do less, therefore spending less money than in the previous stage. From the age of 85 and up, retirees tend to incur more medical expenses due to age-related health issues, and require either long-term medical care or assisted living support.

Since income requirements and expense levels can vary greatly during these different stages of retirement, it's important to create a retirement plan that considers these issues in advance. Puplava works with clients to ensure that they have sufficient monthly income during these different stages, and that their retirement plans are properly set up to fit their needs at those times. For example, he will include dividend-paying blue chip stocks in their portfolios, which dividends can potentially double every 20 years or so, providing regular income over a long period of time.

"A lot of my clients have insurance policies, and I encourage them to keep those policies even when they've paid off debts covered by that insurance," said Puplava. "This ensures that the surviving spouse has another source of income when the insured spouse passes away. This is important when, for example, a husband has more Social Security in his account than his wife, as she can lose her Social Security when she takes his funds after his death. The death of a spouse can also lead to the loss of regular pension fund payouts, which means fifty percent of pension income will be gone."

It's important to work with a registered investment advisor who will act in a fiduciary capacity when putting together a retirement plan for clients. A fiduciary will focus on clients' needs over getting a commission, and will not sell proprietary commissioned products when putting together a proper financial plan. As a fiduciary, Puplava gets to know his clients' specific needs and long-term objectives, which includes conducting a risk assessment of both spouses to better understand their specific risk tolerances and needs.

"When looking for a financial planner, make sure that you do your research to understand who you are dealing with, how they are compensated, and what they will do for you to meet your retirement goals," said Puplava. "Ask about their qualifications and education, their investment philosophy, and experience. Make sure to ask for referrals, particularly from clients who have circumstances that are similar to yours."

For more information on Financial Sense® Wealth Management, visit: puplava.com

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KEEP WALKING.
JOHNNIE WALKER.

by david gargaro

Thinking outside the box: Fixed Income Planning

Managing risk to create diversified portfolios

Risk can be a scary word for some investors, especially when it comes to their retirement portfolios. People don't mind risk when the market is going up, because higher risk typically means higher returns on their investments. However, some people get nervous when they hear that the market is going down, especially when a particular investment strategy is described as "higher risk."

Matt Heller, RFC, co-founder and partner at Willner Heller LLC, believes that controlling risk is the key to building wealth for his clients. He works with partner and co-founder Kenneth L. Willner to create and manage customized portfolios that use global diversification strategies and risk management techniques. Rather than using strictly fixed income strategies, which do not provide enough return to protect against inflation, he works with clients to choose the appropriate mix of stocks, bonds, mutual funds and ETFs to help them achieve their investment goals.

"You cannot build sufficient retirement income by focusing on fixed income products alone, as they will not generate enough return to sustain the client's lifestyle due to lower interest rates," said Heller. "We create customized, client-specific portfolios that we individually manage, rather than using separate account managers, model portfolios or proprietary financial products. We believe customized retirement planning is critical, as most people do not save enough for retirement, so we strive to help people achieve their financial goals."

One reason that people fear risk is that they don't understand what risk actually means, or how investments work. There is so much information online, and people are barraged with so much content, that even educated individuals can be overwhelmed by the very concept of investing. This can create anxiety and fear of the unknown, which can lead people to be overly conservative in their investment philosophy.

Education is key to helping clients overcome their fears and reach their financial goals. When clients understand the "what" and "why" of their investment portfolios, they are more likely to stick to the plan laid out by their advisor. Heller talks to his clients about their particular portfolios and explains what is in it, what different investment products do, and how they will help clients get where they want to go. In addition to helping to develop a better understanding of investments, it's essential for building trust in the relationship.

"Clients are looking for someone to trust, and as a financial advisor, it's my duty to ensure that they trust me to help them make the right decisions," said Heller. "Trust is the common denominator in the investment relationship, and

Willner Heller chooses the strongest financial products and provides intelligent investment solutions for each client.

clients have to trust the person who is helping them to build their wealth. It is essential for developing our long-term partnership."

Managing risk is critical in retirement planning, especially since people are living longer than they have in the past. Longevity is a double-edged financial sword, as you can earn longer, but you can also outlive your savings. That's why traditional savings strategies utilizing strictly fixed income securities do not work, as the lower interest rates are not enough to build long-term wealth and sustain someone throughout retirement.

Heller believes that proper retirement planning for the long-term requires researching and selecting the right stocks and investments that will outpace inflation. He draws from various research sources to consider a wide spectrum of data to make informed investment decisions in creating customized portfolios that will outpace inflation and properly prepare clients for retirement. He also discusses long-term care issues with clients so that they can protect their portfolios against unexpected illnesses or accidents.

"People are seven to eight times more likely to become ill during their retirement than they are to die early," said Heller. "Being unprepared for long-term care situations can cause people to deplete their savings in the first year of retirement. That's why we work with clients, and bring in professionals to explain different options to help them find the right solutions to handle their specific needs during retirement."

One of the ways to make the best use of risk is to work with a financial advisor who is concerned about the client's best interests. Many large financial planning firms create and sell their own proprietary investment and retirement products. They do their own research and analysis and only show this information to clients.

However, a fiduciary is legally required to act in their client's best interest, which includes using all research and investment tools to maximize portfolio returns, manage market risk and maintain tax efficiency. As a Registered Investment Advisor, Heller has a fiduciary responsibility – this enables the firm to offer unbiased and objective private wealth management services.

"I take my role as a fiduciary very seriously, as it is my legal duty to act in my client's best interests at all times," said Heller. "We are fully independent and do not receive commissions on trades. We are bound to act by the rules set out for fiduciaries, which ensures that our clients have peace of mind with respect to the advice and services we provide."

For more information on Willner Heller LLC, visit: whria.com

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TUDOR HERITAGE
CHRONO

THE PADRÓN FAMILY LEGACY

Making exceptional cigars that bring people together

by L.A. Rivera and Matthew D. Edward

As a Cuban-American businessman, Jorge Padrón, the president of Padrón Cigars, is at the helm of a successful cigar manufacturer, yet he still holds the same entrepreneurial spirit that his father José Orlando Padrón passed down to him many years ago. He vividly remembers the lessons in humility his father imparted to the Padrón family.

"In terms of my dad's history - all the setbacks he struggled through and all his deals he imparted to us," Jorge explained from his Miami, Florida office, "he taught us that if you focus on the right things, everything else tends to take care of itself."

Padrón said his father had a fighting spirit that never wavered. "Basically, my dad and I always had the mentality that it takes years and years to build a brand," Padrón said, "and it took hundreds of thousands of cigars to do that. To this day, every single cigar we hand craft has to be perfect."

His great-grandfather Damaso Padrón left the Canary Islands and emigrated to Cuba in the late 1800s and eventually purchased property and began growing tobacco. "My family was strictly in the business of growing tobacco - sorting and deveining the leaf, and then selling it to the leaf brokers," Padrón said.

The Padrón family business produces a product that has long acted as a social lubricant for corporate leaders. Smoking might be banned in the boardroom today, but executives at some of the world's largest corporations, and those in public service, still enjoy a good cigar. Smoking a cigar is different from "smoking," many claim. Unlike cigarettes, which are a habit, cigars are a hobby. The list of people who enjoy the hobby reads like a who's who of the rich, famous and powerful - from business mogul to politicians to Hollywood's elite.

Despite the A-listers who enjoy a good cigar, the road to success for the Padrón family wasn't easy. In fact, the first lesson José Padrón learned in the industry was a tough one: he could not become an overnight success in the cigar business. The days and nights grew long and tedious, especially when it came to developing the proper blend of leaf, which today is the signature Padrón brand. It was an arduous journey.

Smoking might be banned in the boardroom today, but executives at some of the world's largest firms, and in public service, still enjoy a good cigar.

"You learn how to handle things a certain way," Jorge Padrón says with a hint of confidence. "We have a pretty good understanding of who we are, and that doesn't change. We continue to do those things that make us successful. We try to stay focused as opposed to going in a thousand different directions."

In the beginning, Padrón knew that building the business would be difficult. "Throughout the history of our company there have been many hardships. There

have been many successes. But I think all these things make you a better person, a better company.

When Fidel Castro took over the Presidential Palace in 1959, my father left Cuba for Spain. Thereafter he made his way to New York and eventually he saved enough by doing odd jobs to move to Miami, where the Cuban Refugee Program paid him $60 a month while he searched for work. He found jobs cutting lawns by day and doing carpentry by night."

Padrón says his father's ambition led to the launch of a cigar company in Miami in 1964. José had socked away enough money to rent a small storefront in Little Havana; he hired a cigar roller and turned out 200 cigars a day.

Looking back, Jorge said that under his father's guidance the family built a thriving cigar business against insurmountable obstacles. Their success is as much a testament to the tenacity of José's vision as it is to the quality of a Padrón cigar. Having survived two wars in Nicaragua (where their tobacco is grown) - the overthrow of the Somoza regime and the Contra wars of the 1980s, four bombings and an attempted kidnapping, the elder Padrón built his cigar empire into what it is today, producing more than 3.5 million cigars a year, some of which rank among the very best in the world.

Padrón recalled the event as if they happened yesterday. "After a couple of bombings at the factory, my father put up a slogan by the Cuban poet José Martí," he said. "It read, 'Men are created into two groups" Those who love and create and those who hate and destroy.'" Printed in big, bold letters, his father adamantly hung up the sign in front of his Miami factory which the bombs had been placed. "In other words, this is what I believe. I think at the end of the day the people realized he was right and they purchased his cigars."

Like his tales of countless hardships

Some Celebrities Smoke Stogies Too!

Following his 2003 recall election victory, Arnold Schwarzenegger – who shot to fame as an actor after being discovered as a bodybuilder and fitness buff – had a tent put up outside the non-smoking Capitol Building so that he could smoke cigars in meetings. If that sounds unusual, it's not, as chief executives frequently light up on golf courses or in exclusive cigar lounges while talking business (President Donald J. Trump, who notably does not smoke cigars, is most likely in the minority). The cigar, often portrayed by older Hollywood films as a symbol of power, still holds that place in executive suites around the world. Schwarzenegger is not the only A-lister to appreciate well-made cigars. Political figures like Winston Churchill and Fidel Castro top the charts for visibly enjoying cigars; former President Bill Clinton also is believed to have indulged as well, although that might depend on how someone defines "is." Less expected are stars like Harrison Ford, Michael Douglas, Tom Cruise, and Whoopi Goldberg, who is said to prefer smaller cigarillos when she smokes. Cigars symbolize business, success, and a social club only a few are invited into.

and humble triumphs, Padrón says a great many tales fill smoke-filled cigar rooms across the United States and around the world. "You hear stories of important deals happening while smoking a cigar, but you never know ..."

