

BEDEL FINANCIAL CONSULTING, INC.

Financial Planning and Investment Management

Fall 2017 Highlights of Our Financial Forum

By: David Crossman, CFA
Sr. Portfolio Manager

The featured speaker at Bedel Financial's annual Financial Forum was Liz Ann Sonders, Senior Vice President and Chief Investment Strategist at Charles Schwab. In a fireside chat with Elaine, Liz Ann touched on a number of issues regarding the economy and the market. If you weren't able to attend, here are the highlights.

Observations on the U.S. economy

While many moving parts make up our complex U.S. economy, according to Liz Ann, the overall picture is currently good. Unemployment levels are low. Inflationary pressure on wages isn't an issue, although that may be starting to change. And capital expenditures to expand output have picked up. Liz Ann noted that capital expenditure spending could be an important story in 2018.

Currently, we're "enjoying" the most sluggish economic expansion in our history, but even that has a silver lining. We haven't seen the types of economic excesses that signal the Federal Reserve to tap the brakes on the economy. To paraphrase a quote Liz Ann used regarding bull markets: Economic expansions do not die of old age—they are murdered. In most cases, their demise is the direct result of the Fed's response to economic excess.

Overview of the global economy

For the first time in a decade, the economies of all the Organization for Economic Cooperation and Development (OECD) members are growing simultaneously. This is a rare occurrence. As with the U.S., their growth is not terribly strong in most cases.

However, the global economy is moving in the right direction.

Mixed reviews for debt levels

This was Liz Ann's "good news/bad news" talking point. The good news comes from the consumer side. After years of casual spending, the 2007-2008 recession forced consumers to reduce their debt levels. In aggregate, consumer debt numbers now look very healthy.

The bad news is on the government side. Liz Ann noted that "nothing else matters" unless the U.S. reforms entitlements – admittedly, a painful process. Any impact from tax reform or changes to discretionary spending pales in comparison to the ever-increasing burden of entitlements. While Liz Ann doesn't see signs of an immediate crisis, without serious changes it's a question of "when" and not "if" the issue reaches a climax. That timing, however, is uncertain. As we saw with Puerto Rico, debt levels don't matter – until they do!

Goals for tax reform

Liz Ann believes the goals for tax reform should be simplification and lower rates on a broader base. Of course, that's easier said than done. Lower rates by themselves are not overly helpful for the country as a whole. Tax cuts with a sunset provision (i.e., tax cuts that have to be renewed to remain in effect) are "pointless" in Liz Ann's view.

Reflections on our bull market

According to Liz Ann, the underpinnings of the current bull market remain in place. On the supply side, the number of publicly traded stocks is down. The Wilshire 5000 Index currently has approximately 3,800 stocks rather than the 5,000



its name implies. On the demand side, the massive amount of liquidity pumped into the system by global central banks has to go somewhere. With interest rates so low, much of it has found its way to the stock market.

Strong corporate earnings have contributed to the upward momentum. The first two quarters of 2017 saw double-digit earnings growth. The third quarter may see a bit of a slowdown, thanks to the devastation caused by high hurricane activity, but should, nonetheless, remain solid.

Government gridlock, high valuations, terrorism, North Korea, cyber-terrorism – all these issues, and more, could potentially hurt the market. Most have been around for a while. At some point the market may decide to pay attention to them, but there's no way to know when or what the trigger might be. Currently, Liz Ann sees no warning signs signaling the market has peaked.

So, there you have it. Thank you to all who attended our annual Financial Forum. And for those of you who couldn't make it, I hope you found this recap helpful.

Contact Dave if you have questions or would like additional information regarding this topic.

It's nearly year-end! Be sure to contact us if you still need to take your RMD or would like to make a charitable contribution prior to year's end.

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BLT Corner

Your Security is Our Priority



Securing your personal information has always been one of our highest priorities. At Bedel Financial, we take many precautions to protect your money and personal information from being hacked. In the wake of the Equifax breach, which potentially impacted more than 145 million people, your personal information has never been more in jeopardy than it is today. The good news is that as criminals get smarter, so do we. Here are some of the new security protocols we've put in place.

Two-factor authentication

Everyone knows passwords aren't enough anymore. When Bedel employees log into any system or software that contains your sensitive information, we use two-factor authentication as an additional security measure.

What is two-factor authentication? It's an extra layer of security. In addition to a standard

username and password, we are required to enter a temporary passcode to log into an account. The temporary passcode is delivered to our personal device – a cell phone or computer, for example.

Verbal passwords

Your financial advisor may recognize your voice, but our Operations team may not! They are in charge of helping you wire money and complete other financial transfers. We are now implementing verbal passwords for third-party money movements, such as sending a wire to the title company for a real estate transaction.

