STONE BARN TIMES

SPRING/SUMMER 2016

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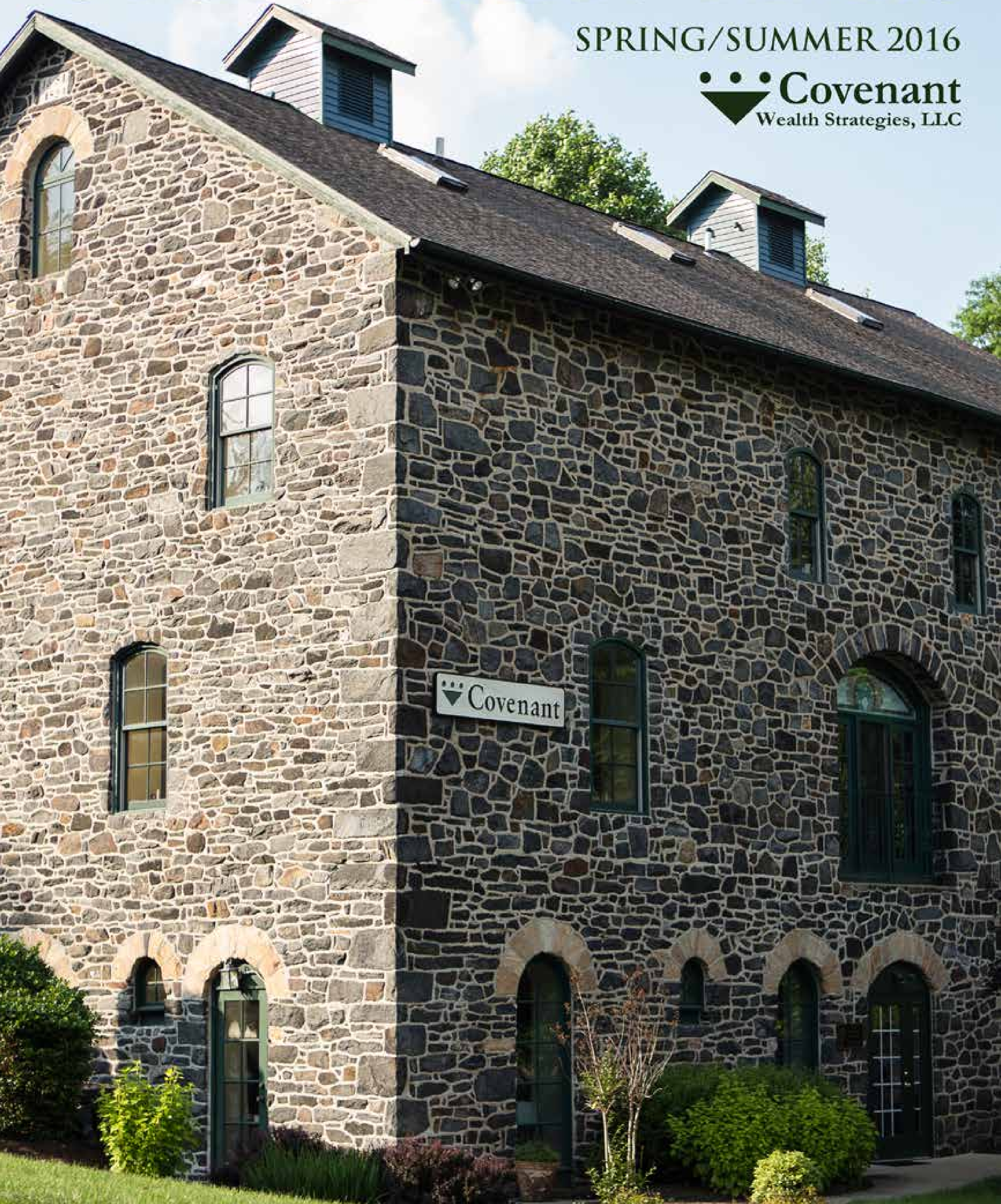

G. Ward Keever, IV

CLU, ChFC, RHU, AEP, CFS, AIF®

Insurance Needs Assessment: For Empty Nesters and Retirees

With the children now out of the house, financial priorities become more focused on preparing for retirement. At this stage, you may very likely be at the height of your earning power and fast approaching peak savings as you lay the groundwork for retirement. During this final leg to retirement-and throughout your retirement period-wealth protection is critical.

