

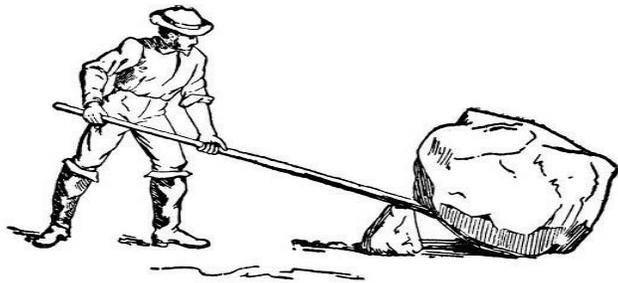


LEVERAGE



The Good Kind of Debt

LEVERAGE is the process of applying a **SMALL FORCE** that **multiplies** into a **LARGE** effect



Generally speaking, debt is not your friend, especially consumer debt incurred in the course of spending more than you earn. However, the concept of "Leverage" may be. I'm always asked,

"Should I take out money from my investments to pay off my mortgage?"

Though, that may seem like a good idea at first and afford a peace of mind, it may not be a prudent decision. Let's assume a bank is loaning you money, to buy a house, at 0% interest for the life of the loan. Why would you possibly pay any extra payments early when you could be investing any extra cash in an investment account and earning interest on that money? Of course, banks aren't in business to give away free loans, but the same basic concept applies to leverage.

So now, let's say, you got a mortgage with an interest rate of 4%. If you can reasonably expect to earn more than 4% on your investment, over the life of the loan, you're better off keeping your investments

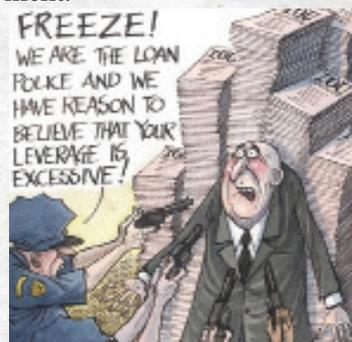
intact. That's how banks make money. They pay the guy in line in front of you 1% interest for a CD he just bought, turn around and loan his money out to the guy behind you in line, and charge 5% interest to go buy that house and they, the bank, keeps the spread (difference between interest paid and interest earned).

To demonstrate the power of leverage even more, most companies use leverage to increase their profits. If a business can borrow money at 4% interest by issuing bonds and invest those funds by increasing their inventory, or building more stores and in doing so, can expect a return on investment of 10%, this leverage has helped the company increase their total earnings, using borrowed money to do it.

The same holds true for real estate investors.

If you bought a \$250,000 investment property for cash and it appreciates in value by 5%, your rate of return was 5%, right? But now, let's say you only put 20% down, but invest

in 5 different houses, borrowing the other 80% on each investment. You still only have \$250,000 invested, but you now control \$1,250,000 of assets. So again, assuming a 5% return on each property means that your total assets have increased by \$62,500! That's a 25% return on investment (\$62,500 / \$250,000). Of course, you have to factor in the cost of the interest on the loan, along with other factors to determine your true return on investment, but you see how leverage can magnify your total return? But remember the real estate crash? Leverage can also work against you if values drop and possibly wipe out your entire investment.



The use of leverage can be a very powerful and productive tool, but be careful, too much leverage can come back to bite you.



So, did you survive Bike Week? The weather was perfect for the majority of the event. Again, this year, our Rotary Club is hosting their annual Golf Tournament to benefit the Easter Seals on Friday, April 5th. I would like to personally thank Marianne for the generous contribution, on behalf of the Hammock Beach Club, for the event. A foursome of golf will be auctioned off to raise funds. It is much appreciated!

April kicks off with April Fools Day on the 1st. Be prepared! I just found out National Beer Day is celebrated every April 7th. How did I not know that already? And that's not an April Fools Joke. On a more serious note, Sunday the 14th recognizes Palm Sunday, followed with Good Friday on the 19th and finally Easter on Sunday, April 21st.

As a reminder, personal income taxes are due on April 15th. So, don't forget to request an extension if you're not quite ready to get them filed. Enjoy the longer days and warmer weather!

Respectfully,
Scott Weidman, CFP®

Bike Week



Once again this year, I volunteered to work with the Daytona Chamber of Commerce at their welcome center in Daytona One for Bike Week. It was a bit confusing for some, since the tent is normally in Riverfront Park. But, with the Brown and Brown development progressing, there won't be any more Biker events in the park from now on.

We welcomed Bikers from all over the world. They pinned their locations on a US and World map identifying where they had come from. The weather was phenomenal! The Chamber sponsored a treasure hunt challenge, encouraging Bikers to make a 105 mile exploration throughout the County visiting a handful of locations and receiving

an official stamp at each. Once completed, they returned to the welcome center to receive their commemorative 2019 Bike Week coin for participating. There were only 750 minted and I believe they were all claimed. In fact, we had given away more than 50, just on the first day alone! These Bikers are serious about their mementos. To me, Bike Week had a different feel this year, without a centralized location in Daytona. It seems like Destination Daytona and the Cabbage Patch are the biggest benefactors to the displacement of the Downtown Riverfront Park vendors. But overall, I think it was a success.

JW College, A Real Learning Experience



This year will mark my tenth year with JW Cole! When I was looking for a firm to partner with, JW

Cole's culture was unparalleled. They have a sense of family within their organization and programs like JW College really add tremendous value to our practice. In late February, we sent Marissa over to Tampa for two days of training at the home office, hosted by JW Cole. She got to learn all of the best practices to be more efficient in her daily process-

es, learned ways to protect client sensitive information and comply with all of FINRA's extensive rules. She came back with a sense of renewed energy and made a few friends along the way. Marissa has been an enormous help, handling the day to day administrative tasks, as I have been shifting more of my time and effort into marketing the business.

Out With The Old And In With The New



Photos from March 20th, 2019. Demolition of the historic Lindhurst Hotel adjacent to the upcoming Brown and Brown National Headquarters on Beach Street.



Our service offerings

Insurance

- ▶ Life Insurance (term, variable, universal and whole)
- ▶ Long Term Disability Insurance
- ▶ Long Term Care Insurance
- ▶ Buy / Sell Funding
- ▶ Business Overhead Expense Insurance

Services

- ▶ Hourly Consulting
- ▶ Retirement Projections and Evaluation
- ▶ Income Planning
- ▶ Asset Allocation and Risk Management

Investments

- ▶ Mutual Funds
- ▶ Variable Annuities
- ▶ Equity Indexed Annuities
- ▶ Fixed Annuities
- ▶ Stocks / Bonds
- ▶ Public Non Traded REIT's (real estate investment trusts)

Account Types

- ▶ Fee Based Advisory Accounts
- ▶ Brokerage Accounts
- ▶ Third Party Money Managers
- ▶ 401k Rollovers
- ▶ IRA's and Roth IRA's

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