

LEONARD A. WEISS  
SENIOR VICE PRESIDENT, INVESTMENTS  
LEONARD.WEISS@RAYMONDJAMES.COM

LOWELL J. WEISS, J.D., CFP®  
FINANCIAL ADVISOR  
LOWELL.WEISS@RAYMONDJAMES.COM

WEISSWEALTHMANAGEMENT.COM

DJIA: 17,685 | NASDAQ: 4,869

## Frustration

It is natural for people to see their lives, and too often their investments, in weeks and months. The financial media feeds on this myopic view daily. There is a common emotion experienced recently by those looking at markets using such short time frames – frustration. While we readily admit it is natural to feel this way, it helps highlight the difference between an investor and a speculator.

A speculator, or trader, relies on buying and selling in a very short period of time, sometimes in the same day. They are trying to make money quickly and hope positive results. On the other hand, investors rely on markets rising over time – slogging through both corrections (declines between 10-20%) and the occasional bear market (a decline of more than 20%).

As investors, the last 12-15 months have been frustrating above all else. This feeling is certainly warranted. Generally speaking, there has been little to no growth over the last 2-3 years. To check that assertion, we looked at both the Standard and Poor's 500 Stock Index (S&P 500) and the primary small cap index, the Russell 2000. In March 2016, the S&P 500 closed at approximately the same level it was in May, 2014. The Russell 2000 was near the same level as it was in July of 2013. That's an awful long period of time to see relatively no growth. This reality has left investors disappointed in their portfolio performance for some time.

With investors suffering such frustration, an obvious question comes to the forefront – why have the markets stalled for so long?

We believe the answer is far more simple than complex. Significant earnings deceleration is the greatest reason why there has been little to no growth over the past year or so.

Before explaining why earnings are so telling, and what it will mean going forward, we must clarify the difference between true earnings and the earnings reported on the news.

When a company's earnings are released in the media, they include some gentle, yet legal, massaging. They include items such as write downs for business mistakes and additional income and/or expenses that are used

to reconcile their books. However, a clearer, and perhaps fairer, method is called "GAAP" accounting. This stands for Generally Accepted Accounting Principles and only measures profit or loss from direct operations of the business. These "plain vanilla" earnings give a much better view of the health of a company.

The Wall Street Journal reported that operating earnings of the S&P 500, using GAAP methods, declined 12.7% in 2015. This is the sharpest drop in GAAP reported earnings since the banking crisis of 2008. This would explain why more than 60% of all stocks declined more than 20% from highs in 2015, many falling deeply into bear market territory.

So what does this mean for the future? An estimate from a Standard and Poor's report shows a decline in earnings near 8% for Q1 2016. It further stated that if earnings do, in fact, decline in Q1 2016, it would mark the first time the index had four consecutive quarters of year-over-year declines since Q4 2008 through Q3 2009. Investors remember this time period as "The Great Recession."

In Summary - Investors are, and should be, frustrated with the investment world at this time. As of early March 2016, stock markets have netted virtually no gain in the last 18-30 months. While many want to attribute this market stall to weakness in China, problems in Europe, or other various geopolitical risks, we are confident that the issue is earnings! When they improve, as shown by GAAP methods, we believe markets will again return a healthier state.

#### What Do We Expect Ahead:

In the near future investors must show patience. The earnings reporting cycle for Q1 2016 runs from mid-April through May. We will stay focused on comparing upcoming earnings with year over year comparisons.

The reaction to earnings releases may be more important than the information in the individual earning reports. Investor attitudes, in the aggregate, can change faster and be longer lasting than the actual news would seem to justify. We have seen many times that expectations tend to be too optimistic at market tops, and conversely be too pessimistic after steep declines. In the past, if excessive pessimism exists, what looks to be bad news can be discounted as not as bad as expected and prices begin to rise.

However, as mentioned above, deceleration of earnings is important and concerning. If earnings and monthly economic reports continue this pattern, negative reactions and more selling could follow. It has been almost seven years since we have had four consecutive quarters of earning deceleration.

All told, we remain cautious for the near future and must have more patience before conclusions can be drawn.