Padrón agrees that, obviously, people of wealth and power have historically indulged in fine hand-crafted cigars imported from Cuba and Central America. From corporate lawyers to powerful ad men, business magnates to the super-wealthy, many have enjoyed firing up a good cigar at some point in time while conducting business.

"Cigars are a unique product that bring people together," Padrón said. "From different backgrounds, political beliefs, and without question, there have been many important decisions made while smoking cigars among our friends and colleagues."

He added, for example, "You might find an attorney sitting next to an accountant, sitting next to a plumber, sitting next to a mailman, sitting next to a police officer, and when they smoke a cigar, everyone is on the same page."

Padrón noted that the cigar world draws an eclectic crowd. "It's very unique for me." he said. "It's very rewarding for me to be around it. You meet a lot of good people. The most beautiful thing is how it brings strangers together."

The exclusive cigar clubs in many cities serve as magnets for cigar enthusiasts. The industry has grown rapidly over the past five years as well, with $1 billion in total revenue nationwide and more than 4,700 cigar lounges operating in

the United States, according to IBIS World, a market research firm. The number of cigar lounges, IBIS noted, has continued to increase, even as government regulators clamp down on cigarettes and e-cigarettes, and the industry's outlook appears stable. Given how many deals are sealed inside said lounges' that's a good thing. It may be safe to say that the country's cigar lounges boost other industries simply by providing an informal space outside the boardroom for business discussions.

The Terminator and former California Governor, Arnold Schwarzenegger, recently opposed new anti-tobacco regulations that were set to shutter the Grand Havana Room, an elite cigar club and fixture of the Beverly Hills business community last March. The former chairman of the President's Council on Physical Fitness wrote a letter to the Beverly Hills City Council asking that the club be exempt from the city's new blanket ban on tobacco sales.

"It is unthinkable that the city might adopt a policy that would intentionally or unintentionally cause the close of his character-defining institution, and it should not do so," Schwarzenegger wrote in his letter to the city's Health and Safety Commission.

The lesson for businessmen, executives and politicians alike is that the hobby still brings people together, and it helps to seal the deal over a good cigar.

Jorge Padrón never takes a customer for granted in the cigar business. "Convincing a customer to smoke our cigars is a daily thing," he said. "You might think you have a loyal customer, but you have to continue to make the product they expect, because it only takes a couple of bad cigars to lose them."

When he first opened Padrón Cigars, José Padrón's Cuban seed cigars sold for 25 cents, and they turned out to be a hot commodity within the Cuban-American community. Several years later he added a small platoon of cigar rollers. By then his production soared to 7,000 cigars per day.

In 1970 the Padrón family had a vision to expand their cigar brand. In dire need of experienced cigar workers, the senior Padrón ventured out and set up his Tabacos Cubanica Company in Estelí, Nicaragua, where they still grow their fine tobacco leaf today.

Jorge Padrón chuckles when he mentions the little hammer, which his father used to do odd carpentry jobs when he came to Miami. The family still has "el martillito" (the little hammer), and it serves as a reminder of José Padrón's humble beginnings. "It is an important part of our family legacy," says Jorge.

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ENSURING WEALTH LIVES ON

One firm's proprietary approach to generational financial planning

BY DAVID GARGARO

Successful wealth preservation requires a crucial, sometimes-unexpected ingredient – love.

"The first thing that's important to us is whether or not the people that are looking to become our clients, or that we want to have as a client, actually love someone other than themselves," said Debra L. Schatzki, CFP®, founder and principal of BPP Wealth Solutions, LLC. "We will only work with people that want to make sure that the people they love, or the charities they love, will be well taken care of when they're gone – that's a critical priority for us when working with our clients."

BPP Wealth Solutions, with offices in New York and New Jersey, provides investment management, insurance, and estate planning services to clients seeking to build, protect, and preserve their hard-earned wealth for the next generation. The firm works with clients dedicated to ensuring their wealth lives on after they are gone and committed to BPP's proprietary Security Income Plan® model.

"The Security Income Plan provides people with enormous value and clarity of what they have, how it's owned, and what it will do for future generations," Schatzki said in a recent interview with "Advisors Magazine." BPP also requires prospective clients to hold minimum assets of $10 million, she said.

The firm's registered process, the Security Income Plan, differentiates BPP from its competitors and helps provide clients with added clarity.

Build, Protect, Preserve Your Wealth for Generations™ with our proprietary process, the Security Income Plan® (SIP)

Financial planning can feel opaque to investors, even highly educated and competent ones, given its complexity and the persistent legalese surrounding disclosures and materials in the industry.

"One of the biggest problems our industry has is the clients' inability to understand most of the information that's given out," Schatzki said. "I have clients that send us their prospectuses and ask us to contact them if there's anything they should know, but most clients don't want to read them or don't find that in reading them they actually understand what's going on either."

Financial products such as 401(k) plans often come complete with impenetrable disclosures that leave clients frustrated. Schatzki said that complex tools may have been acceptable in a bygone era when only the upper-crust could access financial services, but today's investor needs a more reasonable, intuitive approach.

"When you look at the structure of investment management and even financial planning, it has evolved from something that was being done

If I live a long life, will I be able to continue living in the lifestyle I've become accustomed to?

BUILD

If I become disabled, how do I want to be cared for and can I afford this level of care?

PROTECT

If I had died last night, would my assets go to whom I want with tax efficiency?

PRESERVE

for royalty and privilege, to now being available to everyone. The difference now is that, for clients today, the information should be simple," she said. "The tools that we have today are so much easier to use, and if our industry decided to simplify the way that things are communicated so that clients, the end-user, could understand the costs and the benefits, it would be transformative."

Advisors often play, unintentionally, into the overly complex nature of financial products and services. Many advisors work diligently to educate their clients, but are hidebound by the jargon or legal-speak they picked up during their first years in the industry. Clients, meanwhile, likely have never had an advisor who can breakdown complicated financial terms into simple language. The internet in recent years has allowed clear, concise information to proliferate to mainstream audiences, but understanding their own finances remains a problem for many, possibly most, investors, Schatzki said.

"It's more accessible but it's still not at the forefront of any advisors' plan," she said. "The end-user, the client, should be able to understand things. With the tools that we have, the comparison should be at the front of the presentation so that everyone knows what they're buying, how much it costs, and how it works."

BPP Wealth Solutions works to simplify concepts by understanding how their clients want to communicate. Every BPP client takes the Kolbe personality test, a tool that measures how people react when presented with information, allowing the firm to tailor outgoing messages to individual recipients.

"It allows us to see how our clients like their information – are they visual, do they want more facts," Schatzki said. "The test really does provide that information and doing that allows us to actually have our clients feel confident that when they get the information, they'll actually understand it, it's not based on the way we think."

BPP Wealth Solutions acts as a fiduciary, meaning that clients' best-interests come before bottom-line considerations. That means that the care BPP takes in communicating with clients extends to other aspects of the firm's services.

The firm develops customized financial plans for each client, never taking what Schatzki described as a "cookie-cutter" asset allocation approach. Instead, Schatzki works to understand clients' individual financial goals and needs so that a tailored solution can be developed. That custom solution is why automated platforms and do-it-yourself investing can produce subpar results, and why a professional advisor still beats anything else on the market.

"Most investors don't make money because they buy when the market's up and sell when the market's down. One of the key components of being a good planner is to keep people invested in their wealth," Schatzki said, adding that automated tools such as the so-called "robo-advisors" can fall short if the economy takes an unexpected turn.

She then explained why a skilled advisor plays such an important role.

"Having options is always good but having professionals to keep people on track to know what they should or shouldn't do is critical to people achieving their goals," she said. "The problem comes in when things go bad and they don't have that safety net. Professionals help to keep them on the right road while the markets are scary, or while they don't have enough in their savings, or while a critical element comes into their lives and they don't know how to deal with it."

Just like how clients need to love someone beyond themselves, BPP takes its concern for clients farther than simply dropping money into different "buckets." Part of being a fiduciary is "making sure, in any way we can, that all of their things are set up well," Schatzki said. Without a skilled fiduciary, even the most informed client can be led into bad decisions or to inadequate products. Building a tailored solution also requires an advisor to make sure other professionals in a client's orbit, such as their attorney, are kept informed.

"Fiduciaries, we all need to work together because the clients rely on us," Schatzki said. "Even my most educated clients really didn't understand most of their planning. They've had some of the best planners in the world, but there wasn't any coordination of the plan with all of the different professionals, and in many cases, there wasn't an illustration so that they could actually see how their plans operated."

All of this work is essential to help clients reach the financial future they worked hard for, Schatzki said. Any prospective investor needs to ask their would-be advisor two questions: how will you help me fulfill my dreams, and what process will you use to do that? Many clients may naturally focus on investor qualifications or personal referrals, but those two questions will shed more light on the relationship's potential than anything else.

> "Fiduciaries, we all need to work together because the clients rely on us."
> - Debra Schatzki

A strong client-advisor relationship is key to long-term wealth management, and especially multigenerational financial planning. Investors may worry whether their loved ones will be taken care of after they are gone, and the hurdles to building a solid financial foundation for the next generation can seem hard to get over. A trusted, open advisor can help investors navigate the complex financial world and come through with a sense of security.

"What we can accomplish by planning and being conscious is amazing," Schatzki said. "Working with a good team of advisors, accountants, attorneys can really help people fulfill their dreams and stay on track."

For more information on BPP Wealth Solutions, visit: bppwealth.com

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by matthew d. edward

THE US-CHINA

Will it hold?

The world's two largest economies recently called a truce in their ongoing trade war but unresolved issues between the two remain as hot as ever. What does each side want? And what's the endgame for President Donald J. Trump?

The U.S. and China declared a truce in their ongoing trade war following the June 2019 G-20 summit in Osaka. It remains unclear, however, whether the delay provides breathing room to hammer out unresolved differences between the world's two largest economies, or if this is merely a lull before escalations resume.

The United States, earlier this year, imposed 25 percent import taxes on $250 billion in Chinese goods. China countered the original wave of tariffs with $110 billion of their own, mostly aimed at U.S. agricultural products. Trade tensions between the two economic superpowers increased as the Trump administration mulled saddling China with $300 billion in additional tariffs, which would have extended the fees to almost everything the Middle Kingdom ships to America. It appeared the two nations were on a collision course, and financial markets remained tense.

After the G-20 summit, however, a tentative pause in tensions seemed to begin. Trump, after meeting with Chinese President Xi Jinping, announced that no additional tariffs would be levied. The tariffs already implemented would remain, however, Trump said, adding that he believed an agreement on both nations' sticking points was possible in the near-future. For Trump, it was another example of his focus on one-on-one diplomacy—while the American

TRADE WAR TRUCE:

president routinely bashes "China" or previous U.S. administrations for allowing Chinese trade predations to go unchecked, he at the same time describes his relationship with Xi as a "great friendship."