The preservation of your assets will not be solely a function of your investment strategy, but will include a comprehensive insurance approach to protect you against an array of financial risks, most especially health care.

In addition to wealth protection, you may also now be seriously contemplating a number of important estate and legacy objectives.

Home

Even though your mortgage may be paid off-and thus released of the lender's requirement to have homeowners insurance-it remains important to consider coverage against property loss and exposure to personal liability. Now is an ideal time to review your policy as the cost of replacing your home and the belongings contained therein may have grown over the years.

Also, consider an umbrella policy, which is designed to help protect against the financial risk of personal liability.

Health

There are several key health insurance issues facinq empty nesters and retirees.

If you retire prior to age 65 when Medicare coverage is set to begin, you will need coverage to bridge the gap between when you retire and when you turn 65. If your spouse continues to work, you may want to consider getting yourself added to his or her plan, though you may need to wait until the employer's annual enrollment period.

Alternatively, you also may purchase coverage through a private insurer or through HealthCare.gov (or your state's program).

Once you enroll in Medicare, you should consider purchasing Part D of Medicare, the Medicare Prescription Drug Plan, which can help you save money on prescriptions.

Additionally, you may want to consider other Medigap insurance, which is designed to pay for medical care not covered by Medicare. Medigap plans are bought through private insurance companies and best purchased within the first six months of turning age 65 since no health exam is required during this period.

Disability

This coverage may continue until you retire. When you stop working, you should consider canceling your disability insurance as the need for it has expired.

Life

The financial obligations that drove your life insurance needs while you were raising a family may have evaporated. However, you may find new needs arising from estate issues, such as liquidity, creating a legacy, etc!

Extended Care

For some, extended care insurance is a priority in this stage of life. With the expense of children in the rearview mirror, you can now turn your focus to buying protection against potentially the most significant health-care expense you are likely to face in retirement.

Peter Bauwah

Investment Research Associate

The Big Three: Stocks, Bonds and Cash

Understanding the most basic tools of investing will help you gain more confidence in what you own in your retirement account

For those who are new to saving and investing, the investment world can be a minefield of jargon and confusion. Most retirement plans offer a dozen or more investment options, each sometimes invested in multiple securities. That said, even novices should take the time to learn the basic building blocks of their portfolio; stocks, bonds and cash. Here's a quick introduction.

Stocks as ownership investments

If you want your money to grow and are comfortable with a bit of an up-and-down ride in the value of your investments, stocks may be right for you. Simply put, stocks represent shares of ownership in a company. If you're interested in sharing in the growth and profits of a particular company, you can purchase their individual shares, either through a brokerage firm or directly from the company in some cases. As a shareholder, your investment value wlll fluctuate based on the current and future earnings of each company.

Of course, the companies you own can make lots of money or be unprofitable, and this may affect the value of your shares. (Sometimes the stock prices of even profitable companies can go down, for a host of reasons.) If you'd like to leave the stock picking to professionals, it may make sense to buy a diversified basket of stocks in a stock mutual fund, rather than going through all the time and trouble of trying to pick individual stocks on your own.

Bonds as lending investments

The other major type of investment are those in which you lend your money. If you are like most people and keep some money in a bank-most likely in a checking account, but also in a savings account or in certificates of deposit (CDs)-you are lending your money to the bank, which it in turn uses to make loans to homebuyers or businesses.

Bonds, also known as fixed income investments, are another type of a lending investment. When you buy a bond that has been issued by a government or by a company, you agree to lend your money for a set period of time and receive a specified rate of Interest.' A corporate bond can pay you 3% per year in interest over the next five years, for example. One of the risks to holding a bond is that the issuer may fail to pay you back the principal and interest due to you, which is called a "default."

