



**CLIENT NEWSLETTER**  
**4<sup>th</sup> Quarter – 2014**

**BY: JONATHAN SARD, CFP®**

### **Important Information**

We want to thank those of you who participated in our Annual Client Survey. We received a lot of great feedback and we really appreciate your input.

This will be the final newsletter for 2014 so we will all soon be preparing for 2015. As crazy as it sounds, we will begin to hear rumblings in a few months for the upcoming Presidential election. Doesn't it seem like there is always an election going on?!

The IRS has not yet released the 2015 retirement plan limits, but we will let you know those changes when they are announced.

Lastly, at the end of our newsletter is our Privacy Policy, which we are required to distribute each year.

### **BILL GROSS LEAVES PIMCO FOR JANUS CAPITAL**

On September 26<sup>th</sup>, Bill Gross announced he was leaving Pimco for Janus Capital. When one of the most successful investors of all time puts on a new team jersey (and walks away from the firm he co-founded), the markets certainly take notice. Sard Wealth Management spent the better part of two hours talking with executives at Pimco on the Friday of the announcement and we feel good about their current management team.

Investors must remember that Bill Gross was not the whole of Pimco, and as Bloomberg noted, Pimco had considered letting him go over the recent performance of its Total Return Fund, and for what some people call "erratic behavior." Be that as it may, Sard Wealth Management has not owned any funds directly managed by Bill Gross in any fee based accounts in over a year. This means the direct impact on our clients is virtually none.

His successor is Dan Ivascyn, who was Morningstar's fixed income manager of the year for 2013. Reflecting on Ivascyn's promotion, Morningstar said Pimco's funds are "on stable ground in terms of management expertise and research depth." Oddly enough, when we moved clients out of Bill Gross's fund last year, we moved into the fund being managed by Dan Ivascyn.

As Pimco CEO Doug Hodge commented during a September 29<sup>th</sup> conference call, "Bill was our CIO and, of course, had a large presence, but the reason people choose us and ultimately will stay with us, is our process and our performance. I'm confident the vast majority of our clients will stay with us."

Sticking with Pimco amid the chatter could prove beneficial. In the big picture, this is a bond firm with a tremendous track record and a staff of great investment managers. It was simply time for a change, and with Dan Ivascyn as group CIO there is every reason to believe its future will be bright. Of course, if Pimco's light begins to dim and the funds we use begin to lag; we will make the appropriate changes and move to other alternatives.

Why are we bringing up the Pimco issue in this newsletter...because things can change very quickly. Sometimes change requires immediate action and sometimes change requires careful thought. It is important to pay attention to your financial situation and events around the world.

So, what should you do now? One obvious answer is to sit down and do a review of your financial picture. If you have not scheduled a review recently please give us a call before too much of the year passes you by! Each quarter we remind our clients to alert us to changes in their financial situation or investment objectives to ensure that we are aware of any situation that might require changes in the management of their accounts. Please remember to contact us to discuss how these changes impact your investment accounts!

## Financial Tip of the Month

### Ask these questions before paying off a mortgage early

Making extra principal payments to retire a mortgage before the end of a 15 or 30 year term may seem like a no-brainer. After all, who wouldn't want to extinguish that substantial debt and dispense with monthly principal-and-interest payments? But paying off a mortgage early may not be the best choice for "every" household. Here are five questions to consider:

- **Do you have high-interest credit card or loan debt?** If your credit card company is charging 15% on your outstanding balance, you can earn a guaranteed 15% by liquidating that debt. So it makes sense to pay off high-interest accounts first — before putting extra funds toward your low-cost mortgage. That's especially important if you're in a higher tax bracket. Home mortgage interest is tax deductible — not so with interest on consumer debt.
- **Have you established an emergency fund?** If you haven't set aside funds in an easy-to-access "rainy day" account, you may be forced to acquire additional debt when life's inevitable troubles come along. Build up that emergency account to cover at least a few months of living expenses before supplementing your mortgage payments.
- **Are you contributing to a retirement plan at work?** Many companies will match a certain percentage of funds contributed to a 401(k) retirement account. For example, your firm might match 50% of the money you contribute, up to a maximum of 6% of your salary. Don't pass up that offer. It's easy money, and certainly earns a better return than dollars paid toward your mortgage principal.
- **Can you get a better return elsewhere?** Of course, the stock market is notoriously volatile, so paying off your mortgage may help you sleep at night. However, if you can handle the risks of stock-based mutual funds or similar accounts, it may be prudent to invest at least a "portion" of your extra money there, especially if you won't need the money soon.
- **How's your cash flow?** Before you retire from full-time employment and paychecks are replaced by social security payments, pensions, and/or retirement account withdrawals, run the numbers. Retiring without mortgage debt may be a wise financial goal for your family.

