



Qtr Notes

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We Have Moved

After 17 years at our old location, we have moved to new offices. We are now located at 1501 Venera Ave, down the block from the Whole Foods Market and just west of Riviera Park.

If you found us in our old home, you won't have difficulty finding us again: we are only a block north of the former location, in the award-winning Park Place II, a lovely building in the traditional Coral Gables style.

The office is much more spacious than before, with plenty of room for us to grow. Parking for our guests is easier, and the building has an elevator, which will please many of our clients.

The office has been spruced up beautifully and is ready for visitors.

Our new address is:
1501 Venera Ave.,
Suite 310
Coral Gables, FL 33146

We hope you'll come see us soon in our new digs.

Despite Greece, Foreign and Domestic Economies Recovering

Greece looms in everyone's minds. The country's ongoing financial turmoil has spooked the markets again and again, but just how big a deal is it?

The rest of Europe shows signs of strength: for the first time in eight years, there appear to be sustainable improvements in growth and employment. Lending between businesses has stabilized and corporate earnings are on the rise. If growth falters, we expect large stimulus proposals across all of Europe: austerity having failed, Europe and the European Central Bank (ECB) have adopted a "whatever it takes" attitude to ensure continued growth.

Austerity failed especially badly in Greece, where the ECB's mandated programs raised taxes and aggressively reduced spending. Instead of improving their budget, the Greek economy has contracted by 25% since 2010. Greece's economy represents less than 1.5% of all of Europe's, and the ECB could afford to swallow all of Greece's debts (a sum of €240 billion that Greece can't repay).

Over the final weekend in June, Greece shut down its banks and stock market pending a July 5th referendum on accepting further austerity. The US and world markets reacted with another round of volatility, ending June with the major US indices nearly flat for the year. Greece's default should not throw Europe's economy permanently off track, but we should expect to see increased volatility across all markets.

Even with a weak first quarter and a stormy end to the second, the US economy appears to be firing on all cylinders. Manufacturing and exports have weakened, and inflation remains a concern, but employment is strong and GDP is on track to grow by 2.5% this year. We expect the Fed to finally raise interest rates by year's end. The net worth of US households is at an all-time peak, thanks to reduced debt and rising asset values. There are more job openings than candidates looking for work, new unemployment claims are at a 15-year low,

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Index	6/30/2015	YTD
Dow Industrials	17,619.51	-1.1%
S&P 500 Index	2,063.11	0.3%
Russell 2000	1,253.95	4.1%
MSCI EAFE	1,842.46	3.8%
Global Bond Index	442.48	-3.1%
10-Year Treasury yld	2.3%	

Measuring the Value of Advice

So what have we done for you lately?

People working with a financial advisor want someone to help take the stress out of managing their money. They want assurance that their assets will receive expert professional oversight, an impartial approach to get the most out of investments. This is the start of what we do: providing unbiased investment research and personal investment analysis, implementing and monitoring the portfolio to match your risk tolerance, and helping you consolidate your investments and simplify your view of your financial picture. It's all part of the process. But that's only part of it.

Much of our value is hard to quantify: peace of mind, avoidance of costly mistakes, having an objective resource on call for any financial issue. Researchers at the Vanguard Group recently created a study attempting to quantify the added value you can receive from an advisor relationship in five primary areas: behavioral coaching, asset location, investments, rebalancing, and financial decision-making.

The study assigns a quantifiable figure to these benefits, approximately 3% annually in total; but Vanguard notes this doesn't come as a constant annual amount over the life of the relationship. We note that it also doesn't translate directly onto your quarterly statement. Value often comes in chunks during key life events, and especially during stressful market fluctuations. For example, mishandling how a 401k is rolled over or an IRA is inherited can expose you to unnecessary taxes

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Safety in Numbers: They Don't Do Windows

The phone rings, *again*, and it's another version of the same call:

"Hello, I'm from Windows Tech Support. We have detected that your computer has been infected with a virus. If you will give me access to your PC, we will take care of that for you . . ."

No, they won't.