"One thing President Trump believes, and he believes this totally, is that one-on-one relationships can be important between big powers," said former Trump administration chief strategist Steve Bannon, speaking to PBS "Frontline" for its recent story "Trump's Trade War," which exhaustively covered the ongoing trade dispute.

But where do the two countries go from here? The resolution to the ongoing trade dispute seems unclear, even to experts, and some are predicting a long technological cold war as each side refuses to give an inch to the other.

Corporate warriors

American companies for years, maybe decades, have been alarmed by China's practice of "forced technology transfer," although almost no one from the business community will go on the record about it for fear of retaliation. In short, China often burdens foreign companies with onerous requirements around securing a domestic partner firm, and sharing technology often is a prerequisite to do business in the country. Often, these Chinese firms act on orders from the government to acquire foreign-developed technology that China cannot yet produce on its own, experts claim.

" ... the Chinese government uses joint venture requirements, foreign investment restrictions, and administrative review and licensing processes to force or pressure technology transfers from American companies," said a May 2019 report from the U.S.-China Economic and Security Review Commission. "Taken together, these technology transfer methods have led to the loss of billions of dollars in U.S. research and development, [intellectual property], and technology products."

Beyond forcing technology transfer as a requirement for market entry, China also has waged a long campaign of corporate espionage against technology firms.

"China continues to obtain American IP from U.S. companies operating inside China, from entities elsewhere in the world, and of course from

the United States directly through conventional as well as cyber means," wrote the Commission on the Theft of American Intellectual Property in a recent report. "These include coercive activities by the state designed to force outright IP transfer or give Chinese entities a better position from which to acquire or steal American IP."

American officials insist that changes to China's technology transfer framework and a halt to cyber espionage will be required before a comprehensive trade accord can be reached. The Chinese, meanwhile, deny any involvement in cyber espionage (several cyber attacks on corporations have been traced not just to China but to major universities with state ties and military bases) and likely will be hesitant to ease technology transfer requirements as they understand the irresistible attraction U.S. firms have to the country's 1.3 billion person market. And as China's middle class is now larger than the total U.S. population, it gives officials in that country more leverage over American firms desperate to maintain market access and profitability.

An evolving relationship

Academics, economists, and China experts have reliably advocated dialog with China for decades, often downplaying the country's predatory trade practices even as they acknowledge how widespread these practices are. Western China experts, seemingly since the colonial era, have often treated China as only reactionary to how it is treated by outsiders, and never as a proactive shaper of its own future. The conciliatory tone, however, appears to be changing recently.

"The [Chinese Community Party] is far more responsible for what happens in China – and for the current crisis with the United States – than any American," wrote former "Washington Post" Beijing bureau chief John Pomfret on July 9. "Since the financial crisis of 2008 and the rise of President Xi Jinping, China has stopped market-oriented economic reforms … ramped up efforts to steal Western technology, broken a promise made to a U.S. president not to militarize the South China Sea and tried to export its system abroad. The main fruit of a generally cooperative policy from Washington, at least during the Obama years, has been an emboldened China eager to reach for more."

The "Financial Times" also ran a piece proclaiming that Western economists, who for decades insisted that free markets would liberalize China, share the blame for the country's "monstrous" attitude change from rising economic power to increasingly aggressive military empire. A shift in thought towards China, and an acknowledgement from diplomatic, business, and intellectual circles that the country is more than a blank slate, could set the stage for a more confrontational tone in U.S.-China relations.

President Trump, meanwhile, continues to insist that a deal is possible if only China plays fair. In a recent tweet the president noted that Mexico – which Trump threatened with tariffs earlier this year – has been very helpful in stabilizing the U.S. southern border, but that China still had not made good on promises to buy more American products.

How the president navigates sealing a deal that saves face on both sides while keeping his promise, made by Vice President Mike Pence in a speech last year, to "not back down" on China remains to be seen. But it is safe to say that a resolution to the ongoing trade dispute is awaited by industry leaders, investors, and officials on both sides of the Pacific.

by matthew d. edward

TAKING THE CONFUSION OUT OF FINANCIAL PLANNING

Determining a client's goals is the foundation

Investors are bombarded daily with a deluge of financial headlines and may find themselves overwhelmed and left wondering what to do.

"I find that there's so much news out there that it's becoming more complicated and confusing for people who just want to know what they should be doing," said Nancy A. Effert, founder of Effert Financial Solutions. "Headlines aside, what's most important is first figuring out what they really want to accomplish and why'.

Based in Barrington, Illinois, Effert Financial Solutions offers comprehensive investment management and financial planning services. The firm provides fee-based advising and does not require a minimum amount of assets to work with a client. As a nod to her services, Effert is honored to be a 6-year recipient of the Five Star Wealth Manager Award[1] from 2014 thru 2019.

Cutting client confusion requires a focus on their goals. Effert first works to understand a client's situation, goals and values. The next step is to analyze their financial situation and resources before developing a plan designed to help them reach the financial future they envision. The firm's philosophy avoids sales pitches

OUR APPROACH IS UNIQUE AND HIGHLY COLLABORATIVE. WE FOCUS ON YOUR FINANCIAL ISSUES AND NEEDS WITHOUT REGARD TO ANY SPECIFIC PRODUCT OR INVESTMENT.

and product pushing, and instead focuses on providing tailored advice aimed at clients' individual financial goals. Rather than selling, Effert prefers to see herself as a client coach.

"I don't like the idea of selling," Effert told "Advisors Magazine" during a recent interview. "It's natural to educate your clients when you're advising them and not selling to them."

Investment management, Retirement and College planning have always been core services, but budgeting and debt reduction education has become a large part of Effert Financial Solutions' practice as well – more than Effert predicted when she founded the firm in 2006 – creating a budget, breaking the debt-cycle and saving makes up a significant part of the planning process for some clients.

"Life happens to everybody, some seek out a personal advisor due to complications or because they want to do something differently," she said.

Effert acts as a fiduciary, meaning a clients' best interests always come before the bottom-line. Effert recommends that those seeking advisory services ask a prospective advisor "what they do" for their clients.

"Some of them are doing investment management and that's it, some are doing only planning or their focus is on insurance products," Effert said. "Ask them what they do for their clients, ask them how they get paid. It will help them figure out whether that's somebody they want to work with. It might not be a fit for either the advisor or the client."

What Effert does for clients is provide customized solutions that are designed uniquely for each client, unlike out-of-the-box investment plans or automated online tools. And even though the so-called "robo-advisors" are cheaper, the market can put investors on an emotional rollercoaster they are unprepared for, and no machine can help manage their feelings.

"We are seeing a lot more volatility than we have over the past couple years, once things go the other way having the lowest cost may not be as important," Effert said, noting that the available automated services were developed during the recent bull market run. "People will be looking for guidance, active management or alternatives when the market turns."

An investor just starting to save can benefit from these low-cost services, of course, Effert said, but as their life and situation becomes more complicated, they may want a more experienced, personal approach.

"Whether people are just starting out, building a family or a business, looking to retire or wanting to enjoy their retirement," Effert said. "working with a financial coach could help create a calm in their financial storm."

For more information on Effert Financial Solutions, visit: effertfinancialsolutions.com

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(1) The Five Star Wealth Manager award, administered by Crescendo Business Services, LLC (dba Five Star Professional), is based on 10 objective criteria. Award does not evaluate quality of services provided to clients. Wealth managers do not pay a fee to be considered or placed on the final list of Five Star Wealth Managers. Once awarded, wealth managers may purchase additional profile ad space or promotional products. The Five Star award is not indicative of the wealth manager's future performance. The inclusion of a wealth manager on the Five Star Wealth Manager list should not be construed as an endorsement of the wealth manager by Five Star Professional or this publication. Working with a Five Star Wealth Manager or any wealth manager is no guarantee as to future investment success. For more information on the Five Star award, including how many Chicago wealth managers were considered for the award and the research/selection methodology used to select the recipients, visit www.fivestarprofessional.com.

'Sandwiched' investors face tough choices

Challenges as generations overlap

Investors "sandwiched" between dependent children and elderly relatives face difficult choices as they try to navigate their financial future. A trusted advisor, however, can help a beleaguered saver identify their priorities, manage assets efficiently, and make the appropriate choices so that their money works for them.

"It's real, I'm in it. I have grandkids, I have married children, an elderly mother, and my father recently passed away. I wake up every morning and I'm already halfway behind and that's the reality," said Karen A. Reimer, CFP® and president of Ad Astra Financial Group.

Ad Astra Financial Group, based in Wichita and Overland Park, Kansas, provides clients with comprehensive, tailored wealth management, investment, insurance and tax planning services. The firm requires a minimum of $500,000 to invest but makes exceptions for prospective investors with referrals from existing clients.

As lifespans continue to push upward retirees find themselves living more years in retirement than the workforce. For those without pensions – which have become increasingly rare over the past several decades – the financial pinch of an elderly relative in need of long-term care or assisted living can come as a surprise. Ad Astra Financial Group approaches retirement planning by both helping clients to prioritize financial needs – savers cannot borrow for their own retirement, for example, but children can take out school loans and have many years to pay them back, Reimer said – and begin making up for lost time.

"If you're 65 or younger now and you are not anticipating at least a 30-year lifespan then you are going to be in a really tight spot," Reimer told "Advisors Magazine" during a recent interview. Reimer added that younger investors in their 30s and 40s need to take charge of their financial future now, as their chances of being "sandwiched" are high.

Many older savers lived within their means, but still did not expect to live as long as they have, creating a financial crunch as they near their 80s or 90s. Younger savers, meanwhile, face a lack of pensions, Social Security's unstable future, the rising cost of college tuition, and a cultural "push" to live beyond their means.

"The current generation is moving towards some of the things that created the pressures on the sandwich generation. It's going to be the current generation that will truly experience it," Reimer said. "Start saving now, just do it. If you're behind, let's get caught up. Rather than an extravagant vacation, let's double up on your house payments. Let's explore, let's shore up those holes in the dyke and let's be realistic about it."

The high interest rates that buoyed Reimer's generation at age 30 are not likely to come back either, and so investors need an advisor who can develop a customized plan tailored to their unique financial needs and not the generic alpha-seeking portfolio of decades past.

At Ad Astra Financial Group, Reimer acts as a fiduciary for clients, meaning their best-interests come before bottom-line considerations. Investors who work with a fiduciary advisor can expect to be presented with financial tools and strategies that suit their needs, not proprietary products.

