Argus Financial Consultants

A. Christopher Engle, LUTCF, CFP®, ChFC®, AEP®

Ryan P. Smith, ChFC®, CASL™, CFP®

Brian C. Sandberg, ChFC®

Peter M. Smith

971 Spaulding SE, Suite B
Ada, MI 49301

616.949.8300

www.EyeOnArgus.com

Hello Everyone,

Spring is here! With the nice weather comes tax day and spring cleaning! If you come across old tax returns or prior year statements while in the midst of spring cleaning feel free to bring them to our office and use our shredding service. We partner with a local shredding company, Shred Docs, who safely destroys all paperwork and then recycles everything to help save thousands of trees every year. Do not hesitate to stop by to visit while efficiently clearing your house from clutter. If you have any questions on what types of statements to keep please contact us or bring them to your next appointment.

If you are inspired to read more financial information, visit our Learning Center at www.EyeOnArgus.com.

Please feel free to suggest topics by sending your suggestion to Joy at joy@EyeOnArgus.com.

Inside this issue:

ARGUS FINANCIAL CONSULTANTS

Excellence is Defined by the Success of Our Clients

Spring 2012

Think the Unthinkable

In general, we humans are very positive and optimistic. This is great. It allows us to enjoy our careers and families. We dream of our lives improving for both ourselves and our children. While this confidence serves us well most of the time, it can make us uncomfortable when we think about unexpected life changes such as a job loss, serious illness, death, or divorce. Whenever something makes us uncomfortable, we procrastinate or avoid it all together. It is unthinkable. Stop squirming. It's time to get over it and take action.

First, you have got to come to the realization that life happens. Most of us know someone who had a seemingly secure job become a casualty of the recession. Also, while your grandparents may have lived into their eighties, this is no guarantee that you are immune from illness or an accident. The more we prepare our contingency plan, the better we will weather these storms and emerge with our financial plan intact.

Second, ask yourself some tough questions:

How long can I pay my existing bills if I lose my paycheck?

What expenses could I cut if I lost my paycheck?

How long do I get paid if I am sick and unable to work?

How much of my income do I get if I am sick and unable to work?

How long would I have my group benefits if I were sick and unable to work?

What are the financial obligations if I were to die unexpectedly?

How much income would my family need to maintain the existing household?

How long would my assets last if I need long term medical care?

Would my spouse have adequate income if I need long term medical care?

Write your answers down and be realistic. Is it realistic to think that a 60 year old who has been out of the workforce for 20 years would find a ready job market for their skills? Is it realistic to think that you would downsize your family home or cash in your retirement plan to pay current expenses? Probably not.

Third, develop a contingency plan. Your plan should be incorporated into your day to day financial decisions. If you build your financial plan with the contingencies in mind, it will make you less susceptible to the financial fallout of a life event. Those that have high mortgage, auto, and credit card debt are at greater risk due to loss of income. As you make these large important financial decisions, ask yourself what happens if….

Establish an emergency fund of approximately six months of living expenses. This will provide cash flow for short term income loss and protect your retirement investments from the penalties and expenses of cashing out. Also, it will protect you from creating more problems by using your credit card for emergencies.

Evaluate your insurance. Are your life insurance benefits adequate? How much of your life insurance is tied to your job? Consider obtaining a personal policy that provides adequate coverage for your needs.

Do you have insurance that replaces your income if you become sick or hurt? A good disability policy should replace at least 60% of your income for several years at least. Do you know if your benefit would be taxable? Some group plans provide benefits that are taxable when received. This could create an unexpected shortfall in income when it is needed. Consider supplementing your group plan with an individual policy to make up the difference.

If you are nearing retirement, you may want to consider a plan to cover long term medical care needs. Even a well funded retirement account could be depleted in a short time if you or your spouse needs this care. Will your existing retirement plan cover the costs of the care and still provide a lifetime income to the healthy spouse?

Continued on next page

Continued from previous page

Update your estate planning documents such as wills and trusts to make sure they reflect your wishes. They should also provide instruction for your loved ones in case you become incapacitated and are unable to provide guidance.

All this planning sounds overwhelming, especially since we are thinking about the unthinkable. A visit to a qualified financial professional will help make sure you cover all of the contingencies. They will review your unique situation and help you develop a plan that meets your specific needs. What had previously been uncomfortable and stressful now gives you more confidence to enjoy your life knowing that you have a solid backup plan.

