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Hello Everyone,

We hope you have been enjoying the beautiful fall colors. If you find yourselves indoors more as the weather turns cooler, take a few minutes to read the autumn edition of our newsletter.

If you prefer to receive an e-mail version of our newsletter, please let us know by sending an email to joy@EyeOnArgus.com.

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

Please feel free to suggest topics by sending your suggestion to Joy Britton, Client Services Manager, at joy@EyeOnArgus.com.

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ARGUS FINANCIAL CONSULTANTS

Excellence is Defined by the Success of Our Clients

Autumn 2013

Estate Planning Is Not Only for the Rich

What comes to mind when someone says estate planning? Is it planning for someone with lots of money, houses, and toys? The big misconception is that estate planning is only for the wealthy.

Per Wikipedia the definition of estate planning is: "The process of anticipating and arranging for the disposal of an estate during your life. Estate planning typically attempts to eliminate uncertainties over the administration of a probate and maximize the value of the estate by reducing taxes and other expenses. Guardians are often designated for minor children and beneficiaries in incapacity."

Let's unpack this definition. There are multiple reasons to complete an estate plan:

1. Anticipating and arranging your estate during your life - Who do you want to receive family heirlooms? Regardless of the dollar amount of your estate, do you want your children to inherit everything right now or a little bit now and some as they age?

2. Uncertainties of probate - Are your beneficiaries updated so the accounts transfer directly to them and avoid probate? If you do not have a beneficiary on an account, have you made the account a TOD (transfer on death) account?

3. Taxes and reduction of expenses are a portion of the reason too - Have you analyzed your assets to decide what to spend down in retirement and what to leave to your kids? For example, if your kids are in a higher tax bracket than you, maybe you should take more distributions from your IRA and pass on the brokerage accounts or Roth IRAs.

4. Naming of guardians and incapacity planning - Who would take your children if something happened? Would the people that become the guardians of your children also be in charge of the money that is left behind, or would you name a separate person? If you cannot make medical decisions for yourself, who is legally able to do this for you?

As you can see, there are many reasons to get your house in order when it comes to estate planning. Please contact anyone of us at Argus to get started on this process. We have extensive knowledge in this area and can refer you to attorneys that can help you execute your wishes.

— Brian C Sandberg, ChFC®

This article was taken from our blog.
You can read our blog at www.EyeOnArgus.BlogSpot.com

It's Always Something. And Then It's Nothing.

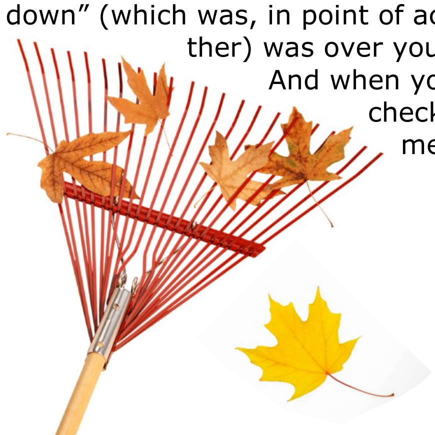
On December 10, 1987—just as the equity market was limping along the bottom of a bear market whose key feature had been the biggest one-day crash in stock prices of all time—the NASDAQ stock market suddenly ceased to function, and continued to be off the air for close to an hour and a half. It seems that a squirrel had chewed through a power line that ran to NASDAQ's computer center in Trumbull, Connecticut.

Among serious aficionados of oddball market outages (a cult of which your present correspondent is a charter member), this episode is designated Squirrel One, because on August 2, 1994, the exact same thing happened, although this time it only took 34 minutes to fix. Inevitably, we call this one Squirrel Two, not least of all to make clear that the miscreants were two different squirrels—both of whom were electrocuted.

These and many other dramatic but ultimately meaningless market malfunctions were brought to mind by the three-hour shutdown of NASDAQ on August 22, which financial journalism covered in predictably apocalyptic terms. Even the normally rational *Wall Street Journal*, in its lead story the next morning, termed it "an unprecedented meltdown for a U.S. exchange that paralyzed a broad swath of markets and highlighted the fragility of the world's electronic backbone."

And if you blinked, you missed it.

That is, if you were at the beach with your grandchildren that lovely summer afternoon, came home too tired to turn on the television, and slept soundly until the following day, the first you heard of this "unprecedented meltdown" (which was, in point of actual fact, neither) was over your morning coffee. And when you thereupon checked your investments, if such is your wont, you discovered that…nothing much had happened. The market had even managed to close a little higher on the day.



Permit me to suggest that there's a really good lesson in this for the long-term, goal-focused investor.

Indeed, it is for all intents and purposes the same lesson of such precedents as the May 2010 "flash crash," in which for largely technical reasons the Dow Jones Industrial Average went down 600 points in five minutes, and recovered all 600 points in the following 20 minutes. (Now that—however evanescent—was a meltdown.)

Spelled out as clearly as I know how, that lesson is: temporary dysfunctions ***in the mechanisms of stock trading—and the resultant gyrations, if any, in stock prices—do not, because they cannot, alter the intrinsic value of companies.*** The long-term, fundamental investor in ***companies*** is therefore unaffected by these glitches, nor indeed by any of the vicissitudes of trading—as distinctly opposed to investing in—common stocks.