Instead of directly sharing in the ownership of a company, as with a stock, with bonds you are lending your money to an organization that will use it to meet business expenses or to invest in new business opportunities (in the case of private corporations) or to provide certain essential services (such as building highways or meeting the current obligations of the Federal Government). Typically, with bonds you do not share in profits generated by the money you lend to a company; you will simply be paid back your invested principal and any interest promised.

Cash equivalents

Cash equivalents are any investments that can be easily and without great cost converted into cash. The loose change on your dresser or the money you extract from an ATM qualify as cash equivalents.

So do money market mutual funds offered by your retirement plan. Money market funds generally invest in ultra-safe instruments such as short term CDs, U.S. Treasury bills and securities issued by corporations with the best credit ratings". Although money market mutual funds are considered among the safest options available, they tend to pay very low rates of interest in exchange for that safety and security.

I Government bonds are not guaranteed. Their price and investment return will fluctuate with market conditions and interest rates. Bonds, when redeemed, may be worth more or less than their original cost.

1Note that an investment in a money market fund is not insured or guaranteed by the FDIC or any other government agency. Although a money market fund seeks to preserve the value of your investment at $1.00 per share, it is possible to lose money by investing in a money market fund. Past performance is no guarantee offuturc performance, and there is no guarantee that any ofthese strategies will result in a similar investment outcome.

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Tracking # 1-173071

PASSWORD PROTECTION STRATEGIES

Facebook, Twitter, Linkedln- they've all fallen prey to hackers who exposed passwords and other personal information for hundreds of thousands of their users. If you haven't yet had your password stolen, chances are, it may be only a matter of time,

Hearing the word "hacker" may conjure up the image of a teenaged wiz-kid up all night systematically trying to guess at passwords, But hacking has become a much more complex, sophisticated, and lucrative operation. Breached passwords can fetch multiple dollars per name, per account on the black market.

So, what does that mean to you? It means your passwords are valuable and vulnerable commodities. There are steps you can take to help foil hackers and protect your privacy. Consider these strategies for protecting your passwords.

No Plain English

Simple strings of numbers, along with passwords that can be found in the dictionary, are the easiest to crack. Microsoft suggests that your password should not contain your name, your company name, your user name, or any complete word. Intentional misspellings may also make your information harder to hack.?

Mix It Up

Many people use the same password for multiple accounts because it's easier to remember. But this could lead to serious consequences. You may not be too concerned about the personal information stored in your Linkedln or Twitter accounts, but what would happen if hackers used your compromised password to access your email, brokerage, or bank accounts? If you have trouble remembering multiple passwords, you may want to keep a list, but don't store it on your desktop or in your inbox. Give the file a misleading name and bury it where only you can find it.

Fast Fact: According to the KPMG Data Loss Barometer, one billion people have been affected by lost and stolen information in Ihe last five years. Wired.com July 15, 2013

Favor Length and Complexity

The longer your password, the more difficult it will be to crack, Instead of a password, consider using a favorite movie quote, song lyric, or poem. To make your password even stronger, string together only the first couple letters of each word in the phrase. Another strategy involves simply jamming on the keyboard, intermittently hitting Shift and Alt keys until you have a password you're satisfied with. For sensitive accounts, it may make sense to change your passwords on a regular basis. If you like the idea of optimal password protection but worry you won't be able to handle multiple changing passwords, password-protection software can help you organize, store, and use password data.

There's no such thing as an impregnable password, Still, putting personal information behind a basic password is like leaving your Porsche in a parking lot with your keys on the dash. By taking preventative measures to strengthen your password, you may be able to help safeguard your sensitive personal data and your privacy.

Recognize Any of These?

Take a look at the most common passwords of 2014. If your password is one of these, it might be time to make a change,

123456
1234
baseball
dragon
football

1 CNBC, August 6, 2014
2 Microsoft.com, 2014; 8usinessinsider.com, April 9,2014

Stone Barn Speaker Series

We were honored to host Dr. Jerry Webman, the Chief Economist for Oppenheimer Funds to our office in December 2015. He provided an very interesting presentation titled "Economic Outlook: Longest Cycle on Record". It was a festive evening before the Christmas holiday season and all who attended really enjoyed the evening and the outstanding presentation by Dr. Webman.