Please keep in mind that this tip is designed to be of help for you, but is not to be relied upon as advice. It is merely a reminder that there are many choices you have available to you, and that planning may be the only way to find the right answers for your situation. As with any financial issues, make sure you get the right information before making a decision. If you have any questions, we'll be glad to help you!

## Client Quiz

### Quiz Question and Answer

**Question:** If you are over the age of 65 and covered under an employer sponsored health insurance plan, Medicare acts as your primary source of medical insurance. TRUE/FALSE?

*We wanted to thank those of you who have participated in our Client Introduction program. As you know, marketing for new clients takes a great deal of money, time, and energy and we would much rather spend our resources improving your financial health. We, like most businesses are looking to grow; however, for the benefit of our existing clients we are only able to take on a limited number of new clients each year. Over the years, we have learned that encouraging you to introduce us to people you know works well for all of us...we help you, and you help us. If you aren't familiar with our friends helping friends program, please call our office or be sure to ask us at your next meeting. The few minutes it takes to learn about how it works will be well worth your time and energy!*

**Answer.** The answer depends on how many employees are in the company. If you are working for an employer with 20 or more employees, Medicare is the "secondary payer," paying only for some charges not covered by your employer-provided plan. If you are working for an employer with fewer than 20 employees, Medicare is the "primary payer."

*If you would like some of your friends, coworkers, relatives, business acquaintances, etc. to receive a FREE subscription to this newsletter, please call our office and we'll add them to the mailing list. We'll also send them a note with their first issue telling them that you had suggested they receive the newsletter, and to contact us if they would like to stop at any time. If you enjoy this newsletter, why not share it for FREE with people you know, with no hassle for you?*

**This information is solely advisory, and should not be substituted for legal, financial or tax advice. Any and all financial decisions and actions must be effected through the advice and counsel of a qualified attorney, financial advisor and/or CPA. We cannot be held responsible for actions you may take without proper financial, legal, or tax advice!**

## Privacy Policy

**Your privacy is important to Sard Wealth Management Group, LLC.** We understand that the information you provide to us is private. This policy outlines what information we collect, how we use it and how we protect it. We will affirm our Privacy Policy annually in writing with all current Clients.

We collect information about you to provide services and products to help you meet your financial goals and objectives and to allow us to provide high levels of customer service to you. We also gather information in order to help us fulfill our legal and regulatory requirements. Information collected may vary depending on the products and services requested and the scope of your relationship with us.

**Information Collected about You:** We collect nonpublic personal information about you through account and insurance applications, our financial planning questionnaire, and through our day-to-day meetings, interactions, and the services we provide. The following types of information are maintained:

- Personal Information: name, address, phone number, tax identification number, date of birth, employment, children, wedding anniversary, and hobbies/interests
- Financial Information: income, investment and bank accounts, insurance policies, investment experience, and net worth
- Health Information: personal and family medical history, diagnoses and prescriptions
- Service-oriented information: account balances, payment history, account numbers, and account activity

**Disclosure of Personal Information:** We train our staff to take caution in handling personal information and keeping it secure. It is our policy not to share any private information with any businesses for marketing purposes. We do not disclose any private information with any outside firm with the exception of those that require specific information in order for a specific account to be established or to execute a specific transaction. The following information is shared by us:

- Personal and financial information: shared with a brokerage firm or investment company to setup and manage investment accounts for you and with insurance companies to initiate an insurance policy on your behalf.
- Health-related information: shared with insurance companies to initiate life, health, disability, or long-term care insurance on your behalf
- All types of information: shared with your accountant or lawyer to allow us to collaborate for your benefit. We may be required by law or regulation to disclose information to third parties such as in response to a subpoena, to prevent fraud, to comply with rules and regulations to which we are subject, in response to inquiries from industry regulators, and in order to comply with our broker/dealer's policies with whom our associated persons may be registered.

From time to time, we may provide via mail, email, or in person, investment reports of all household accounts to members of the same household. Household accounts include those held by spouses (or domestic partners) of the same family, and minor children for which one parent is the custodian and/or owner of the child's account. We may answer general account questions relating to accounts of a member of the household for either spouse.

If you close your account or discontinue your relationship with us, we will continue to treat your information with the same attention to privacy as for active Clients. Former Clients may request a current copy of our privacy policy at any time by calling our office at (404) 843-4483.

If you do NOT wish to have household account reports shared or object to our disclosing your private information as outlined in this policy, please provide us with a written statement clarifying your wishes.