The value of quality common stocks in the long run is essentially a function of the earnings, dividends and cash flows of the underlying companies, and is not lastingly distorted by computer malfunctions, human error…or squirrels. No one is more keenly focused on this incontrovertible fact than Warren E. Buffett—America's most admired yet least imitated investor—who famously if somewhat hyperbolically said that it wouldn't affect what he does if the stock market were to close for three years. While you and I might not be able to wait three years in order to draw from (or add to) our long-term investment portfolio, we most probably can wait three hours, as on August 22. (Or even a couple of days, as we had to do when markets remained closed after 9/11 and Superstorm Sandy.)

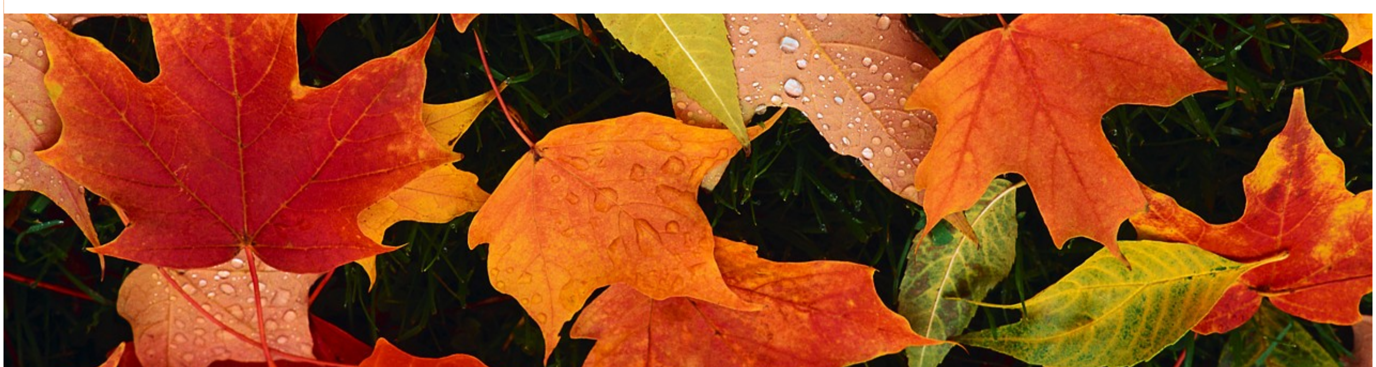
Chronically unable as I am to quit while I'm ahead: perhaps we might venture to press this point just a bit further—into the ominous nether world of "high frequency trading." Fear and loathing of equities have a hard time finding a place to hang their hat in these days of new all-time market highs. But one of the last bastions of pessimism seems to be the illusion that a dark horde of computer algorithms, trading furiously against each other to capture price differentials of pennies per share, can meaningfully distort equity values—and indeed somehow "rig" the market itself against the poor, defenseless small investor.

If you're following the logic set forth so far in this little essay, you will be inclined to suspect that this can't be true. Again, never knowing how to quit while I'm ahead, I would offer one man's opinion that it is in fact impossible. My blissfully unscientific guess is that in the long run, all that algorithmic stock trading probably ends up cancelling itself out—with some computers winning a little as others lose a little on any given day—while good companies go about their fundamental businesses. (By the way, when instantaneous trading becomes such a mania that a major online discount broker starts advertising one-second trade executions to the retail investor on television, you know the gargoyles have taken over the cathedral.)

And as to whether anybody or anything can ever "rig" a fifteen trillion dollar global market: you'd have to explain to me how that might be done, speaking slowly and using very small words that you're sure I'll understand.

In the end, as with so many other issues in investing, the critical question is whether your personal view of the financial world is essentially focused on stock prices in the short term, or on the fundamentals of quality companies in the long term. Next time the market goes on the fritz—electronically, emotionally, or even both—you may want to consult your financial advisor, just to get your focus checked.

And watch out for those squirrels.



Social Security Tip

Annual earnings limits for 2014 are now available. If you work the entire year of 2014, this is the formula that will be used to determine how much your benefit must be reduced:

- If you are under full retirement age (FRA) when you start receiving payments, $1 in benefits will be deducted for every $2 earned above the annual limit, $15,480.
- In the year you reach FRA, $1 in benefits will be deducted for every $3 you earn above the annual limit, $41,400, up to the month you reach FRA.
- In the month you reach FRA, you will receive benefits with no limit on your earnings.

To see how earnings could affect your benefits, use the Retirement Earnings Test Calculator at http://www.socialsecurity.gov/OACT/COLA/RTeffect.html.

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Social Security Tip

In 2014, monthly Social Security and Supplemental Security Income (SSI) benefits for nearly 63 million Americans will increase by 1.5%. This cost-of-living adjustment (COLA) will begin in January 2014 for Social Security beneficiaries, and December 31, 2013 for SSI beneficiaries,

For more information, please visit www.socialsecurity.gov/cola.

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.

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 tax advisor.

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