Time for a group picture before the presentation- Ward, Dr. Jerry Webman, Josh Broad form Oppenheimer Funds, Chris, Randy and Peter.

Ward with Dr. Jerry Webman

Christopher Vincent
AIF®
Financial Consultant

Adding Predictable Income to Your Retirement

Income annuities can provide steady income during a market rough patch

When you stop working, you'll likely need to rely on some combination of Social Security, withdrawals from your workplace savings plan and individual retirement account (IRA), and personal savings to generate income to live on. It may make sense to include some percentage of guaranteed retirement income in this mix. Why? Having guaranteed income - such as annuity income - smoothes those years when financial markets become choppy.

What's an annuity?

An annuity is simply a contract between you and an insurance company. In exchange for your premium purchase, the insurer promises to make regular payments back to you, either beginning immediately or at some specified time in the future. Annuities have two phases: an accumulation phase (the period before you start taking payments) and an income phase (beginning when you start taking payments). There are basically two types of annuities:

Fixed annuities - Insurance company takes market risk

In a fixed annuity, your payments are credited with a fixed rate of interest. During the accumulation phase, your money is guaranteed to grow at a fixed interest rate for a specific period of time and compounds tax-deferred until you take withdrawals. A fixed annuity can be immediate (that is, guaranteed payments begin right away) or deferred (guaranteed payments begin in five, 10 or 20 years). You can also choose how long you wish to receive payments from the annuity during the distribution phase, such as for 20 years, for your lifetime, or for your lifetime and your spouse's lifetime.

Variable annuities - You take market risk

With variable annuities, you will earn returns based on the investment options you select, much as you do in your 401(k). Although you fund a variable annuity with after-tax dollars, the growth accumulates tax-deferred until withdrawn, and you can switch among the annuity's investment options without tax considerations.

Annuities should be considered long-term investments, and while they have the potential to offer predictable income in retirement, they are not appropriate for all investors. Here's a simple comparison chart to highlight some of the pros and cons of owning an annuity.

Annuity Pros:

-Offers retirement income payments that you cannot outlive.

-Tax-deffered growth potential means that your money could grow faster than it would in a taxable account.

-Provides protection from market declines - your beneficiaries generally will get back the greater of your account value or the value of your contributions less prior withdrawals.

-Offers access to professionally managed investment options and tax-free exchanges between them.

Annuity Cons:

-Fees and sales charges to pay for the death benefit guarantee and certain other contract features can be significant.

-Withdrawals or earnings made before age 59 may be subject to ordinary income tax plus a 10% penalty.

-In a variable annuity, your returns are not guaranteed - just the amounts that you pay in (less withdrawals), or the current account value. And you have to die for your family to get the death benefit.

5 All guarantees are subject to the claims-paying ability of the insurance company offering the annuity.

6 Withdrawals made prior to age 59¥.! are subject to ordinary income taxes and may be subject to a 10% federal tax penalty.

7 Taxable investments held longer than 12 months may qualify for lower capital gains and/or qualified dividend tax rates, which may make the return on the taxable investments more favorable.

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Randy Eveland

CFP®

Financial Consultant

Investing in Your 20s and 30s: Millennials Think Differently

Staying socially and emotionally engaged may be key to investing for your future

Millennials are often criticized in the press for putting off financial planning and being too risk-averse. According to a 2014 survey, millennials devote less than one- third (28%) of their portfolio to stocks and over half (52%) to cash, while non- millennials keep almost half of their portfolio (46%) in stocks and less than a quarter (23%) in cash.'

Ifyou fit this picture, there may be a good reason you've put off saving and investing. For one, you've just witnessed the effects the Great Recession had on your parents. Or, like millions of other college grads, you may have thousands of dollars in student loans due. Saving may not be a priority.

