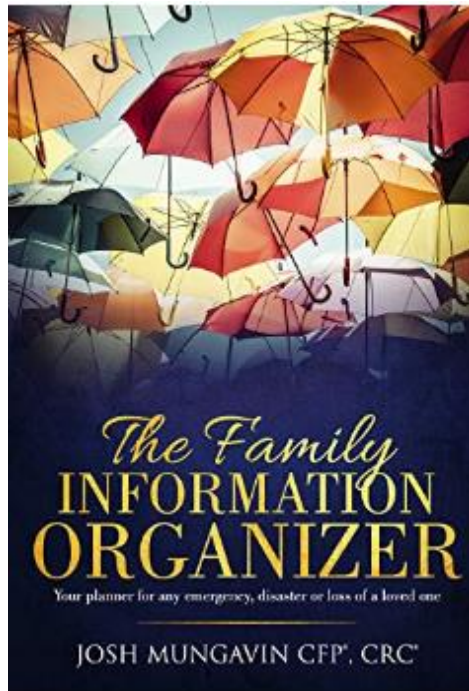


Dear Reader:

I'M LEADING THIS NEWSLETTER WITH THIS BOOK

Because I believe it's so valuable that every one of my readers needs to download a copy. Prepared by Josh Mungavin, my partner and one of the best young planners in the country, it's an invaluable resource (and the price [\$0] couldn't be better).



The Family Information Organizer is here to help you navigate loss while also making sure you have everything you need in times of emergency or natural disaster. With this book, you will:

- be motivated to gather all your essential information now, rather than when it's too late.
- have all your important information in one place.
- have peace of mind in times of loss or emergency.
- be able to make sure your family knows everything they need to when you're not around.
- be able to share this fantastic tool with your friends and family.

Don't be caught unprepared; use *The Family Information Organizer* today!

<https://www.amazon.com/Family-Information-Organizer-Emergency-Disaster-ebook/dp/B07HFG63CQ/>

WHO KNEW?

Lubbock is home to six award-winning wineries, and the High Plains grows 90 percent of wine grapes in the state of Texas.

NOT GENERALLY ONE OF MY FAVORITE SOURCES

However, the Motley Fool piece on long-term care (sent to me by friend and LTC expert Bill Dyess) is quite useful.

<https://www.fool.com/retirement/2018/09/02/5-long-term-care-stats-that-will-blow-you-away.aspx>

AN EXCELLENT ARTICLE

Morningstar columnist Mark Miller has written an informative article called “Safeguarding Your Wealth from the Effects of Cognitive Decline.” I must admit I’m a bit biased, because this was one of his tips:

Work with a fiduciary adviser. Avoid any financial adviser who is not a fiduciary—a legal definition that requires an adviser to put the best interest of a client ahead of all else. This point—and my argument for portfolio simplicity—is illustrated by an important story that appeared recently in the *New York Times* [detailing abusive trading practices](#) by a stock broker in the account of a couple well into their 80s that was being monitored by their daughter.

The fall of the Obama-era fiduciary rule for advisors may complicate the task of finding a trustworthy adviser. But there really is a simple way through the maze. If in doubt, ask anyone you are considering hiring to sign ***the fiduciary oath—a simple, legally enforceable contract created by the Committee for the Fiduciary Standard***. By signing, the advisor promises to put the client's interest first; to exercise skill, care and diligence; to not mislead you; and to avoid conflicts of interest. You can download the oath at http://www.thefiduciarystandard.org/wp-content/uploads/2015/02/fiduciaryoath_individual.pdf

<https://www.morningstar.com/articles/881050/safeguarding-your-wealth-from-the-effects-of-cogni.html>

HOW MUCH?

How much money do Americans have in their 401(k)s? From CNBC:

20 to 29	\$11,500
30 to 39	\$42,700
40 to 49	\$103,500
50 to 59	\$174,200
60 to 69	\$192,800

<https://www.cnbc.com/2018/09/12/how-much-money-americans-have-in-their-401k-accounts.html>

MORE ROOM AT THE TOP

From my friend Ron:

Reaching the status of “millionaire” used to be a big deal. But with rising inflation, a higher cost of living in cities, and changing perceptions around wealth, the six zero milestone doesn’t mean as much anymore...there are over 16 million millionaires globally, and 4.3 million in the United States alone.

Individuals with net worth > \$50,000,000

Asia	35,880
Europe	35,180
North America	44,000
Latin America	4,220

Middle East	4,740
Russia	2,870
Australia	1,850
Africa	1,190

<http://www.visualcapitalist.com/worlds-ultra-wealthy-population-chart/>

ON THE THEME OF RICH, HOW ABOUT THE SUPER-RICH?