#### Portfolios:

We have used the last six months or so to reduce statistical risk for portfolios we manage by discretion. We have moved assets to what we believe are defensive areas of the stock market with we think might be less volatile.

While we believe our investors under 60 should remain cautious, the longer time horizon – generally speaking – allows these clients to continue taking measured risk. For these clients, we have looked to sectors investments (rather than individual securities) for allocations.

### Enclosures:

For the first time, we felt that a singular idea was so important that it should be the primary topic for all three enclosures. The idea of financial planning is one of those things that we all know is important but it is hard to figure out where to begin.

Enclosure 1 is a financial inventory for you to fill out. As with any process, a financial plan has to begin somewhere. This is the first step because it identifies your goals/wants in retirement as well as your assets. Simply putting the time in to complete this task is the most important step to meeting your financial goals.

Enclosure 2 is a think piece about financial planning highlighting some areas that tend to be forgotten. Often when individuals plan for retirement, they think just about the fun items – travel, gifts for grandkids etc. This piece hopes to discuss some of the less exciting, yet vital, parts of a retirement plan.

Enclosure 3 – is a piece discussing a potential solution for long-term care funding. There is no question that most retirees will encounter the need to fund long-term care at some point in their retirement. Standalone policies are often cost prohibitive. Riders on insurance policies may be an affordable solution for many. We believe that a discussion on long term care is needed for virtually all clients and it will be a priority topic for Weiss Wealth Management in the near future.

### Important Disclosures

This report is not intended as a complete description of the securities, markets or developments referred to herein. It should not be viewed as an offer to buy or sell any of the securities mentioned. Information has been obtained from sources considered reliable, but we do not guarantee that the foregoing report is accurate and complete. Additional information and sources are available upon request.

The enclosures are being provided for informational purposes only. They do not necessarily reflect the opinion of Raymond James & Associates or its employees. Raymond James & Associates does not render legal advice on tax or legal matters. You should consult with a qualified tax advisor prior to making any investments decision.

Past performance does not guarantee future results. There is no assurance the trends mentioned will continue. No investment strategy, including diversification and asset allocation, can guarantee a profit or protect against loss in a declining market. Dividends are not guaranteed and will fluctuate. This analysis does not include transaction costs and tax considerations. If included these costs would reduce an investor's return.

The authors' opinions are subject to change without notice.

There is an inverse relationship between interest rate movements and bond prices. Generally, when interest rates rise, bond prices fall and when interest rates fall, bond prices rise.

Gross Domestic Product (GDP) is the annual market value of all goods and services produced domestically by the US.

U.S. Treasury Securities are guaranteed by the U.S. government and, if held to maturity, offer a fixed rate of return and guaranteed principal value.

Companies engaged in business related to a specific sector are subject to fierce competition and their products and services may be subject to rapid obsolescence. There are additional risks associated with investing in an individual sector, including limited diversification. Investments in the energy sector are not suitable for all investors. Further information regarding these investments is available from your financial advisor.

It is not possible to invest directly in an index. The S&P 500 is an unmanaged index of 500 widely held stocks. The Russell 2000 index is an unmanaged index of small cap securities which generally involve greater risks. The Russell 3000 index is an unmanaged index that measures the performance of the 3000 largest US companies based on total market capitalization. Past performance may not be indicative of future results.

Certified Financial Planner Board of Standards Inc. owns the certification marks CFP®

CERTIFIED FINANCIAL PLANNER™ and  in the U.S.

*Raymond James is not affiliated with and does not endorse the opinions or services of Brian Wesbury or First Trust Advisors,*

Raymond James & Associates, Inc., Member New York Stock Exchange/SIPC

## YOUR FINANCIAL INVENTORY

Developing an effective retirement plan requires a thorough understanding of your financial picture.

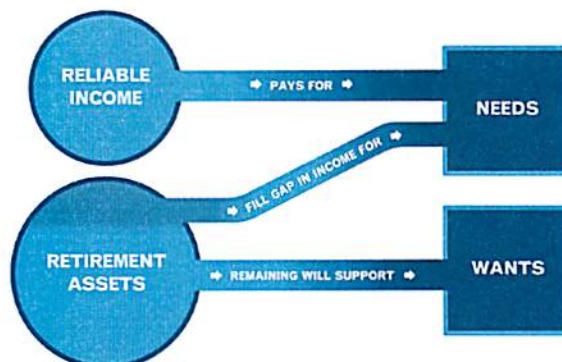
A financial inventory is the foundation for your retirement income plan. This exercise allows us to gain a clear idea of what you have and what you'll need for a more secure and comfortable retirement. A financial inventory will help:

Determine your needs  
and identify your wants.