A. Christopher Engle, LUTCF, CFP®, ChFC® AEP®, partner.

The opinions voiced in this material are for general information only and are not intended to provide specific advice or recommendations for any individual. To determine which investment(s) may be appropriate for you, consult your financial advisor prior to investing. All performance referenced is historical and is no guarantee of future results. All indices are unmanaged and may not be invested into directly.

Becoming Physically and Financially Fit

You may not be one of the one million plus Americans who face bankruptcy each year as a result of illness related issues, but what would happen to your lifestyle if you were faced with a long term illness? We spend our lives sacrificing our health to create wealth then spend our wealth to regain our health!

Let's take a look at our state of health today: America's Health is failing.

- 70% of the total health care costs in the US are for chronic degenerative conditions
- 80% of which are preventable and/or reversible by changing diet and lifestyle
- 50% of all people in US will develop heart disease
- 33% will develop cancer
- 10% will have diabetes
- 74% are overweight
- Half of all Americans take a prescription drug
- Average age for life expectancy is going down

Let's take a look at Health Care spending today:

- Nearly 47 Million Americans are uninsured
- The US spends more on health care than other industrialized nations
- Total health care expenditures in the US are expected to rise 6.9%
- We spent 2.3 Trillion in health care (sick care costs) in 2007 which was 16% of GDP
- Health care spending is 4.3 times the amount spent on National Defense
- Employee average cost for a family is $12,100 per year

According to the credit counseling firm Myvesta.org, about 40% of people with problem debt reported symptoms of severe depression. So let's begin becoming physically fit for 2012 with a platform that is diversified with the following components of a healthy lifestyle.

Good Nutrition: This is one of the most important sciences of the 21st Century. Most of our health care issues come down to food. Good nutrition allows us to put **Cash Reserves into our Energy Bank:** Purified water, fruits, vegetables, berries, omega 3 fatty acids, vitamin D, and lots of fiber from whole grain foods is a great place to start. The second technique is becoming a label reader to identify and avoid putting the *harmful ingredients* into our bodies. Focus on the first ingredient as this is the most abundant one in the product. Avoid hydrogenated oils, corn syrup, food additives, food colors, and foods with long list of ingredients.

Exercise & Fitness: If this could be put in a pill it would be the number one pharmaceutical on the market. The American College of Sports Medicine suggest the following: aerobic activity 30 minutes 5 days per week, strength activities 2 days per week, flexibility and balance activities 10 minutes 3 times per week and resistance training. A balanced combination of good nutrition and exercise is very powerful in avoiding illness.

Rest and relaxation and plenty of sleep: Laugh, play and have fun. Enjoy a life of lots of fresh air, sunshine and six to eight hours of sleep per night. This allows you to de-stress. We do not stop playing because we grow old. We grow old because we stop playing.

If you have some money to invest, you might want to consider setting aside some money for a wellness fund. Consisting of $5,000 to $10,000, this wellness fund could be used to support a health club membership, purchase workout equipment for your home, improve your diet, and pay for what you need to develop and maintain a healthy lifestyle. Just as with financial investments there are no sure things. But if you invest in a healthier you, odds are you will save enormous amounts of money in future health care expenses.

Healthcare is the largest uncontrollable expense you will likely face over the rest of your life. The Employment Benefit Research Institute regularly looks at the retirement landscape. It said in a 2009 study that a couple turning 65 and retiring in that year would need about $250,000 in savings to cover what is not covered by Medicare. Those numbers are based on average life span of 81 for males to 84 for females. Looking ahead the numbers get scarier due to inflation and continued escalation of health care costs. For a couple turning 65 and retiring in 2019 this could require them to have nearly 1.4 million is savings.

Continued on next page

Continued from previous page

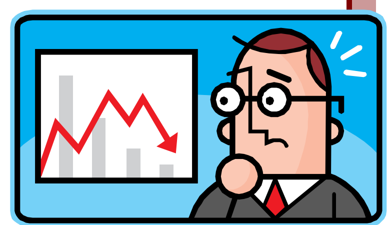
It is no small wonder that outliving one's wealth is a major worry of people as they age. But again, these numbers are averages. Some people will spend less. Perhaps that is partially due to genetics but more likely it is due to the fact that they took care of themselves.

Dan Kadlee in ***From Health to Wealth*** (TIME, 9/22/08) wrote: "Getting and staying fit now may be worth tens or even hundreds of thousands of dollars later, a sum that just might exceed the carefully crafted stockpile in your 401K." Health is a gift, and to be able to say with confidence, "At least I've got my health" also means a huge cost savings today!