A fiduciary serves as a consultant not a salesperson," Reimer said. "You are not peddling a product, you represent the client's best-interests, which is a different paradigm to operate from than representing a product and finding people who fit it."

For more information on Ad Astra Financial Group, visit: www.adastrafinancialgroup.com

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by matthew d. edward

CHANGING LANDSCAPES OF RETIREMENT

Planning for the risks and rewards

American workers used to putting in long hours and overtime often experience a jarring transition to retirement. After all, the average worker racks up about 1,800 labor-hours per year according to a 2015 Pew Research Center review of Department of Labor data, and retirement, for many, means finally having time to spend on their terms. But many new retirees need a push to figure out just how to spend all of this newfound free time.

"I think it's just as important for them to hear and learn more about things they want to, and do, care about. Many of them want to travel and understand health issues. That is why we sponsor non-financial classes covering broad topics for our clients, such as, CPR training, "How to Live Your Dash", yoga and healthy nutrition in addition to the financial focused classes," said Kenneth J. McGuire, RFC, president of McGuire Financial Services Inc. "My goal for clients is for them not to spend their time worrying about their money, but instead having the confidence in the decisions they made in their plan in order to focus on themselves."

Based in West Yarmouth, Massachusetts, McGuire Financial Services provides comprehensive, tailored investment management, wealth accumulation, asset protection, retirement planning, and other services to a wide-range of clients. The firm works to develop a full understanding of clients' needs and build a customized plan in response so that investors can achieve the financial future they want.

The retirement landscape has become more complex as lifespans push upward. Soon-to-be retirees now need to consider issues such as long-term care, assisted living, and ensuring that their money outlives them. Often called the "longevity risk," McGuire noted this is a common fear among older investors.

"Anyone heading to retirement, planning for retirement, or in retirement today needs to be mindful in using the right inputs and factors," McGuire told "Advisors Magazine" during a recent interview. "In my opinion you should be conservative, factoring inflation into your returns so that you hopefully eliminate that longevity risk."

Tackling such risk can be difficult for investors in poor health or who started saving late. McGuire Financial Services looks at several tools for these investors and works to educate them so that clients can make the best possible decisions.

"Depending upon their financial wherewithal and their health, they may not qualify for insurance-type solutions, whether it's long-term care or some other insurance-based solution," McGuire said, adding that "life-insurance plans with newer long-term care riders can be a good solution for clients that qualify."

McGuire Financial Services acts as a fiduciary, meaning that clients' best-interests come before the firm's bottom-line. McGuire actually gave up his commission-based financial licenses when he became a fiduciary advisor and his firm recently transitioned into a Registered Investment Advisor (RIA). A fiduciary advisor can help clients navigate the overwhelming diversity of financial products and services on the market, and reassure clients that they have been presented with fair-minded information before making a decision.

While McGuire uses state-of-the-art financial planning software, he does not believe that online automated financial tools – the so-called "robo-advisors" – can manage the range of risks and emotions investors encounter.

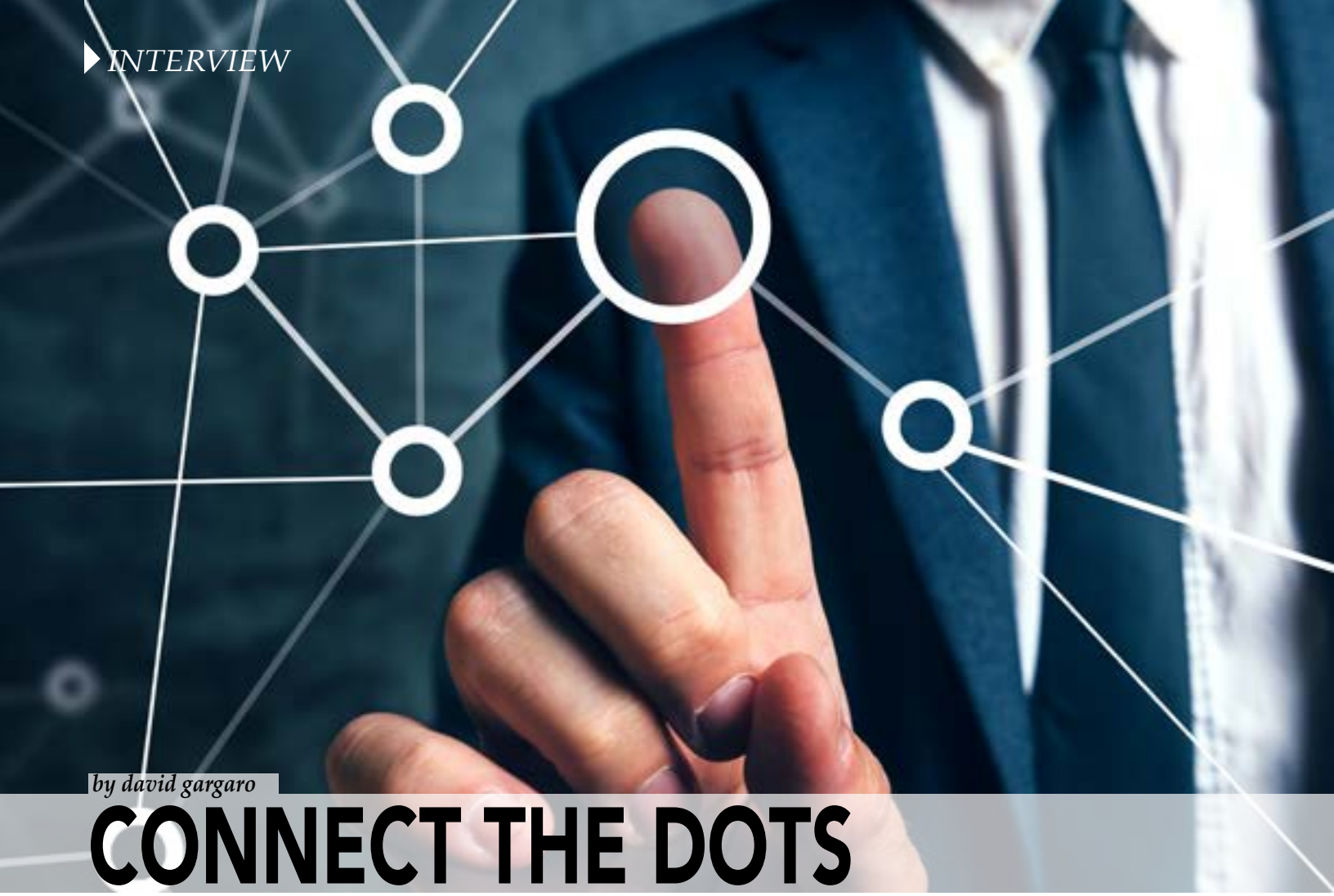
"You're talking about risk – the risk of depersonalization of the client as well as the advisor," he said. "Of all the families we advise, not one is the same. How could a standardized app or computer system account for those differences? I think clients should be concerned because they're actually being depersonalized by digital tools."

For more information, visit: mcguirefs.com

MISSION

Our mission is to become the trusted company with the reputation and integrity to guide you through retirement. It's our responsibility to evaluate and assess your financial situation and only make suitable recommendations, and we do so with integrity and transparency.

MFS MCGUIRE FINANCIAL SERVICES



by david gargaro

CONNECT THE DOTS WITH CLIENT EDUCATION

Covering key topics in financial planning

Everyone has different levels of knowledge when it comes to their finances. Many people don't know the basics, such as how compounding interest works, while others are challenged by the differences between stocks and bonds. Even people who have accumulated wealth throughout their lifetime can have gaps in their financial knowledge.

One key gap in financial knowledge is what happens when someone retires. While there might be comfort with investing and accumulating wealth, many people don't know what to do with respect to distributing that wealth so that it lasts through retirement. Failure to properly manage one's portfolio can lead to serious tax implications or even running out of money sooner than expected.

"Many clients don't understand that accumulation and distribution of wealth are significantly different," said Anthony Bartlett, founder and CEO of Bartlett Wealth Management LLC. "The magic is in the mix. You only have one shot at retirement. While many clients have a great deal of experience in accumulating their wealth, they don't have the knowledge to handle the distribution side of their wealth."

Teaching has always been a significant part of Bartlett's life and career, as both his parents were educators. He learned how to converse with students, and applied these lessons to explaining industry jargon, converting it into real words that his clients could understand. From discussing retirement planning to long-term care insurance and other service offerings, Bartlett knows how to break down complicated terms into everyday language, as well as clearly explain investment and retirement strategies to make clients more comfortable.

Explaining complicated subjects using "simple" methodologies can help clients better understand, and remain consistent with, retirement fund distribution strategies. For example, Bartlett – who has earned several professional designations including that of Chartered Financial Consultant (ChFC) and Retirement Income Certified

Professional(RICP) - uses the "bucket" approach to help clients segment their retirement funds based on needs over specific time segments. Funds that are needed immediately, or within the next five years, are placed in a more conservative bucket, such as a money market fund. Funds that are needed five and ten years from now are assigned to buckets with higher risk/return exposure.

"The message here is that the power of the buckets is stronger than what is happening in the market," said Bartlett. "My clients hardly ever ask how their portfolio is doing when the market is going up or down. I mostly get calls about how their individual buckets are doing. We follow the appropriate systems and financial tools to build those buckets, creating smart, evidence-based investments."

INVESTMENT AND TAX STRATEGIES USED TO ACCUMULATE WEALTH ARE INHERENTLY DIFFERENT THAN THOSE USED TO DISTRIBUTE WEALTH. LIKE A GOOD RECIPE, THE MAGIC IS IN THE MIX

Educating clients is essential when dealing with the concepts of sequential retirement and long-term care planning. It should include a discussion of what clients expect their retirement to look like, and a frank explanation of the associated costs. Age, health, geographic location and many other factors will influence retirement expenses, but current estimates state that healthcare costs will be approximately $250,000 during the retirement years. This is a key figure to build into an individual's analysis of their retirement income.

One key topic is the impact of inflation, and how it affects both portfolio growth and spending. Bartlett explains to clients that spending often follows a "U" curve in retirement. Withdrawal rates tend to start higher at the beginning of retirement, as people will travel and spend more when first retiring. Spending then declines as people slow down, but expenses rise again as health events occur when people reach their late 70s and 80s.

"Retirement planning should include these variances in spending and expenses in the analysis process," said Bartlett. "We must include these costs along with the impact of inflation when building a client's portfolio. To deal with higher health care needs, we often look to insurance companies to help share the risk and build in long-term care protection."