Establish other  
retirement goals.

List reliable  
sources of income.

Identify your assets  
available for retirement.



*By working with your financial advisor, you will gain a clear understanding of your financial picture and understand your income needs during retirement.*

### CLIENT

Name \_\_\_\_\_

Date of Birth \_\_\_\_\_

Estimated Retirement Age \_\_\_\_\_

Approximate Net Worth \_\_\_\_\_

### CO-CLIENT

Name \_\_\_\_\_

Date of Birth \_\_\_\_\_

Estimated Retirement Age \_\_\_\_\_

Approximate Net Worth \_\_\_\_\_

**RAYMOND JAMES®**

## YOUR FINANCIAL INVENTORY

### STEP 1 Determine your retirement living expenses.

What do you project your living expenses will be in retirement? Give a general estimate of your essential expenses (needs) and nonessential expenses (wants) and circle whether the estimate is annual or monthly. If you need a detailed budget worksheet, we can provide one for you.

#### Needs:

Annual or Monthly

\$ \_\_\_\_\_

#### Wants:

Annual or Monthly

\$ \_\_\_\_\_

### STEP 2 Determine other retirement goals, and determine if they are a need or a want.

What major expenditures are you planning on in retirement?

Expenditure	Need or Want? (Circle one)		When?	Projected Amount
New car	Need	Want		\$
Major travel	Need	Want		\$
Other	Need	Want		\$
Other	Need	Want		\$

Do you have plans to support or save to benefit others in retirement?

Expenditure	Need or Want? (Circle one)		Frequency (One time, annual, every __ years)	Cost
Education	Need	Want		\$
Family support	Need	Want		\$
Legacy	Need	Want		\$
Charity	Need	Want		\$

### STEP 3 Look at your expected monthly income sources.

Income	Year Ends	Monthly
Social Security (Receiving now? <input type="checkbox"/> Yes <b>or</b> at age _____)		\$
Social Security (Receiving now? <input type="checkbox"/> Yes <b>or</b> at age _____)		\$
Pension payments		\$
Employment income		\$
Current annuity income*		\$
Other		\$
Total Monthly Income		\$
Total Annual Income		\$

\*Income stream you receive from an annuity

**STEP 4 Review and list all of your assets.**

Indicate which of your financial assets are available and designated for funding your retirement.

Financial Assets	Owner	Designated for Retirement?	Additions/Year (Annual Contribution)	Current Value
Checking account 1		<input type="checkbox"/>	\$	\$
Checking account 2		<input type="checkbox"/>	\$	\$
Bank savings/deposits		<input type="checkbox"/>	\$	\$
CDs		<input type="checkbox"/>	\$	\$
Brokerage account 1		<input type="checkbox"/>	\$	\$
Brokerage account 2		<input type="checkbox"/>	\$	\$
College savings/529		<input type="checkbox"/>	\$	\$
401(k) 1		<input type="checkbox"/>	\$	\$
401(k) 2		<input type="checkbox"/>	\$	\$
IRA 1		<input type="checkbox"/>	\$	\$
IRA 2		<input type="checkbox"/>	\$	\$
Roth IRA 1		<input type="checkbox"/>	\$	\$
Roth IRA 2		<input type="checkbox"/>	\$	\$
Annuity assets**		<input type="checkbox"/>	\$	\$
Other		<input type="checkbox"/>	\$	\$
Total Financial Assets			\$	\$

\*\*Annuities you own that have not already been included in the account values or income sources you listed

Please list any other assets (nonfinancial) such as home, business, collectibles, investment properties, etc.

Other Assets	Owner	Value
Residence		\$
Business		\$
Other		\$
Total Other Assets		\$

**STEP 5 Risk Tolerance**

What type of investor are you? Select one description based upon your willingness to accept investment risk.