Worldwide, there are 255,810 individuals with a net worth of at least \$30 million. Here are the ten cities with the most super-rich residents:

Osaka	2,730
Washington, D.C.	2,735
San Francisco	2,820
Chicago	3,255
London	3,830
Paris	3,950
Los Angeles	5,250
Tokyo	6,785
New York	8,865
Hong Kong	10,010

<http://www.investmentnews.com/gallery/20180907/FREE/907009999/PH/10-cities-with-the-most-super-rich-residents>

AMAZING STORY OF PEOPLE COMING TOGETHER TO HELP OTHERS

My friend Peter shared with me this remarkable 11-minute video, narrated by Tom Hanks, about the amazing boatlift out of Manhattan on 9/11 that rescued about 500,000 people in about 9 hours. The video has been seen by 9 million people, but just in case you have not seen it, please watch it and remember we all have the ability to come together when we must.

<https://youtu.be/MDOrzF7B2Kg>

TOP 1%

Even more on the rich from *USA Today*:

The United States is enjoying an era of unprecedented wealth and prosperity. Economic output and household incomes are at all-time highs, while unemployment is at its lowest level in well over a decade. However, the growth has not benefited all Americans equally, and in much of the country, wealth is becoming increasingly concentrated in the hands of a few.

From the end of World War II through the early 1970s, the average income growth of the bottom ninety-nine percent of earners roughly tripled the 34 percent growth rate among the wealthiest one percent.

Since, however, the strengthening of the middle class has ground nearly to a halt, while the wealth of the one percent has grown exponentially.

The average income for the top one percent spiked by 216.4 percent from 1973 to 2007, but it increased by just 15.4 percent for all other earners. From 2009 to 2015, the average income for the wealthiest Americans grew by 33.9 percent, more than triple the income growth of 10.3 percent among the remaining ninety-nine percent.

	<u>The Top 1% Earn At Least</u>	<u>Average for the Top 1%</u>	<u>Average for the Bottom 99%</u>	<u>Adults with a Bachelors Degree</u>
TOP 5 STATES				
Connecticut	\$700,800	\$2,522,806	\$67,742	38.6%
New Jersey	\$588,575	\$1,581,829	\$65,068	38.6%
Massachusetts	\$582,774	\$1,904,805	\$61,694	42.7%
New York	\$550,174	\$2,202,480	\$49,617	35.7%
California	\$514,694	\$1,693,094	\$55,152	32.9%
BOTTOM 5				
Alabama	\$297,564	\$734,644	\$38,587	24.7%
Kentucky	\$274,818	\$719,012	\$38,990	23.4%
West Virginia	\$258,078	\$615,082	\$39,675	27.5%
New Mexico	\$255,429	\$615,092	\$39,675	27.2%
Mississippi	\$254,362	\$580,461	\$35,353	21.8%

<https://www.usatoday.com/story/money/economy/2018/09/15/one-percenters-what-salary-takes-state/37741185/>

CALL HOME

From an AARP survey: How frequently should an adult child call his or her mother?

Once a Day	27%
Two or More Times a Week	23%
Once a Week	38%
Once a Month	12%

A GOOD GIG

From *USA Today*:

College Football's 25 Highest-Paid Coaches

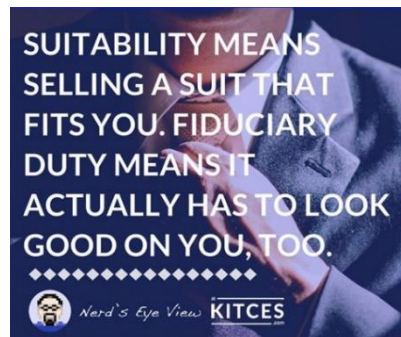
	<u>Name</u>	<u>School</u>	<u>Total Compensation</u>
#1	Nick Saban	Alabama	\$8,307,000
#2	Urban Meyer	Ohio State	\$7,600,000
#3	Jim Harbaugh	Michigan	\$7,504,000
#4	Jimbo Fisher	Texas A&M	\$7,500,000
#5	Gus Malzahn	Auburn	\$6,705,656
#25	Bobby Petrino	Louisville	\$3,980,434

Just a tad more than professors make.

<https://www.usatoday.com/picture-gallery/sports/ncaaf/2018/10/03/college-football-highest-paid-coaches/1497065002/>

THERE IS A DIFFERENCE

From my friend Michael:



MOTHER OF ALL SCAMS

From ThinkAdvisor:

Cryptocurrencies are the “mother of all scams,” and blockchain is “the most overhyped—and least useful—technology in human history: In practice it is nothing better than a glorified spreadsheet or database,” Nouriel Roubini, professor of economics at New York University’s Stern School of Business, told senators on Thursday.