A fiduciary has the responsibility to educate their clients on retirement options. They must also protect clients' assets and make decisions that are in their best interest. However, the financial industry does not always clarify the difference between fiduciary and non-fiduciary advisors. Some "independent" financial advisors are not truly independent, as they are affiliated with an insurance broker-dealer, and are required to sell a certain percentage of a company's products. That's why it's important for people to educate themselves when looking for an advisor, and ask how they are compensated for the products they sell.

Most people cannot comprehend a prospectus, which is understandable as these documents are often written by legal departments. While they have improved, prospectuses are still not where they should be with respect to legibility, so clients don't read them. It's up to the financial advisor to clearly explain in simple terms what is being sold in the prospectus, the fees and risks, and other key factors that will help clients to make educated decisions on what they are being told. It's also vital to ensure that there is no conflict of interest with the products being sold.

"It's much like going to the doctor, as patients want to be assured that there is no conflict of interest when they prescribe tests and medications," said Bartlett. "Transparency is important, as our clients must understand what they are paying for and what they are getting for the fees being paid."

For more information on Bartlett Wealth Management, visit: bartlettwealth.com

BARTLETT
Wealth Management
work·plan·live

Today's Financial Planning HOLISTIC AND REALISTIC

Longevity Risk Ranks High

Investors continue to underestimate their own life expectancy, and even many financial advisors may fail to prepare their clients for two or even three decades in retirement.

I ask clients, 'Which of your assets are you going to lose?'" said Marty Higgins CFP®, ChFC®, AEP, the founder and president of Family Wealth Management, LLC. "There is a 100 percent chance of death and a 70 percent chance of having a long-term care event, yet only a 03 percent chance of your home burning down and a once in every 18 years chance of getting in an auto accident. But we've got those things insured to the hilt. We really ought to rethink how we're using our insurance dollars."

Marty Higgins and his team at Family Wealth Management, based in Marlton, New Jersey, provide comprehensive financial planning for clients who usually hold $1 million or more in assets. Existing clients' children are exempt from the minimum, however, Higgins told "Advisors Magazine" during a recent interview. Prospective investors who do not meet the minimum are welcome to work with the advisor on a transactional basis. Our advisors seek out clients with realistic expectations and who value professional financial advice, he added.

Longevity risk presents one of the greatest financial challenges faced by investors today. According to the Institute for Health Metrics and Evaluation, in 1960, newborns were expected to live just over 71 years. As of 2015, that number stood at 79 years. As life spans increase and retirements become longer, investors need to prepare their portfolios for decades of drawdown.

"We need to make sure that we're going to run everything out to 100," he said, adding that he once new someone who lost almost everything to unexpected long-term care costs. "He said 'We didn't have a lot of money. We had about $400,000, but we had pensions, then my wife got sick. I had no idea this wasn't covered on my health insurance.'"

The experience prompted Higgins to start Save the Spouse, a website that offers information on long-term care. Many clients approach Higgins with the belief that they can absorb a long-term care cost themselves, without any sort of insurance, but often fail to consider the financial

> "It Ain't What You don't know that gets you into trouble. It's what you know for sure that just ain't so"
>
> — Mark Twain

aftermath. Higgins encourages his clients to consider all their options and develop a sustainable, tailored plan to handle long-term care.

Longevity risk leaves many investors in a position to outlive their money. Investors often underestimate this risk as a cover to justify their spending, a serious concern Higgins said that affects many. Inflation presents an often-misunderstood risk as well, and many clients underestimate how much of a toll it will take on their portfolios. And hoping to be in the lucky 30 percent is not a real plan, he added.

"One hundred thousand dollars income per year, you're good for a few years but then you'll become your grandmother when she's talking about how a dollar isn't worth what it used to be," Higgins said.

Holistic financial planning

The advisors at Family Wealth Management take a comprehensive approach that looks at more than just investment options and potential returns.

Higgins' comprehensive planning process begins with what he calls "The Discovery Dialog," an in-depth interview with the client to determine their financial history and goals. After that Higgins builds clients a dynamic financial plan that can be updated in real-time. Unlike some other online financial tools, however, Higgins' platform highlights today's status versus the long-term outlook, allowing clients to see the bigger picture.

A comprehensive financial plan goes beyond stocks and returns. A holistic look at a client's financial picture requires a proper risk assessment and management plan. The advisors at Family Wealth Management take a look the various risk factors that could derail investors' financial plans, and encourage clients to examine their situation thoroughly.

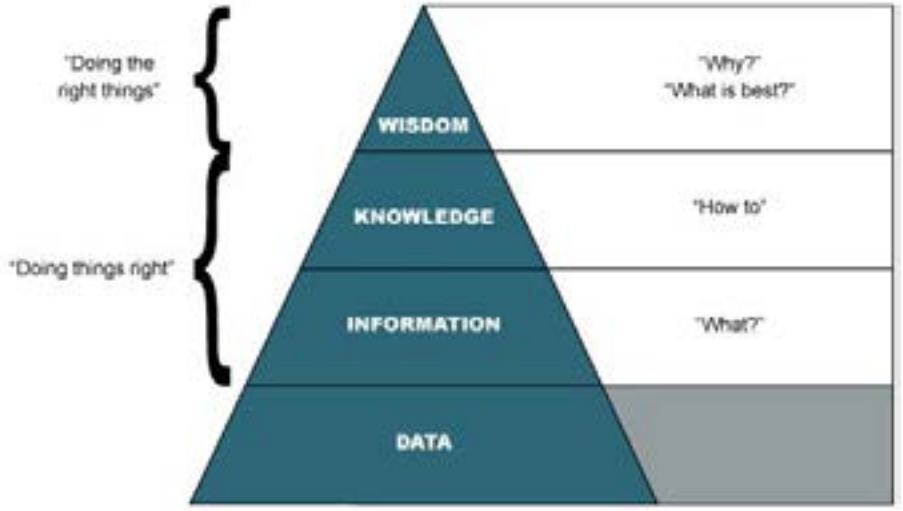
"Some clients haven't talked to their attorney in eight years," Higgins said.

"We go beyond standard industry diversification by asset allocation," and use tools from the insurance industry to understand client risks, he added.

These efforts are why Higgins at Family Wealth Management received a "Women's Choice Award for Financial Advisors & Firms" through the Women's Institute for Financial Education in 2014. That award goes to those advisors that exemplify an effort to help women and provide quality service and strong commitment to their female clientele.

Information vs. Knowledge

When a person suffering from a cold goes online for more information, it only takes about 15 minutes before they start wondering whether they actually have cancer, the old joke goes. That joke could



apply to the financial world as well.

"The disconnect happens here between information and knowledge," Higgins said. "Let's say that your dad needed open-heart surgery. You can go on the internet and find out everything you want to know about it, but when it comes time to induce him and scrub in you're probably not involved. A lot of people read information on the internet and then think they're financial experts."

Higgins collected his stories, pictures, and experiences into a book, "Distribution Land," that explains financial concepts in plain language stripped of confusing industry jargon. The book was his effort to show that financial concepts can be explained simply, and understood by most everyone, although he believes managing that money well requires a trained professional.

"These sites work in rules of thumb, it's basically generic," he said. "It's like those call-in investment shows where you listen to somebody give advice about a situation but it's their situation it's not your situation."

Call-in radio shows may not take the caller's full financial picture into account, and the possibility of second or third order effects following a decision and may not ever be, brought up. Robo-advisors, likewise, may not know the client, family, or unique financial situation in play.

"They're stuck in that investment advisory box," Higgins said, adding that in some cases he has worked with the same family over three generations.

A trusted advisor-client relationship is what it takes to maintain an effective financial plan over the long- term. And that is especially true for clients who need to be told hard truths or plan for significant challenges, because in today's retirement paradigm the old allocations may no longer cut it.

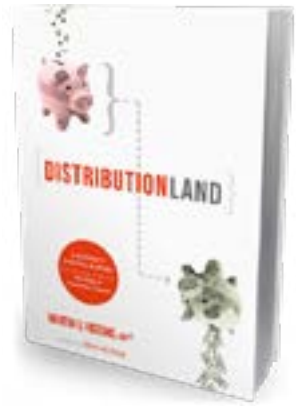
For more information on Family Wealth Management, visit: familywealthadvisory.com

FamilyWealth management
Understanding People Before Numbers

The Women's Choice Award Financial Advisor program was created by WomenCertified Inc., the Voice of Women, in an effort to help women make smart financial choices. The program is based on 17 objective criteria associated with providing quality service to women clients such as credentials, experience, and a favorable regulatory history, among other factors. Financial advisors do not pay a fee to be considered or placed on the final list of Women's Choice Award® Financial Advisors, though they may have paid a basic program fee to cover the cost of a client survey through Advisor Impact. The inclusion of a financial advisor within the Women's Choice Award Financial Advisor network should not be construed as an endorsement of the financial advisor by WomenCertified or its partners and affiliates and is no guarantee as to future investment success. You may obtain additional information at: http://www.womenschoiceaward.com/financial-advisor-information.

Before engaging in any investment or investment strategy you should talk to your financial professional for advice specific to your situation. Mutual of Omaha Investor Services, Inc. and its representatives do not provide tax and legal advice. Please consult a qualified professional.

Marty Higgins and the advisors at Family Wealth Management offer securities and investment advisory services through Mutual of Omaha Investor Services, Inc. Member FINRA/SIPC. Family Wealth Management and Mutual of Omaha Investor Services, Inc. are not affiliated.



BUY NOW

by matthew d. edward

Horseracing Integrity Act to nix equine enhancing drugs

Senators Gillibrand and McSally lead bipartisan effort

When horse fans make a $2 bet at the track, they might be sentencing their chosen thoroughbred to death.

A staggering 4,649 racehorses died on the track between 2009 and 2015, according to data published by The Jockey Club. A later 2018 analysis published by the same organization found an aggregate "fatal injury" rate of 1.68 for every 1,000 race starts. Age, surface, and other factors all play a role in "breakdowns," the euphemism often used when a horse drops dead on the track, but performance enhancing drugs exacerbate matters, according to activists.

"Performance enhancing drugs and overuse of therapeutics put horses and their jockeys in danger because the horse may run faster than its bone and ligament structure can sustain," said Marty Irby, executive director of Animal Wellness Action, an animal advocacy non-profit. "Some people may think horses are healthy because of therapeutics, but they may have injuries covered up with pain-masking agents, and thus a significantly higher chance of a breakdown. Currently, there are no restrictions on therapeutics, and no testing for horses in training."

That may change soon, however, with a new bipartisan bill currently before the Senate. The Horseracing Integrity Act, proposed by U.S. Senators Kirsten Gillibrand (D-NY) and Martha McSally (R-AZ), aims to ban doping and create a uniform drug-testing standard under the U.S. Anti-Doping Agency. Arizona and New York are two of the country's top horse racing states.