So tell your financial advisor you want to go the gym. Add wellness to your portfolio!

Article provided by Barb Meconis, RN, BS, Holistic Care Approach. She can be reached at 616-361-9221.

That Was The Year That Wasn't



On a certain day not so very long ago, the S&P 500-Stock Index closed at 1257.64. On a certain subsequent day, it closed at 1257.60. You could be forgiven—and even applauded—for leaping to the conclusion that between those two dates nothing happened, because in fact, on net, nothing did.

The problem arises from the fact that the two dates in question are (respectively) December 31, 2010 and December 30, 2011. They were the last trading days of both years, and they bookend that most turbulent year 2011. And though it was a year in which the market experienced not one but two major changes in direction, and at one point came perilously close to the standard definition of a bear market...when all was said and done, nothing had happened.

To refresh your memory: the market was rising smartly if not sharply as the year began. From its 2010 close, it advanced to 1363.61 on April 29. That was a level the market had not seen since June 2008, and it much more than wiped out all the damage that had been done by the Great Panic that was touched off by the Lehman bankruptcy.

But around that time, three things became clear. First, the financial crisis in the eurozone—the realization that socialist governments had borrowed much more money to prop up their social welfare schemes than they could ever pay back—metastasized from Greece to many or most of the surrounding countries. The markets, not without reason, began to fear not just a significant contraction in the European economy but the collapse of its banking system, and even an unraveling of the euro itself.

Here in the United States, our government—operating essentially without a budget—experienced a hitherto unheard-of moment: a significant segment of the Congress expressed itself unwilling to raise the debt ceiling. And, prompted by soaring debt levels and a dysfunctional legislative process, the rating agencies began thinking the unthinkable, namely that the debt of the U.S. Treasury ought no longer to be rated AAA. In the event, Standard & Poor's did cut its rating—tanking the equity market, but causing interest rates on Treasury debt to crater instead of spiking.

Finally, the disruptions in our manufacturing supply lines caused by the massive Japanese earthquake and tsunami occasioned a pause in our economic recovery which soon had the media in full cry about the imminence of that most chimerical of economic events, the dreaded "double-dip recession."

The net result was a jagged, intensely volatile five-month collapse in the equity market to a closing low of 1099.23 on October 3—a 19.2% decline which had the catastrophist media salivating about a bear market that seemed just around the corner.

It didn't happen. Instead, our economic recovery resumed as Japan (not unlike the Gulf of Mexico the previous year) recovered faster than almost anyone had thought possible. Europe bought some time—it didn't solve anything, because socialism is inherently insoluble, but it bought some time. U. S. unemployment ticked down, and there were faint signs that the housing disaster might finally be plumbing its depths.

The equity market rallied convincingly, to finish out the year… unchanged.

Those are the bare facts, but they're not really the point of this essay, which is to ask: ***how did you react to all of this genuinely gut-wrenching volatility?***

The only correct answer is "I didn't react at all. I certainly wanted to, back in the late summer/early fall, but my advisor counseled staying the course. He or she said that my portfolio isn't geared to any particular economic or financial outlook, but to the achievement of my longest-term goals, and that reacting to the market's zigs and zags is a sure path to disappointment, if not devastation." If this is your answer, (a) you have a very good advisor and (b) you will do well to continue to heed him or her.

If your answer is anything else, it's at least possible that in 2011 you made The Big Mistake. Especially if your advisor counseled against this, it may be time for the two of you to have a good conversation about it, because it goes to the heart of the advisor/client relationship.

There's an object lesson here. It's that your advisor's job isn't to forecast the economy, predict turns in the market, or pick this season's top-performing investments—things which no one can consistently do. Your advisor's job is essentially—once a rational long-term plan and a suitable portfolio are in place—to keep you from giving in to extremes of emotion. This past year provided immediate and unmistakable evidence of just how valuable that advice can be.

©2012 Nick Murray. All rights reserved. Reprinted by permission.

Securities offered through LPL Financial, Member FINRA/SIPC.

Like us

Network with us

Follow our blog

Excellence is Defined by the Success of Our Clients

Brian is getting tired of chopping down trees.

If you are interested in helping us save trees by receiving an electronic copy of our newsletter, please email your request to Joy at Joy@EyeOnArgus.com.

Argus Newsletter Spring 2012

Argus Financial Consultants
971 Spalding SE Suite B
Ada, MI 49301