Staying out of the retirement savings arena is a decision that could significantly affect your quality of life down the road. Notwithstanding the economic recovery that began in earnest in 2009, 32% of 18- to 30-year-olds said they haven't started investing in their retirement because they don't know enough. And fully 42% claimed they didn't have enough money to invest.? A recent Wells Fargo study showed that most millennials put half their income toward paying off debt, with a roughly equal number claiming that they live paycheck to paycheck.'

Head or heart: How do you make decisions?

While the baby boomer generation grew up digesting streams of logic-based data and print media, the way that millennials absorb information and communicate is considerably different. According to Stanford Professor BJ Fogg, you may be wired

to respond better to short, digestible videos on investing topics, directed one-task workshops, and more motivational approaches designed to inspire taking action.

No matter your age, when investing, emotion plays a more important role than you may recognize. Some of our earliest memories of money are from our lifelong relationship with it. If you've talked to anyone who lived through the Great Depression, which completely destroyed 9 million savings accounts in three years, you will understand how risk-averse this group has been from a young age.

While there are parallels between the Great Depression and Great Recession, you are likely to have very different response mechanisms to up and down markets than your parents or grandparents. Having grown up with social media, you probably have a support network in place. This helps to know you are not alone. But there are also innovative sources of retirement advice available online or that exist in less formal settings and are designed to be more relevant to the digital generation.

For example, some financial advisors and digital communications firms, such as the Society for Grownups, put on small, in-person "salons" on subjects outside of financial planning and tie them into financial planning, such as investing and fine wine, dinners, classes and coffee dates. You can be sure that whatever appeals to your personality and interests, there's probably a group out there talking about it- and making investing part of the conversation.

Wherever you connect financially as a millennial, it's important to find a more relaxed way of talking about retirement-one that instills confidence to take action. Rather than formalized financial education that you might get at a work meeting, you may enjoy interacting with others who are in a similar life stage, willing to share their knowledge of saving and investing.

While no two investors are alike, fortunately, there are resources that can help in making complex decisions-like how much to save-easier.

1 Http;llmoney.usnews.com Imoney/personal-finance / mutual-funds larticles 120 14/06 /16/why-aren t- millennials-investing-fear-isnt-the-only-factor
2 Source: bankrate.com
3 Http:j jmoney.usnews.comjmoney jpersonal-financejarticlesj2014j06j18jwhy-millennials-still-dont-save- enough
4 "Baby Steps," NAPAnet Magazine, June 2015
5 H. Goodson, Coursework: "Handout 10: The Great Depression,"http:j jwvvIN.westga.eduj ~ hgo odsonjThe%20Great%2ODepression.htm

Kmotion, Inc, 412 Beavercreek Road, Suite 611, Oregon City, OR 97045; www.kmotion.com

SPOTLIGHT ON

Keva and husband Chuck

Beasley

MEET: KEVA ANN MENDOLA

Family:
Husband Chuck, cat Beasley

Hobbies/interests:
Gardening, reading, yoga, cooking/baking, Sudoku puzzles

Favorite Places to Vacation:
Marco Island, FL, New York City, California, Brigantine, NJ, Italy

Weekend activities:
Working in the garden, bike riding, going to dinner with friends, hanging on the back deck, the occasional shopping trip

Favorite Ice Cream:
Mint Chocolate Chip

Favorite Restaurants:
Capers & Lemons, Redfire Grill, Okura, Two Stones, Taqueria Moroleon, House of William and Merry

Favorite Quote:
"Nothing worth anything is going to be easy" *~Unknown*

FOR REFERENCE

Account View

LPL Financial offers a web based portal for clients to obtain account information, statements, and to sign-up to ***Go Paperless***.

If you would like to sign-up for Account View or would like to have statements be sent electronically (thus ***Go Paperless***), please contact Eileen at our office and she will gladly assist you.