"Horses should run on hay, oats, and water, not on a cocktail of performance

enhancers and medications," Irby told "Advisors Magazine" by email. "We applaud Senators Gillibrand and McSally and are pleased to join together to end a shameful period where unscrupulous trainers have put horses and jockeys at risk."

The Jockey Club agreed in a 2018 news release explaining its Equine Injury Database, a collection of injury and death statistics from racetracks around the country. Professor Tim Parkin, a veterinarian and consultant to the EID noted that substance abuse constituted a major risk factor for racehorses.

"Analysis of the EID has demonstrated that there are a multitude of factors that contribute to the risk of fatal injuries in Thoroughbred racehorses," Parkin said at the time. "Moving forward, we should focus on the medications present in horses during racing and training, transparency of veterinary records for all starters and the collection of injury data from morning training hours."

No national horseracing regulatory body exists, and rules vary in each state. That means change comes slowly in the industry and it can take years for effective reforms to pass, Irby said. Despite this, inter-state competition remains the norm and 90 percent of wagers in any given race are on out-of-state horses. Several organizations have pushed federal lawmakers since 2015 to begin regulating the industry and end the inconsistencies that, according to them, put horses at risk.

Most advocates do not oppose horseracing itself, Irby said, but industry reluctance to address its own problems could change that.

"The unending stream of bad publicity, ugly incidents, and stubborn refusal by some within industry – like Churchill Downs and The Kentucky Derby – to accept legitimate reforms is pushing more and more animal advocates to oppose the sport," Irby said. "If there is no legislative remedy, we'll see more mainstream groups take up the issue and more grassroots groups emerge to take on the problem. Then the debate will shift away from doping in horse racing to horse racing itself."

FINANCIAL PLANNING: UNDERSTANDING MILLENNIALS AND BOOMERS

Collaboration best serves client base

Millennial investors face an uphill battle both in acquiring assets and finding the right advisor to guide them. And the financial services industry muddies the waters further with subpar products and self-declared advisors looking to score quick commissions – often to the investor's detriment.

A pair of millennial advisors thinks there is a better way.

"Far too often, our business has been overwhelmed by people who are just insurance salesmen. They actually don't do financial planning, call themselves financial advisors, and just are looking to make a sale and then be done with the client," said Taylor Ripka, CFP®, AWMA, president and financial planner at Delta Capital Advisor. "A sale of an insurance product can hurt the client more in the long-term, than just using what the client has and then maybe asking for advice on online platforms of what their allocation should be. Are there risks that they have in there as well? Yes, but in my opinion as an advisor those risks are easier to overcome."

What is your goal for life?

When this question is asked to a million different people, we will receive a million different answers. There is no right answer, but there is a right path to get you to your goals.

Delta Capital Advisors, based in Maple Grove, Minnesota, provides comprehensive financial planning, investment management, estate planning, and more to a wide variety of clients. The firm does not require a minimum asset level to sign on as a client, Ripka said, adding that Delta Capital Advisors strives to help a diverse set of investors but does focus on those nearing retirement.

Ripka also works closely with financial advisor Luke D. DeBoer, CFP®, president of The Financial Planning Co., another firm in the Maple Grove area who also serves a wide variety of investors with comprehensive financial planning and other services including investing, insurance, and employee benefits consulting. DeBoer tends to focus on younger clients rather than retirees or investors

getting close to retirement.

The two firms work together to better assist investors, with each sending clients to the other as needed, Ripka said.

"We have a great collaboration together. Historically when we've had some clients in the older phases of their life, DeBoer will ask for my input and how to develop a plan differently and what we're looking at, and it's the same thing if I have a younger client," Ripka told "Advisors Magazine" during a recent interview. "We're not referring the client to each other, there's no compensation going from one to the other, but it's just purely a recommendation for what's in the best interest of the client and what best serves the client. It's been great to be able to do that and to have that kind of practice."

Investors, especially younger professionals who recently began accumulating assets, need a clear definition of success. Many advisors still hew to outdated asset allocations and cookie-cutter approaches that no longer best serve clients. Investors need to find an advisor who puts their best interests first and who will consider their full financial picture while developing a customized approach.

"Clients need to ask their advisors what the real goal is and how they define success," Ripka said. "Returns are important, but there are only so many things you can control regarding returns within the market."

Millennial investors have it especially rough and need to be particularly careful. A new study from the Stanford Center on Poverty and Inequality described millennials as "canaries in the coalmine" for a variety of "toxic economic trends," and noted that the generation suffers from lower incomes, savings, and higher rates of suicide than previous generations. Many millennials also graduated into the Great Recession, kicked off by the 2008 financial crisis, and their incomes never recovered – leaving them with fewer assets to get started with as investors.

"Millennials are the first generation to experience in a full-throttled way the social and economic problems of our time," said David Grusky, professor of sociology and director of the Stanford Center on Poverty and Inequality in a news release on the study results.

As millennials tried to enter the job market during the Great Recession of the late 2000s, they also had to deal with decades-long economic issues, such as rising inequality and declining economic mobility. This made it an especially difficult period, he added.

"We can think of them as canaries in the coalmine who reveal just how toxic those problems are," Grusky said in the release.

Ripka and DeBoer, both millennials themselves, see the generation's problems through a personal lens.

"Being a financial advisor who graduated not only during the Great Recession but almost exactly at the worst of it, May, 2008, I'm very cognizant of risk as a result of becoming a working adult during this time," DeBoer said. "I'm constantly thinking through what the decisions will be if such-and-such happens. Always trying to play out the future scenarios in my mind. I believe my mindset would be quite different if I cut my teeth professionally during the boom years."

Taylor Ripka, CFP®, AWMA
Financial Planner / President

DELTA
CAPITAL ADVISORS

Luke D. DeBoer, CFP®
Financial Planner / President

Financial Planning Co.

Millennials often find themselves targeted by breathless media headlines that write off the entire generation as entitled, demanding, and financially foolish. The reality, however, shows that the generation has been battered by a unique set of economic conditions that go beyond the 2008 financial crisis and also include a wider income gap between high school and university educated workers and the attendant loan debt that comes from needing to hold a college degree.

"If you understand the economic and social context within which millennials are growing up it's natural to feel real empathy and hard, by contrast, to understand the anger that's often directed toward them," Stanford's Grusky said in a news release.

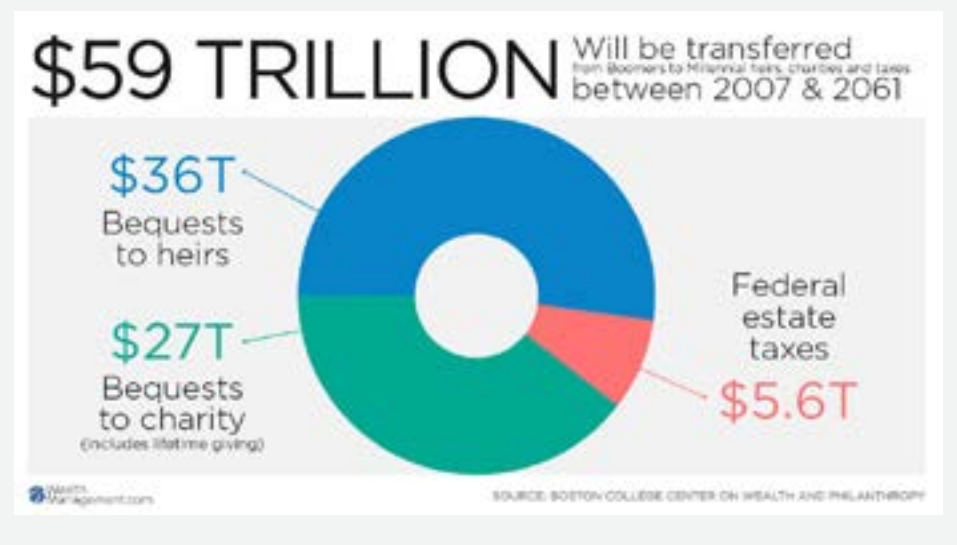
All clients require a focused, tailored approach that takes their financial goals into consideration. A customized solution may be even more important for millennial investors, however, as the data shows they hold fewer assets and are less likely to own a

home than members of previous generations. Ripka and DeBoer work with clients of all stripes to develop clear expectations and goals so that investors can make their money work for them. That means the emphasis is on the investor to understand what they want in life, not just in their bank account.

"My approach has far less to do with products or savings levels or anything tactical and has much more to do with talking through expectations," DeBoer said. "We as humans have this amazing ability to be happy with our circumstances as long as they are either at or beyond what our expectations were, and unfortunately the inverse is also true. As such, ensuring my clients are setting the proper expectations around retirement income, longevity, and even the possible impact of long-term care is vitally important."

Long-term care is an issue for investors across the age spectrum. Lifespans continue to increase and long-term care costs have risen to the point where they are no longer affordable for many. Ripka and DeBoer, despite their different client-bases, both highlight to clients the need for long-term care protection and longevity considerations.

"A lot of them have the mentality of, 'Hey I'm going to be gone by my early 80s because that's what my parents did.' We're looking at it and saying, 'Hey, we need to go longer for you,'" Ripka said.



Universal issues like long-term care might apply to all clients, but how those tools fit into an investor's portfolio make up the customized solutions offered by Ripka and DeBoer. Even clients with a large number of surface-level similarities need a tailored solution, and that requires an advisor to dig deep and truly understand them.

"I have clients where I have multiple family members but every family member has to have a different financial plan because of how they operate and what their goals are," Ripka said.

For DeBoer, working with clients means understanding their needs, goals, and communication style.

"I try my best to get an understanding of how prospective clients want to interact," DeBoer said. "I typically ask my clients to categorize themselves into a type, using a watch and time analogy. When asking what time it is, do you want to simply know what time it is? Or do you want to know what time it is and how the watch works?"

Developing that sort of strong, trusting relationship between client and advisor helps create the conditions for success. It is also why many investors refer family members, Ripka said. And these multigenerational clients benefit from their advisor's deep knowledge of their family situation, he added.

"It's such an important thing … I love when I work with three generations of clients," Ripka said.

For more information about Delta Capital Advisors, visit: deltacapitaladvisor.com

For more information about The Financial Planning Co., visit: thefinancialplanningco.com

2019
Editor's
Choice

Great Places to...

1 ...Sample a Stogie

★ SOHO CIGAR BAR
32 Watts Street, NY 10013 212-941-1781

Soho Cigar Bar, formerly Circa Tabac, one of New York's oldest cigar bars and lounges. The recently renovated space is reminiscent of a 1920s speakeasy with plush leather furnishings and an art deco inspired interior, all creating a warm and welcoming environment. Coming into Soho Cigar Bar is like stepping back in time, all the while enjoying a true New York City experience where you can enjoy the finest cigars, cocktails and food.