How do you receive your verbal password? Not by email! The next time you stop by, your Operations specialist will provide you with the steps you'll need to take to set up your verbal password. If you'd like to set up your verbal password before your next meeting, please feel free to call us from your home or cell phone – whichever one we have on file. Our Operations team will be happy to assist you.

On a lighter note!
We are grateful to have wonderful employees!

Congrats and thank you to these employees who are celebrating milestone employment anniversaries with Bedel Financial!

- Meredith Carbrey, CFP® (10 Years)
- Dave Crossman, CFA (5 Years)
- Deanna Turner (5 Years)
- Patt Norton (5 Years)
- Austin Stagman (1 Year)
- Cindy Garman (1 Year)
- Kate Arndt, CFP® Candidate (1 Year)
- Sarah Mahaffa, CFP® (1 Year)

With warmest regards,

The Bedel Leadership Team

Evan Bedel, CFP®

GenNeXt Advisor, Director of Strategy & Finance

Meredith Carbrey, CFP®

Sr. Wealth Manager

Ryan Collier

Sr. Portfolio Manager, Director of Investment Management

Kathy Hower, CFP®

Sr. Wealth Manager, Director of Financial Planning

Cassi Vanderpool

Director of Administration, Chief Compliance Officer

Bill Wendling, CFA

Sr. Portfolio Manager, Chief Investment Officer

Industry News

Maximizing Workplace Benefits

By: Sarah Mahaffa, CFP®
Wealth Advisor

It's fall - the season of pumpkin spice, flannel shirts, and open enrollment? This time of year it is common for companies to allow employees to select what benefits programs they want to participate in for the coming year. Unfortunately, people don't spend nearly enough time reviewing the options available to them and, as a result, may be missing out on great opportunities! The following tips will help you maximize your benefits.

Review your health insurance options. Compare the premiums, deductibles, and coverage for any health conditions you have. Pay special attention to the deductible and make a plan to have those funds available in the event of medical expenses. Confirm that your healthcare providers participate in the plan. Qualified high deductible plans allow you to contribute to a Health Savings Account. These accounts are referred to as triple tax exempt. Contributions are not taxed, growth is tax deferred, and distributions for qualified medical expenses are tax free.

Increase retirement contributions by a few percentage points and enroll in automatic contribution rate increases. Before you know it, you will be saving more than you thought possible!

The average worker has a 30% chance of being disabled during his or her career. If your company provides disability insurance coverage, take some time to understand whether it is short term or long term coverage, the definition of disability, and how much of your income would be protected. Group coverage is often very affordable.

Many organizations provide a base amount of life insurance to their employees. Coverage beyond that can often be purchased in increments relative to an individual's salary (for example, 3 times one's salary). Medical underwriting (if required) may not be as comprehensive as purchasing a personally owned policy. Keep in mind that not all companies will offer life insurance so it is a good plan to also have coverage outside of your employer in the event you change jobs.

Do you have expenses for child care services? How about care expenses for adult care for your

aging parents? A Dependent Care FSA allows you to save pre-tax funds that can then be used to pay for qualified out of pocket dependent care. Using pre-tax dollars rather than after-tax lowers your overall tax bill and leaves you with more money in your pocket!

Some companies offer group legal coverage. These plans provide access to attorneys who provide a wide range of legal services. Planning on updating your will this year? Compare the cost of enrolling in the group legal plan with the cost of meeting with an attorney on your own.

Do you take public transportation to work or pay for parking? A Commuter Account allows employees to pay these fees with pre-tax dollars. This means more take home money!

Each company provides a unique offering of benefits available to their employees. Take the time to understand the available options so you can be confident you make the best selections for you and your family.

Contact Sarah if you have questions or would like additional information regarding this topic.

GenerationNeXt

How My Spending Challenge Played Out

By: *Kate Arndt, CFP® Candidate*
Financial Planning Coordinator

As a young professional in the financial planning industry, I find myself conflicted: I'm well aware of what it takes to build a financially comfortable future, but I enjoy my little luxuries. Three months ago I challenged myself to tackle one bad spending habit per month. In August I gave up take-away coffee. In September I said no to shopping. And in October I opted for an all-cash "going out" budget. Here's how I did!

No Starbucks — no problem!

August is my birthday month. I'm happy to announce that I didn't purchase any coffee in August. I did, however, enjoy my free birthday beverage from Starbucks. Ironically, one of my birthday gifts was a Starbucks gift card, but, in the spirit of the challenge, I didn't use it until the Pumpkin Spice Latte returned to the menu on September 1st!

August's challenge brought new opportunities. I drank coffee from the office pot for the first time. During long afternoons I opted for water. I even lost a few pounds, thanks to cutting out the high-calorie lattes. August's challenge saved me \$24.58.