Conservative      Moderately Conservative      Moderate      Moderately Aggressive      Aggressive

LESS RISK

MORE RISK

### STEP 6 Key risk management considerations that may impact your retirement.

If you are unsure whether you have planned or saved enough for each item, please indicate "No" so that we can have a more detailed discussion.

Do you have an adequate cash reserve in place in case of emergency or for the unexpected expenses throughout retirement?

☐ Yes ☐ No  
Amount: \_\_\_\_\_

Do you have life insurance policies in place to provide for your survivors?

☐ Yes ☐ No

If "Yes," provide date(s) of issue: \_\_\_\_\_.

Amount: \_\_\_\_\_

Your policies can be reviewed by our experts at no cost.

Do you have a long-term care policy in place to cover in-home or out-of-home assisted living expenses?

☐ Yes ☐ No  
Amount: \_\_\_\_\_

### NEXT STEPS

For our next meeting, please bring the following items:

<input type="checkbox"/>	Statements from pensions or other employer-benefit income that you receive
<input type="checkbox"/>	Social Security statement(s) or check stub(s)
<input type="checkbox"/>	Most recent federal income tax return
<input type="checkbox"/>	Statements from bank accounts (summary pages)
<input type="checkbox"/>	Statements from investment/brokerage accounts
<input type="checkbox"/>	Statements from retirement accounts and employer-sponsored benefit programs (401(k), 403(b), 457, etc.)
<input type="checkbox"/>	Statements from annuities you own
<input type="checkbox"/>	Other _____

Once you have completed your financial inventory, we'll have a thorough understanding of how your assets, insurance policies, needs and wants will work together in retirement. That, in turn, will help us create a personalized retirement income plan that takes into account all of these important factors.

**RAYMOND JAMES®**

INTERNATIONAL HEADQUARTERS: THE RAYMOND JAMES FINANCIAL CENTER

880 CARILLON PARKWAY // ST. PETERSBURG, FL 33716 // 800.248.8863

LIFEWELLPLANNED.COM

## IS A FINANCIAL PLAN ENOUGH?

Maintaining quality of life throughout increasingly long retirements  
brings a new set of challenges.

To live well in retirement, individuals have to embrace change – and longevity planning.

As people get older, their circumstances will continue to change, sometimes rapidly. What doesn't change is their desire to be independent, to have social connections that enrich their lives and to participate in activities that bring them joy. Financial planning that can meaningfully address these quality of life issues can make all the difference.

By embracing the realities – and rewards – of longevity in your financial plans, you can sort through your possibilities and look beyond your typical retirement goals. Here are some topics to help you start the longevity planning.

### HOUSING

Even in retirement, housing remains the largest spending category. Most retirees want to age in place. In a recent AARP survey, 89% of those 50 and older said they want to continue living in their homes indefinitely. However, there are a number of other options in retirement, and it's best to encourage clients to think about the issue before it becomes an immediate need.

### HEALTH CARE

As clients age, health care costs tend to add up. Consider that the average couple at age 65 can expect health care costs of \$266,000 over a 20-year retirement – and that number doesn't include any chronic conditions or health emergencies, according to the Employee Benefit Research Institute. An important part of financial planning is to help ensure that health care costs don't become a drain on clients' quality of life.



### QUESTIONS TO CONSIDER:



- Do you want to stay in your home?  
Will it need to be modified for aging?
- What other housing options are available to you, and what will they cost?
- Would you want to downsize? Relocate to a pedestrian-friendly neighborhood?
- What is your family situation: Are there children you could live with harmoniously?
- What will the treatment of existing medical conditions cost over the long term?
- Do you know what costs Medicare will cover?
- Should you consider long-term-care insurance?
- Are there existing conditions that prevent the purchase of LTC?
- What health care facilities and providers are there locally?

---

## CAREGIVING

It's a sobering statistic: 70% of Americans age 65 (in 2014) will need some kind of long-term care during their lives, according to the Department of Health and Human Services. At some point, you may be providing or receiving care, so this must be taken into account in long-term financial planning. Of the 10 million adults age 50 and above caring for aging parents today, those leaving their job to do so will be affected by lost wages and future Social Security benefits.