2 ...Enjoy the Comradery

★ HAVANA DREAMS
63-10 Woodhaven Blvd., Queens 718-685-0078

In the event, unlikely as it may be, you should find yourself in Rego Park, pop into Havana Dreams. Tidy and nondescript, it doesn't look like much from the outside. But this is as close as you'll come to the neighborhood cigar shop of yore. It's a hangout in every sense.

While tobacco behemoths spend millions of dollars building out luxury retail lounge spaces, this mom-and-pop shop instead favors true community. The furniture may not be Le Corbusier -- but who cares? The place isn't designed for Architectural Digest. It's just a joint.

The humidor has a surprisingly well-curated selection of cigars you'd see in any of its more luxe retail counterparts -- and some you wouldn't. LFD Andalusian Bulls are proudly displayed near the door, and you can pick from a rich selection from the Padron 1926 series, The T by Caldwell, and the full Arturo Fuente Don Carlos line.

The guy at the video poker machine may not be much for conversation: If you're looking for the age of enlightenment, keep prowling. But it is inviting and, most important, uncomplicated.

3 ...Have a NYC Experience

★ CIGAR INN
1016 2nd Avenue, NY 10022 212-750-0809

Located just six blocks down from the Queensboro Bridge, Cigar Inn is arguably the city's most popular cigar spot, featuring a walk-in humidor that hosts one of New York's largest and most diverse cigar selections. From 10am to 4pm, the space remains calm and quiet, with respectful older patrons and plenty of room. From 5pm until closing, Cigar Inn is usually packed with a younger, hipper crowd, house music, and high-energy atmosphere to match. They have a reasonable corking fee and one can freely order outside food at any time. Cigar Inn combines all elements of cigar culture under one enormous roof and makes the cigar-smoking experience affordable for anyone who's interested.

4 ...Meet for a Drink

★ CLUB MACANUDO
26 E 63rd St, New York, NY 10065

Club Mac, as it's referred to by its white collar regulars, is an elegant throwback for the smoker in search of comfort and service. Nestled on the ground floor of The Leonori -- a beautiful turn-of-the-century Beaux-Arts building on the Upper East Side -- the tony lounge boasts rich mahogany accents, a formal dining room, and brass plaques engraved with the names of members past and present (e.g. former California Governor Arnold Schwarzenegger; one-time kindergarten cop Rudolph Giuliani).

Their cigar menu is abundant, stocked with items from the General Cigar family of products. (Macanudos, CAO, Partagas, Punch). Order from the humidor and smoke in this white-glove service environment for as little as $15 (there is a $30 table minimum, so bring a friend or smoke two). Or bring your own and pay a $15 cutting fee and fulfill the table tax with items from the full bar or dinner menu.

by david gargaro

Teach clients to swim in a sea of investment choices

Many people are deathly afraid of the water and of learning to swim. They're not comfortable in water over their heads and the fear of drowning is very real; water is a foreign medium for us land mammals. A patient swim instructor makes all the difference in helping a person put the fear in perspective and focus on the goal. Whether the goal is survival swimming, a fitness goal or racing, a good coach guides the improvement and keeps the swimmer on track to become, and remain, successful. Comfort in the water is a life skill; you never know when you are going to really need it.

Financial planning and investing are, like water, foreign mediums for most people. They're afraid of market volatility, investment terms and the myriad products. Investors can be overwhelmed and confused by the choices. The financial media exacerbates that fear with doom and gloom scenarios, stock picking, market timing and track record advice – a veritable sea of information that is peripheral to the client's needs. How much is truly pertinent… for the client?

"When I talk with clients about their money decisions, it is first a conversation about how they got where they are: who makes the decisions, recommends the investments and what the strategies are they're attempting to implement. Long term goals are great, but if you don't understand, at least conceptually, how things actually work, then how will you track your progress or success without a basis for measurement? Since the clients and I are co-creating their plan, I stress the fundamental understanding of the importance of research and science behind investing as it relates to portfolio selection and distribution strategies. The math matters."

J'Neanne's process, called 'Rescue Your Retirement' encompasses the various decisions that must be made to ensure a solid plan – from taxes, to Social Security claiming, to pension choices, to long term care and health care. Retirement is also a foreign medium. Since you've

never been there before, how do you know which strategies will work or are the best. It's hard to see the picture when you're in the picture and most people have a hard time envisioning what comes next. You could ask 100 people what they did and get 100 different answers; what meets your needs? A comprehensive approach to retirement planning is important because the money decisions around the money are as important as the money itself. Understanding your numbers is critical to being prepared for a change in income and benefits and realizing that you are now dis-investing.

As a demographic, people are living longer than ever before. Two-thirds of the people that have ever lived to age 65, are living right now. This is a monumental shift in economics and advisors must account for retirements of 30 years or more. As J'Neanne explains, "We'll discuss whether it's possible to make the money last that long. How many types of risks should be considered? Managing expectations is key to understanding and managing the many risks clients face as they begin to depend on their savings. Another analogy I often use is mountain climbing. You spend 40 years accumulating; you're climbing the mountain. Then retirement happens and you're reversing course, you're down climbing. This is where most people are killed on a mountain. Running out of money before you run out of life is the equivalent. Any number of factors could result in compromising savings."

Emotions around investing change when a client is near or just into retirement. Most clients become more risk averse and want to lower their equity exposures, but they're not clear on how to do it effectively. J'Neanne is consistently 'coaching' her clients on the importance of appropriate versus inappropriate risks, whether the topic is investing, refinancing, real estate or business. She often uses the example of roller coasters and even has a few visuals in her office as aids to help clients assess how much risk they're willing to assume. Most clients are not comfortable on the 'Anaconda'.

An essential component in the client-advisor relationship is trust. Clients must be able to trust that their advisors will steer them in the right financial direction, so the fiduciary duty of putting the client's best interest first is critical. J'Neanne takes this lifeguard duty seriously and ensures that her clients know the difference between real data and fake financial news. Additionally, she routinely educates her clients on the many schemes that target seniors. Preservation of capital isn't just about proper portfolio allocation, it's also about avoiding frauds and scams that leave seniors penniless or bankrupt. "I don't want my clients swimming with the sharks."

For more information on Theus Wealth Advisors, visit: www.theuswealthadvisors.com

TWA
THEUS WEALTH ADVISORS

PROTECTING YOUR RETIREMENT ASSETS AGAINST LONGEVITY RISK

CUSTOMIZED INNOVATIVE INVESTING LEADS THE WAY

People are living longer than ever thanks to healthy lifestyles and advances in medical care. Improved longevity can be a blessing to today's adults as they can enjoy the fruit of their labor for an extended retirement period. However, those years can turn into trials and hardship when people outlive their retirement funds. In the past, retirement plans did not consider that a client would live 30 or more years past the age of retirement. No one wants to run out of money, but it's even more tragic when it happens during a person's vulnerable senior years. This has caused the industry to reevaluate retirement planning.

Philip H. Ellis, president of Brittison Financial Group, Inc., works with clients to create customized financial strategies that help them to achieve their long-term goals. He develops financial plans that protect his clients' retirement assets against longevity risk, market risk, and sequence of returns risk, as well as planning for their long-term care expenses.

"We create custom retirement plans that optimize social security and include forward-thinking, tax efficient planning strategies that protect your wealth," said Ellis. "We help to set up guaranteed streams of income that increase with inflation to supplement social security income to handle their monthly income needs for the rest of their lives."

Longevity risk is one of the most challenging issues to deal with when it comes to retirement planning. One consequence of extended lifespans is the increased possibility for long-term care. Almost 70 percent of people who reach the age of 65 will require some form of long-term care - whether it involves having an occasional helper in the home or living in an assisted-living facility. Longer lives mean greater risk of lengthy medical stays. Those unplanned illnesses can wreak havoc on one's savings since Medical insurance, Medicare, and group employer insurance plans do not cover long-term care. A possible solution for long-term care is long-term care insurance which is designed for covering people who are affected by accidents or illnesses that are longer than 90 days. Brittison Financial Group offers this and other long-term care solutions, including annuities with long term care riders, asset-based long-term care, and life insurance-based long-term care. Ellis works with client to find the right plan for their specific concerns and situations.

> **"PEOPLE FIRST, MONEY SECOND IS A PRIORITY STATEMENT THAT PLACES PEOPLE FIRST"**

"We also help to tackle longevity risk with guaranteed income indexed annuities," said Ellis. "These types of investment strategies are effective for protecting against longevity risk as they provide a guaranteed stream of

income for the rest of the client's life."

Most people retire from working eventually, either by choice or by circumstance. Because everyone has different needs and goals, no two couples retire alike. However, common to all retirees is the desire to be comfortable and that requires that they have enough money to cover their regular expenses as well as enough left to do the extra things they want to do.

Some people use investment apps and robo-advisors to handle their retirement planning. While they can be effective for small investments, these tools take away the personal touch of a financial advisor who gets to know their client's specific needs. Preparing for retirement can be an emotionally charged experience, especially when the market is volatile or if a person is going through a major life event. "Robo-advisors cannot help someone who has lost most of their long-term funds due to a debilitating illness which is something I've faced with several clients over the years," said Ellis. "People need someone who can help them to find the answers to their retirement issues and build savings and income for the long term. That's why you're better off talking to a professional who can tailor your retirement plan based on your specific needs."

Proper retirement planning involves making plans for a person's "spending years" which are preceded by years of accumulating savings and investments. Because retirement planning is not static and will change through different life stages through unique and personal situations, it is important to work with a retirement planning professional to determine long-term goals and to make adjustments when major life events happen. For example, Ellis helps client to create structured income plans for surviving spouses, which unfortunately many people have not considered until it's too late. Planning ahead helps to minimize the stress of life events.

"I've never created two identical retirement plans because I believe in taking an individualized approach for every client," said Ellis. "We will take into account detailed budgets to identify how clients are spending their money. We'll also optimize their social security savings based on factors such as age, years of work, the spouse's situation and so on to ensure that they maximize their retirement income and savings." Ellis and his team at Brittison Financial Group work with clients during their one-on-one strategy sessions on maximizing social security, conservative retirement planning, and tax reduction to help them build wealth, reduce or eliminate their tax burdens, and create retirement income that will last beyond their years.

For more information on Brittison Financial Group, Inc. visit: brittisonfinancialgroup.com.

BRITTISON
FINANCIAL GROUP, INC.

