

4th Quarter 2014, 1/21/2015

## WELCOME KAI

Erika "Kai" Bogdanovich joined Financial Connections on December 1 as our new Client Service Administrator. Kai most recently was an assistant manager with Bank of America. She was on the Dean's List at San Francisco State University and graduated with a B.S. in Business.

Kai will be working for Kim assisting with clients and their needs at TD Ameritrade. She will also be assisting Jenny and Chris with financial planning clients. We're delighted she is a new member of our team.

## UPGRADE COMING TO TD AMERTRADE'S ONLINE EXPERIENCE

TD Ameritrade announced a new AdvisorClient website. It is redesigned with a new menu and one-click tabs. Enhancements include:

- ◆ Viewing balances by account or aggregated
- ◆ Top eight holdings from the home page
- ◆ Easy access to historical information
- ◆ Customizable on large screens by arranging different modules in a "dock"

If you sign on to TD Ameritrade, please click the preview version to become familiar with the new features.

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*"Yesterday is history,  
tomorrow's a mystery,  
today is a gift... that's  
why it's called the  
**present.***

Eleanor Roosevelt

Tax information for your tax preparer will be on the 1099s mailed by TD Ameritrade in mid-February. The Gains/Loss Report on securities sold in your portfolio will also be included on the 1099 so now you should only receive one document. Please let us know if you have any questions.



## WHAT IF YOU LIVE TO 95? OR OLDER?

One of the issues we struggle with when designing a retirement plan is deciding on life expectancy. Should the plan assume you live until 95, 99, 101? After all, the fastest growing segment in the United States is the 85 years and older group.

Between 2000 - 2010, the population change was (U.S. Census Bureau):

- ◆ 65+ years up 15.1%
- ◆ 75-84 up 5.7%
- ◆ 85-94 up 29.8%
- ◆ 95 and over up 25.9%

Financial advisors and clients haven't come to terms with increased longevity and the risk to retirement plans, claims Ron Gebhardtshauer, clinical associate professor of actuarial science at Penn State University. "Consider that about 30% of couples age 65 today will have at least one spouse alive in 30 years, to age 90 and 8% of them will live to age 100."

So, back to a retirement plan design. We frequently ask about your family's longevity, causes of death, and a client's health to estimate an age to run financial projections. In addition, all the numbers listed are averages. Most people asking for a retirement plan are well-educated with

access to quality medical care. Usually, this profile will be at the upper end of the longevity range.

If we are too conservative (e.g. age 85), you might run out of money if you live longer. If the age is too far out from reality, you might not spend as much as you could were you to die earlier. It is a bit like Goldilocks and the Three Bears. We try to find an age not too hot and not too cold.

It is important that you help us determine the age. We can always run a shorter life expectancy and a longer one. It is important to update the plan every few years or if something changes in your life. We welcome the opportunity to work together on a new or updated plan. Please give us a call.

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## DOWNSIZING YOUR “STUFF” ISN'T EASY

When Jill's surrogate mother died, a bittersweet experience was cleaning out her house. Every book had the name of who was to receive it (she was a retired librarian). The rest of the content in the house was overwhelming in its volume.

Many people decide to get rid of possessions to make it easier on the next generation or because they are moving into a smaller house, apartment, assisted living facility, etc. It can be a huge undertaking both physically and emotionally. Where do you begin? What do you do with what you no longer want?

Some people are comfortable taking on this task themselves but others prefer outside help. This need has been recognized. There are now Organizers/Movers to help and advise you. Some of their suggestions include:

- ◆ Tape the size of the new cabinets on the current ones so you can visually see the difference
- ◆ Touch something once and then make a decision
- ◆ Create four piles: gift, sell, trash and move
- ◆ Start with the easy projects (bathroom, closet) and move to the larger ones. Make decisions one room at a time
- ◆ Invite friends, neighbors and relatives to come over and take what they want before getting rid of your possessions

Another bonus of using a Professional Organizer or Senior Move Advisor is they may be well versed in what can be auctioned, sent to a consignment store, antique dealer, estate-sale, eBay, Craigslist, etc. They may also make the arrangements for the stuff to be hauled.

Costs vary. Usually it is an hourly fee or by the project. Ask for an estimate of the time to complete the project. Also, confirm they make arrangements for disposal. Ask the Organizer if they assist in setting up your new home.