## TRANSPORTATION

It may come as a surprise, but transportation is the second largest expense for individuals older than 65 and accounts for about 15% of their annual

expenditures, according to the Bureau of Labor Statistics. That's why advisors should make sure to account for it as part of your long-term financial plans.

Maintaining quality of life throughout increasingly long retirements is becoming a growing challenge for millions of Americans. With expanded longevity comes a whole new set of challenges, and you may find sorting through all of the choices to be overwhelming.

Your relationship with your financial advisor is integral. Working with your retirement funds in tandem with helping you manage your life is of ultimate importance. Have a quality-of-life conversation with your advisor and ask about individualized solutions for your retirement goals.



### QUESTIONS TO CONSIDER:



- Do you understand the full impact of being a caregiver?
- How will you get the care you need as you age?
- Is long-term care insurance a good idea for you?

- How will you get to your favorite places in retirement?
- Who will assist you if you can't drive yourself somewhere?
- What transportation options are available in your area?

---

INTERNATIONAL HEADQUARTERS: THE RAYMOND JAMES FINANCIAL CENTER  
880 CARILLON PARKWAY // ST. PETERSBURG, FL 33716 // TOLL-FREE: 800.248.8863 // [RAYMONDJAMES.COM](http://RAYMONDJAMES.COM)

Investment products are: not deposits, not FDIC/NCUA insured, not insured by any government agency, not bank guaranteed, subject to risk and may lose value.  
©2015 Raymond James & Associates, Inc., member New York Stock Exchange/SIPC. ©2015 Raymond James Financial Services, Inc., member FINRA/SIPC.  
Raymond James™ is a registered trademark of Raymond James Financial, Inc. 15-RPRet-0143 KM 10/15



Lowell Weiss, J.D., CFP®  
 248-932-5450  
 lowell.weiss@raymondjames.com  
 www.weisswealthmanagement.com

**RAYMOND JAMES®**

The Weiss Report  
 Volume 19, Number 2  
 Enclosure #3

## Life Insurance Riders that Pay for Long-Term Care



*The appeal of this combination policy lies in the fact that either you'll use the policy to pay for long-term care expenses or your beneficiaries will receive the insurance proceeds at your death.*

Life insurance has many uses, including income replacement, business continuation, and estate preservation. Long-term care insurance provides financial protection against the potentially high cost of long-term care. If you find yourself in need of both types of insurance, a life insurance policy that combines a death benefit with a long-term care benefit may appeal to you.

### Here's how it works

Some life insurance issuers offer life insurance with a long-term care rider available for an additional charge. If you buy this type of policy, you can pay the premium in a single lump sum or by making periodic payments. In any case, the policy provides you with a death benefit that you can also use to pay for long-term care related expenses, should you incur them.

The amount of death benefit and long-term care allowance is based on your age, gender, and health at the time you buy the policy. The appeal of this combination policy lies in the fact that either you'll use the policy to pay for long-term care expenses or your beneficiaries will receive the insurance proceeds at your death. In either case, someone will benefit from the premiums you pay.

### Long-term care riders

The long-term care benefit is added to the life insurance policy by either an accelerated benefits rider or an extension of benefits rider.

**Accelerated benefits rider**—An accelerated benefits rider makes it possible for you to access your death benefit to pay for expenses related to long-term care. The death benefit is reduced by the amount you use for long-term care expenses, plus a service charge. If you need long-term care for a lengthy period of time, the death benefit will eventually be depleted. This same rider also can be used if you have a terminal illness that may require payment of large medical bills. Because accelerating the death benefit can have unfavorable tax consequences, you may want to

consult your tax professional before exercising this option.

**Example:** You pay a single premium of \$50,000 for a universal life insurance policy with a long-term care accelerated benefits rider. The policy immediately provides approximately \$87,000 in long-term care benefits or \$87,000 as a death benefit. If you incur long-term care expenses, the accelerated benefits rider allows you to access a portion, such as 3% (\$2,610), of the death benefit amount (\$87,000) each month to reimburse you for some or all of your long-term care expenses. Long-term care payments are available until the total death benefit amount (\$87,000) is exhausted (about 33.3 months). Whatever you don't use for long-term care will be left to your heirs as a death benefit.