CHIP SCORE AND CHAPWOOD INDEX PUT RISK FIRST

Firm's proprietary approach to financial planning

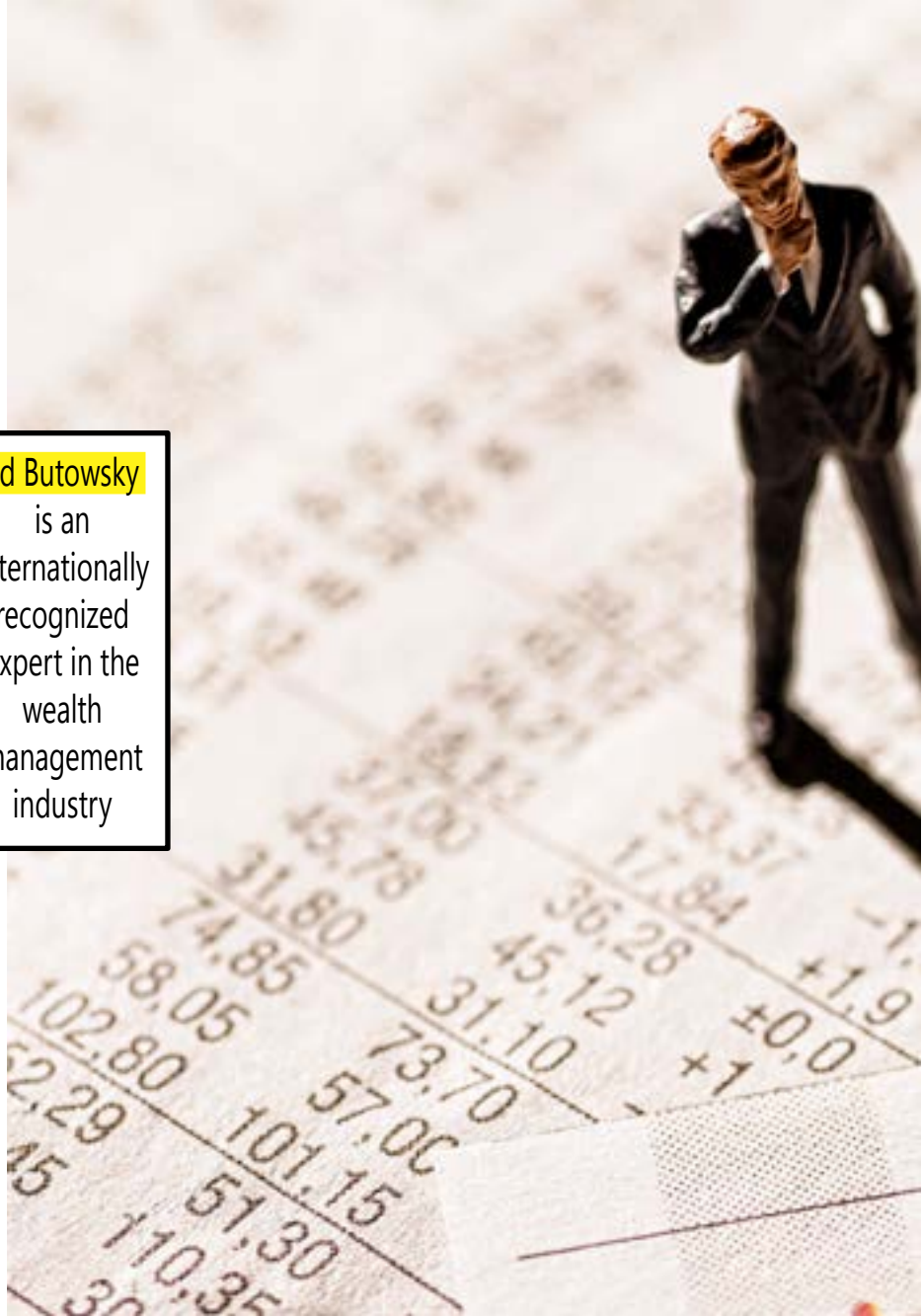
The average portfolio leaves investors vulnerable to a number of hidden risks that few understand and even fewer are prepared to handle.

"I'm a big believer – everybody should be a big believer – in making sure that you have multiple kinds of risks in a portfolio," said Ed Butowsky, managing partner of Chapwood Investments, LLC, and a frequent commentator for national media outlets. "If you have just one risk, a slow economy for example, then everything would be down if there was in fact a slow economy."

Chapwood, based in Plano, Texas, provides financial planning and investment management services to high net worth clients. Butowsky also has become known as an advisor to professional athletes and celebrities, handling issues such as contract negotiation and agent disputes. Despite the high-level clientele, Chapwood refrains from requiring a firm minimum from prospective clients, Butowsky said.

Chapwood takes a risk-first approach to financial planning that delves into the multiple market forces that can pummel an unprepared portfolio. To measure and manage risk, Chapwood makes use of "non-correlated" assets – which change value independently of the core financial markets, such as real estate, precious metals, and private equity ventures – and takes stock investors' unique financial situations using eight metrics. The metrics include correlation to the S&P 500, rate of return, money at risk during the next 12 months and potential for loss in the next year, standard deviation, the Sharpe Ratio, upper and lower return, and the variance drag phantom tax (the proportion of rate of return to standard deviation). Assessing investors' financial situation using these eight metrics allows Butowsky to effectively pinpoint risk areas and prepare clients for what could go wrong.

These factors comprise the CHIP score, one of Butowsky's creations. The CHIP score is designed to properly and effectively measure a portfolio's strength based on the eight factors. Using this score, investors can see a realistic, yet easy to understand,



Ed Butowsky is an internationally recognized expert in the wealth management industry

snapshot of where their portfolio stands today, he said. Chapwood uses powerful analytics to calculate the CHIP score and track it over time for clients. The firm's website even presents prospective investors with a "calculator" they can enter information into such as their current management fees, hard assets, and much more.

Inflation also poses a major threat to standard portfolios. The firm uses eight separate metrics to measure risk and also has its own tool, the "Chapwood Index" to gauge what Butowsky describes as the "real rate of inflation," as opposed to the commonly used Consumer Price Index. The CPI, an industry standard tool, downplays the real inflation rate, Butowsky says, often undershooting it by two full percentage points. Chapwood combines the CHIP score and the Chapwood Index, and together those two tools offer a better, more in-depth financial picture for clients than standard industry tools, Butowsky said.

"The real cost-of-living increase in this country is 8 or 9 percent per year. It's significant just to stay even with the year before, and we have to make sure we're building portfolios that can handle the cost-of-living increase," Butowsky told "Advisors Magazine" during a recent interview. "We help people determine what they need in order to not go broke – we get right into the nuts and bolts of portfolio management by doing this."

The CHIP score and Chapwood Index allow Butowsky to speak to clients about their financial situations with everyone on the same page. The analytics package allows for fast, accurate data tracking and for clients to view a snapshot of where they stand at any given time. That means clients are armed with the information they need to make better decisions.

And for risk discussions, Butowsky

"The CHIP score and Chapwood Index allow Butowsky to speak to clients about their financial situations."

strips industry jargon and beating around the bush and gets straight to the point with clients.

"We ask them how much downside can they handle in a portfolio before they throw up, before they get sick to their stomach," he said. "Once I get that answer, then I can fill in the rest of the answers with my metrics."

Client education remains key when it comes to managing risk. Investors often focus on their expected returns, but rarely consider the downsides or do not fully understand how the market can alter their plans. Butowsky works with his clients to develop a full understanding of how their money works and how risk plays a role in their financial plans.

"We talk often about, 'How much do you want to make?' but at the same time people really don't know what they need to make," Butowsky said. "If you're up 25 percent then we've got a problem because that means I didn't manage your risk very well."

Butowsky has more than 29 years in the financial services industry, and was the first Morgan Stanley advisor to top $1 billion in assets under management. Media firms often ask Butowsky to comment on financial issues and he has appeared on The Blaze TV, the PBS Frontline piece "To Catch a Trader," "Mad Dog Radio," and "Bloomberg Radio." Butowsky also was one of seven financial coaches in the web series "The Invested Life," a nine-month series billed as featuring "real people" as they worked through everyday investment issues and attempted to take control of their financial futures.

Butowsky also frequently writes op-eds for a diversity of online media outlets such as "The Blaze," FoxNews.com, FoxBusiness.com, Breitbart.com, and the National Center for Policy Analysis, among others. Additionally, Butowsky's views on the financial industry have landed him speaking and lecture slots at the Private Wealth Texas Forum, T3 Conference, Yale, New York University's Stern School of Business, and elsewhere.

Butowsky's insider perspective of the financial services industry informed his book, "Wealth Mismanagement," which laid out just how much risk investors likely missed when building their portfolios. The book was his effort to reach more people than he can through Chapwood as an advisor and includes his thoughts on wealth protection.

"I truly believe that every person on this side of the grass should be a client of mine, and I'd like to meet them all," he said.

Chapwood sees risk mitigation as key to enjoying a happy, fulfilling retirement – something many never get.

"You don't see a lot of really happy older people and that's because their financial advisors targeted the CPI instead of the true cost of living increase," Butowsky said. "The truth is, their cost of living is going up 8 percent and if they're at 6 then they're losing 2 percent of purchasing power a year."

The longevity risk has been cited by many financial advisors as one of the most pressing concerns facing investors today. Whereas pensions once supported retirees and self-invested funds only had to last a decade, if not less, today's retirement landscape presents a much more complex set of challenges. A strong client-advisor relationship is needed to have the honest conversations and effective planning required for a happy, healthy retirement that could last decades.

The retirement landscape also includes more products and services than ever before as well, and finding the right advisor can be a challenge. Butowsky tells prospective clients that he acts in their best interests, not his own. That means clients can and should hold him accountable for the advice he gives. Not only that, but clients should feel free to ask questions until they are sure they understand where their money is, what it is doing, and what it can do for them in the future.

"If I can't be held accountable or you can't hold me accountable for what I do then you should fire me," Butowsky said. "I should be able to stand up to everything I do, everything I say, every minute of the day, and if I can't do that then you shouldn't have your money with me."

For more information on Chapwood Investments LLC, visit: chapwoodinvestments.com

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LIVE FOR

AT THE HEART OF ROLEX
LIES A STRONG AND POWERFUL BELIEF:
LIVE FOR GREATNESS.
THE VERY SPIRIT OF WHO WE ARE,
IT DEFINES OUR TIMEPIECES.
MAKES OUR CROWN ICONIC.
YET GREATNESS IS WITHIN EVERYONE.
PASSION. DRIVE. INSPIRATION.
THEY EXPLAIN THE HOW AND WHY
RECORDS ARE BROKEN.
BREAKTHROUGHS ARE MADE.
MOUNTAINS ARE CONQUERED.
MORE THAN A DESTINATION,
GREATNESS IS A JOURNEY
THAT NEVER ENDS.

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