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www.facebook.com/CovenantWealthStrategies

4 CHALLENGES DURING RETIREMENT

MARKET VOLATILITY

Stocks have lost at least 10% approximately 23 times in the last 122 years

Average volatility comfort among retired investors:

20% per year

5.8% per month

SPENDING BEHAVIORS

3 Stages of Spending in Retirement

EARLY (Age 60-74)

- Typically most expensive stage
- Retirees are most active
- Travel increases
- Focus on paying off the house

Sample Early Retirement Costs

One Week Vacation to Europe	$5,000/person
One Week Vacation to Hawaii	$2,500/person
Average payoff price of mortgage	$280,500

MID (Age 75-84)

- Typically least expensive stage
- Costs stabilize
- Travel decreases
- Focus on relaxation & maintaining comfortable lifestyle

Sample Mid Retirement Costs

Gifts to Family	$14,000/per year
Country Club Membership	$7,000/per year

LATE (Age 85+)

- Surprisingly expensive
- Volatile Costs
- Increased medical expenses
- Assisted living & nursing home care

Sample Late Retirement Costs

Average Medical Costs	$240,000 in retirement
Nursing Home Care	$206/per day

TAXES & INFLATION

5 Ways to Reduce Taxes:

1. Use tax-advantaged accounts
2. Choose tax-efficient investments
3. Consider working with a financial advisor to assist with alternative investments*
4. Insurance and annuities
5. Move to a tax-friendly state

LONGEVITY

High Healthcare Costs = Better Health = Longer Life

Average life expectancy:

78.7 years

A long life requires:

- Mental Fitness
- Emotional Wellness
- Physical Health
- Future Planning

Investco: Volatility Past, Present and Future, July 2014
Business Insider: 8 Years Of Crisis And Stock Market Volatility, July 2014

Market volatility is based on historical performance of Dow Jones Industrial Average. The Dow Jones Industrial Average is an unmanaged group of securities demonstrating how 30 large publicly owned companies have traded and cannot be invested into directly.

Fodor's Travels: Average Cost of a Trip, July 2015
Go Visit Hawaii: How much for a trip to Hawaii? (Budget Calculator), May 2015
CNBCL: Mortgage activity drops, but average loan size at record, April 2014
Forbes: IRS Raises Limit On Tax-Free Lifetime Gifts For 2015, October 2014
AARP: What Health Care Will Cost You, February 2013

This information is not intended to be a substitute for specific individualized tax advice. We suggest that you discuss your specific tax issues with a qualified advisor.

**Alternative strategies may not be suitable for all investors and should be considered as an investment for the risk capital portion of the investor's portfolio.*

USA Today: Life expectancy in the USA hits a record high, October 2014
National Institute on Aging: Healthy Aging/Longevity, December 2014
Everyday Health: Longevity, 2015

NEWS & EVENTS

Holiday Food Drive

Thank you to all who donated canned goods and cleaning supplies for our annual food drive.

We were able to bring several boxes to the Food Bank of Delaware in early December.

Mission to Romania with Manna Worldwide

Many folks have inquired about Ward and Debbie's recent mission trip to Romania. They went to Romania in March with Manna Worldwide along with twenty others from the United States.

As part of the trip they helped feed over 100 people at a feeding center and ministered to the gypsy population. They visited a school and medical center and brought food and household supplies to fifteen families. Debbie also spoke at a women's conference in Tinca, Romania.

Thank you to all for their prayers and good wishes.

NEWS & EVENTS

Shred Day 2016

In the Rain, Wind and Snow..
it was Shred Day 2016

We hosted our annual Shred Day event on April 9th. We had cars lined up filled with documents for the professional shred truck on site. Eric from Eco Shred did a fabulous job helping all who attended empty their boxes and bags of paper into the truck. We hope to have spring weather (or at least no snow) at next year's event!

LPL Financial Conference in London, England

Ward recently attended an LPL Summit 2016 meeting in London, England. The top 200 advisors, based on an annual production, from LPL Financial met in London for a conference. Ward had an opportunity to meet with the top managing directors of LPL as well as many of his colleagues. He attended various round table discussions that enabled him to network, to share learnings, and to discuss solutions for our industry's most pressing challenges. Ward and Debbie also had a chance to sight see and attended church services at Westminster Abbey and took a tour of Windsor Castle.

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