(The hypothetical example is for illustration purposes only and does not reflect actual insurance products or performance. Guarantees are subject to the claims-paying ability of the issuer.)

**Extension of benefits rider**—An extension of benefits rider increases your long-term care coverage beyond your death benefit. This rider differs from company to company as to its specific application.

Depending on the issuer, the extension of benefits rider either increases the total amount available for long-term care (the death benefit remains the same) or extends the number of months over which long-term care benefits can be paid. In either case, long-term care payments will reduce the available death benefit of the policy. However, some companies still pay a minimum death benefit even if the total of all long-term care payments exceeds the policy's death benefit amount.

Continuing from the previous example, if the policy's extension of benefits rider increases the long-term care benefit (the death benefit—\$87,000—remains the same) to three times the death benefit (\$261,000), the monthly amount available for long-term care increases to \$7,830. On the other hand, if the extension of benefits rider extends the length of time



**Here's a tip:**

*If you need long-term care insurance, you may be able to get it by exchanging an existing life insurance policy with accumulated cash value for a new policy with a long-term care rider. You can do this through a tax-free exchange, but you must also qualify for the new insurance policy as well. You might not get as much death benefit as you had under the original policy, but you'll pick up the option of being able to use it for long-term care expenses.*

the monthly long-term care benefit is available, then the monthly payments (\$2,610) are extended for an additional 24 to 36 months beyond the initial number of months (33.3) available.

## Other provisions

Typically, qualifying for payments under a long-term care rider is similar to the requirements for most stand-alone long-term care policies. You must be unable to perform some of the activities of daily living (bathing, dressing, eating, getting in or out of a bed or chair, toilet use, or maintaining continence) or suffer from a severe cognitive impairment.

An elimination period may also apply: you pay for the initial cost of long-term care out-of-pocket for a specific number of days (usually 30 to 90) before you can apply for payments under the policy. As with all life and long-term care insurance, the insurance company will require you to answer some health-related questions and submit to a physical examination before issuing a combination policy to you.

## Is a combination policy right for you?

Deciding whether a combination policy is right for you depends on a number of factors. Do you need life insurance and long-term care insurance? How much life and long-term care insurance will you need? How long will you need it? Will the long-term care part of a combination policy provide sufficient coverage?

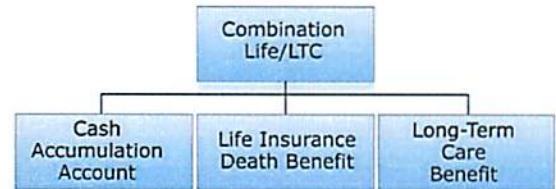
A long-term care rider may not provide as many features as a stand-alone long-term care policy. For example, the combination policy may not cover assisted living or home health aides. It also may not provide an inflation adjustment, an important feature considering the rising cost of long-term care. The tax benefits offered by a qualified long-term care policy may not apply to the long-term care portion of combination policies, which could result in taxation of long-term care benefits received from the policy.

What if your life insurance needs change as you get older and you find that you no longer want life insurance protection? It's not uncommon for people to drop their life insurance in their later years if there's no compelling need for it, but if you surrender the combination policy, you're also forfeiting the long-term care benefit it provides, usually at a time when you are most likely to need it.

And keep in mind that as you use your long-term care benefits, you're depleting the death benefit—a death benefit you presumably wanted to pass on to your heirs or perhaps use to pay for estate taxes.

Finally, compare costs of combination policies to other forms of life insurance, such as term insurance, and stand-alone long-term care policies. Depending on your age and health, the cost for the combination life policy may actually be higher than the total premiums paid for separate life insurance and long-term care policies, especially if your life insurance need is temporary (such as income replacement during your working years) rather than permanent.

### Example of Combination Permanent Life/LTC Policy Features



This information was developed by Broadridge, an independent third party. It is general in nature, is not a complete statement of all information necessary for making an investment decision, and is not a recommendation or a solicitation to buy or sell any security. Investments and strategies mentioned may not be suitable for all investors. Past performance may not be indicative of future results. Raymond James & Associates, Inc. member New York Stock Exchange/SIPC does not provide advice on tax, legal or mortgage issues. These matters should be discussed with an appropriate professional.