Below are two websites to find an Organizer or Mover:

National Association of Professional Organizers: [www.napo.net](http://www.napo.net)

National Association of Senior Move Managers: [www.nasmm.org](http://www.nasmm.org)

*Based on an article from Kiplinger's Retirement Report, September 2014*

## WHY DIVERSIFIED GLOBAL PORTFOLIOS?

Reflecting upon 2014 in the rear view mirror, it was a good year for large U.S. companies. Conversely, a strong dollar hurt returns of international developed countries and emerging markets. Commodities also had a bad year.

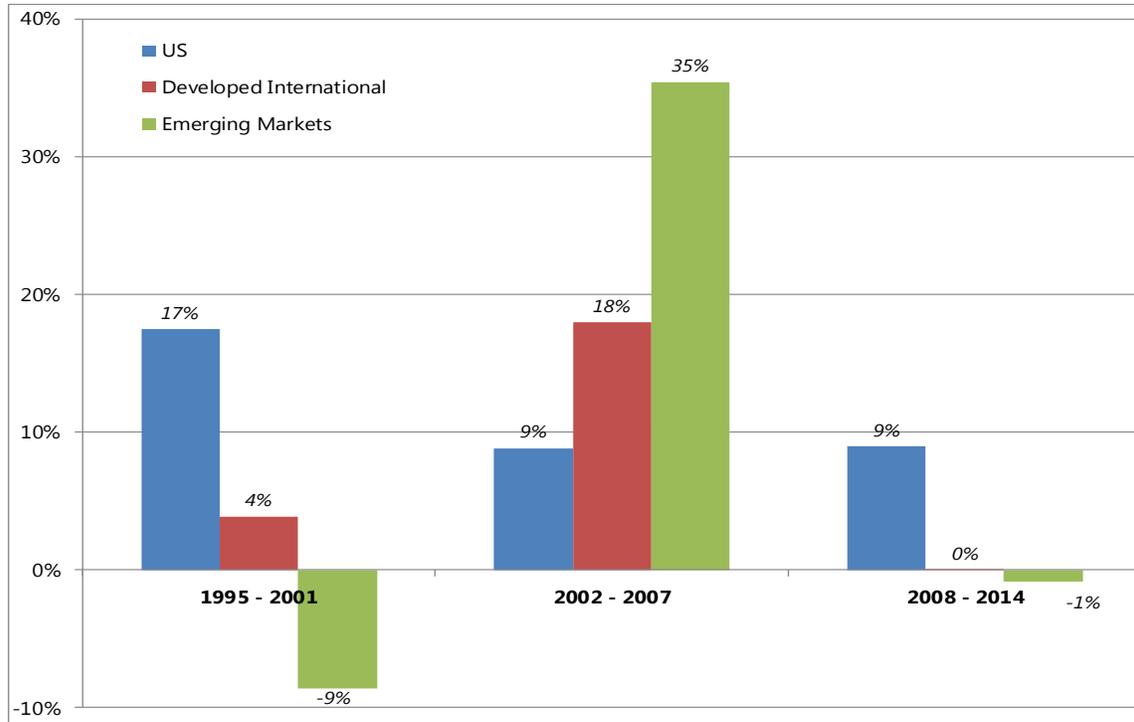
S&P 500 (large company index)	11%
Russell 2000 Small Cap	5%
EAFE International Index (in dollars)	-7%
EAFE EM (emerging markets in dollars)	-5%
S&P GSCI (commodities index)	-33%

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## WHY DIVERSIFIED GLOBAL PORTFOLIOS? (continued)

Some investors ask why not just buy U.S.?

Markets run in cycles. Below is a sample of different “winners” in different cycles (source: Morningstar).



No one can predict when a cycle starts or ends; only in hindsight can we identify the trend.

Over longer periods of time a global equity portfolio has out performed a U.S. portfolio. Of course past performance does not guarantee future results.

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Source: Morningstar  
Advisor Intelligence

	Annualized Return	Standard Deviation	Starting Value	Ending Value
Global Equity Portfolio	11.4%	14.9%	\$1 Million	\$128,383,142
Large U.S. Stocks	10.5%	15.4%	\$1 Million	\$88,750,665

The year-end performance reports are included with this newsletter. Let us know if your situation has changed so we can review and adjust your investments accordingly. Please call us if you would like to get together to review your portfolio and/or update your financial plan.

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