This is not Microsoft calling – Microsoft never calls, just as the IRS never calls to blackmail you about your taxes. It's the cyber-crooks. Again.

They've been making these calls for over a decade, but they've really stepped up the assault lately. Hundreds of thousands of calls flood phone lines around the world, with the US, the UK, Australia and Canada being especially hard-hit. Most of the scams are run from massive call centers in India, but in 2014, the FTC took action against several US-based companies who had been running the same racket.

What can happen if you say yes? Not only will they take your money, they'll also leave software on your computer that can allow them ongoing access. They can leave the very malware they claim to be removing: trojans, keyloggers, and remote-access-enabled spambots. They can collect your personal data – starting with the credit card you used to pay them for the bogus "service" – and resell it.

But most of what they do is sell you a lie for as much money as they can get.

Economies Recovering

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and solid growth can be seen across the board, from real estate to auto sales. With the wage floor raised, consumer spending has room to grow.

While the economic recovery has been impressive in duration, the pace of growth has been one of the weakest on record. We find ample reasons for optimism, but corporate investment has taken a back seat to the immediate gratification of dividend payments and share buy-backs. The failure of major corporations to invest more heavily in capital expenditures has already contributed to stifled recovery and growth expectations for next year. Corporate execs spend more time worrying about their stock price than growing their businesses, and politicians spend more time worrying about the next election than legislating meaningful tax reform or backing infrastructure investments.

What's ahead? Generally, predictions turn out wrong even for the brightest minds on Wall Street, and certainly for all talking heads on TV. We see investors chasing last cycle's returns and last month's hot stock tip. Over the last 25 years, we've witnessed bull and bear markets in every asset class. Diversified portfolios have also had ups and downs, and more recently a deeply frustrating stretch of muddle-along mediocre returns. Diversified portfolios never bubble or froth, but they have never defaulted, or caused losses that weren't recoverable within a handful of years, even through the most treacherous of times.

The Value of Advice

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of 40% or more! Believe it or not, these mistakes happen frequently.

The largest single area of added value is the "behavioral coach" role: keeping clients on track with their investments; maintaining a long-term perspective and a disciplined approach; preventing panic liquidations at exactly the wrong times; identifying unsuspected portfolio risks; resisting the impulse to take on undue risk in the hopes of outsized returns.

Managing your money is a key service for us, but we have much more to offer you as part of the relationship. We assist clients in managing all their financial affairs, often giving advice in areas you might not have considered. We develop strategies

to help you meet your goals, evaluate insurance for risk management concerns, analyze your retirement plans, test and model your retirement scenarios. We can help you set up college savings programs, assist with your estate plan, and discuss gifting strategies. We bring a wealth of knowledge to the table. We're here for you: when the next financial decision comes your way, please pick up the phone, and use us as a sounding board and for the professional resource we are.

Dealing With Diminished Capacity

Current studies estimate that more than 20% of adults over the age of 71 will have some neurocognitive disorder. Diminished capacity can happen to any one of us because of illness or accident, but the problem is more likely to occur as we age. On top of the growing difficulties in handling details of everyday life, even a modest level of diminished capacity opens the door to financial exploitation, scams, and other risks.

The first challenge is to recognize that there is some loss of function. It may be as simple and subtle as forgetting to pay bills, or misplacing documents. As time passes, difficulties may go farther, resulting in confusion about instructions, missed appointments, or repetitive speech. A key challenge is telling the difference between ordinary forgetfulness and a serious and progressive condition.

Especially for single or widowed adults, it often falls to adult children to be alert to changes in behavior and cognition. Adult children can serve as an extra set of eyes and ears to help older parents even if there is no medical issue. Seniors need to be open to these discussions and actively participate in decisions about what they want for their futures.

Our mandate is to keep our clients' information confidential, so we are sometimes put in the difficult position of wanting to share a concern with a family member, but lacking the authorization to do so. Just as we all choose a personal representative to handle our estate upon death, clients should consider assigning a trusted adult child, friend, or relative as a point of contact for Firestone to reach out to. With this authorization, we can help protect you from financial hardships and better serve you and your family.