Wake me up when September ends

September is a tough month to avoid shopping malls. Summer clothes go on sale and new fall fashions begin to appear. Since I couldn't purchase new clothes, I had to shop my closet! I found myself wearing pieces I normally neglected and making new outfits. And when I ran out of my pricy foundation I avoided splurging on a new one by asking a Sephora associate for samples.

Halfway through the month I started to enjoy the challenge. Holding on to the money I'd worked so hard for felt great. That high helped keep me on track for the rest of the month. September's challenge saved me \$129.50!

Cash is king

In college I used cash only at the bars. Since graduating, I dropped that habit. But I picked it back up for the month of October. I allocated \$200 for entertainment expenses – specifically alcohol and transportation. I easily stayed within this budget and found, to my surprise, that more than half of my entertainment expenses were for Uber rides.

I didn't save money on October's challenge, but it made me incredibly conscious of how I spend my

money on a night out. It also challenged me to fit my outings within my budget rather than whipping out my debit card to pay for any extras. I plan to continue using cash for these expenses going forward.

Practice makes perfect

Whether it's a \$5 latte every Monday or a mini shopping spree every payday, once you've created spending habits, they can become mindless. Before you know it, your budget is off the rails and you haven't saved for the future.

This budget challenge made me cognizant of where my money was going on a micro level. I challenge each of you to find the ways that your budget gets off track and work on tackling those bad spending habits. Your future self will thank you!

Contact Kate if you have questions or would like additional information regarding this topic.

Be sure to sign up for our
GenNeXt blog at
[www.BedelFinancial.com/
subscribeblog!](http://www.BedelFinancial.com/subscribeblog/)

Q&A

Keep Fraudsters at Bay by Freezing Your Credit

By: *Austin Stagman*
Investment Analyst

I was a victim of the most recent data breach at Equifax, one of the three main credit agencies. Chances are you may be a victim as well. This breach has created a huge headache and a lot of worry for American consumers. Many victims have been taking steps to protect themselves and their identity. Perhaps the safest course of action – and one you may be considering if your information has been breached – is to freeze your credit.

Here's what you need to know.

Q: How do I freeze my credit?

A: Freezing your credit isn't difficult, but it can be time-consuming. You'll need to freeze your credit with all three main credit agencies (Equifax, Experian and TransUnion), not just one of them. This can be done online, by phone or through the mail. Be prepared to provide personal information such as your Social Security number and your address(es) for the

past two years, among others. Once the freeze has been established, you will be given a PIN number referencing the freeze. Keep your assigned PIN number! You'll need it to lift the freeze.

Q: Is there a fee involved?

A: Depending on your home state, there may be a \$5 to \$10 fee for this service. By law, Indiana residents can freeze their credit at no charge.

Q: How does a credit freeze work?

A: Freezing your credit places restrictions on who can view your credit report. The credit agency cannot release any information in your credit report once the freeze is in place. Only current lenders will have access to this information. This action can help prevent a fraudster from opening a credit card in your name. However, if you need to open a line of credit such as a new credit card or a loan for a new car, you'll have to unfreeze, or temporarily lift, the credit freeze to allow the new lender to access your credit history. Most

of the time you can ask the lender which credit agency it uses so you only have to contact one of the agencies to unfreeze your credit rather than all three.

Q: How do I unfreeze my credit?

A: You can unfreeze your account or temporarily lift the freeze at any time by contacting the credit agencies. You will need to provide the PIN number the credit bureau gave you when you established the freeze.

Contact Austin if you have questions or would like additional information regarding this topic.

Save The Date!
Our 2018 Ladies Luncheon will
be held on Thursday, April 19th,
2018 from 11:30 a.m. - 1:30 p.m.
Invitations to follow in
the New Year.

- We hope to see you at BFC Time with Santa on Saturday, December 16th, from 10:00 a.m. - noon. If you're able to attend, please be sure to let us know at RSVP@BedelFinancial.com by December 1st!
- Be sure to follow us on Facebook and Twitter for timely updates on trending financial topics!

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Corporate Calendar

**Bedel Financial Consulting will be closed
for business on the upcoming days:**

Nov. 23	Thanksgiving Day
Nov. 24	Day After Thanksgiving
Dec. 25	Christmas Day
Jan. 1	New Year's Day

Please remember that past performance may not be indicative of future results. You should not assume that any information or any corresponding discussions serves as the receipt of, or as a substitute for, personalized investment advice from Bedel Financial Consulting, Inc. Portfolio Managers. The opinions expressed are those of Bedel Financial Consulting, Inc. and are subject to change at any time due to changes in market or economic conditions.

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