Roubini, who famously predicted the 2008 credit and housing bust, testified before the Senate Banking Committee during a hearing on the cryptocurrency and blockchain ecosystem, that the “crypto bloodbath is in full view” and that “the new refuge of the crypto scoundrels is ‘blockchain.’”

Wonder what he really thinks.

<https://www.thinkadvisor.com/2018/10/11/roubini-cryptocurrencies-are-the-mother-of-all-sca/?slreturn=20180915134333>

BEN FRANKLIN WHO?

From the *Wall Street Journal* editorial board via my friend Knut:

Most Americans can't pass the civics test required of immigrants

These days it's popular to lament that immigrants are destroying America's national identity, but maybe we're getting it backward. When the Woodrow Wilson National Fellowship Foundation recently put questions from the U.S. Citizenship Test to American citizens, only one in three could pass the multiple choice test.

It's embarrassing. According to the foundation, only 13% of Americans knew when the Constitution was ratified, and 60% didn't know which countries the United States fought in World War II. Most couldn't correctly identify the 13 original colonies, which at least is something of a teaser. But only 24% could identify something that Ben Franklin was famous for, and 37% thought it was for inventing the light bulb.

Even with a highly contested Supreme Court nomination now in play in the Senate, 57% of Americans couldn't say how many Justices are on the Court. Older Americans did much better than younger Americans—only 19% of the under-45 crowd passed—which probably reflects the declining state of American public schools. None of this augurs well for the future of self-government.

We've always thought it important that immigrants must pass a test on the basics of American history and civics before they can be sworn in as citizens. Immigrants who are motivated to become citizens will take the time to learn. The real threat to American freedom is the failure of current citizens to learn even the most basic facts about U.S. history and government.

OUCH!

Parents Spend Twice as Much on Adult Kids Than Retirement, Survey Says:

Americans are contributing twice as much to their adult children as they are to retirement, according to a new study.

U.S. parents spend \$500 billion annually supporting and giving to their adult children aged 18 to 34, double the amount they contribute each year to their retirement accounts, according to a new study conducted by Merrill Lynch in partnership with Age Wave.

While 79 percent of more than 2,500 American parents surveyed said that they give at least some financial support to their children, two-thirds of American parents report having sacrificed their own financial security for their children.

<https://www.fa-mag.com/news/u-s--parents-spend-twice-what-they-contribute-to-retirement-on-adult-kids-41261.html>

A MAP OF EVERY BUILDING IN AMERICA

Quite amazing, but for real. Use two fingers to negotiate.

<https://www.nytimes.com/interactive/2018/10/12/us/map-of-every-building-in-the-united-states.html>

WOW!

From a presentation at Insiders Forum:

- 1.3 million apps in the iTunes store
- 323 days of video uploaded to YouTube every minute
- 1.39 billion people on Facebook, making it the largest country on earth

COOL PARTNERS

Deena and Katie with our good friends Yvonne Racz Key, Artistic Director at Ballet Lubbock, and Maestro David Cho, Music Director of the Lubbock Symphony Orchestra.



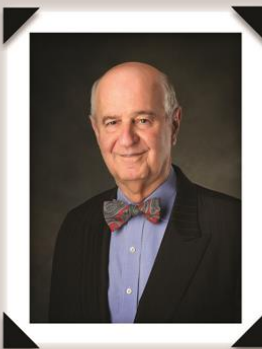
PLAY AND LEARN

A note from Jim about a very useful “game” from the American Academy of Actuaries:


Here is a link to the Social Security Game: <http://www.actuary.org/content/try-your-hand-social-security-reform>. It is a neat calculator that allows anyone to plug in their preferences for solving the SS shortfall. You quickly realize that we can make the system solvent and even increase the benefits. The choices were relatively painless when I first played the game 5 years ago, but they become increasingly difficult each year we delay taking action.

Here’s how the Academy describes the game. “While Social Security isn’t in danger of collapse, changes will be need to be made to pay full retire benefits after 2034. Everyone thinks it’s easy to solve Social Security’s financial problems, but can you? Play the game to explore options for Social Security reform and how changes will affect younger workers, retirees, and the program’s long-term health.”

IT'S BEEN A FEW GOOD MONTHS

INSTITUTE FOR THE FIDUCIARY STANDARD
Is the SEC's Proposed Regulation Best Interest a Suitable Best Interest Standard?
A program to honor
Harold Evensky
2018 Frankel Fiduciary Prize Honoree
September 21, 2018 | 9:30 a.m.-1:00 p.m.
Texas Tech University Human Sciences | Rm. 111
1301 Akron Ave | Lubbock, Texas
RSVP by September 20 to pfp@ttu.edu | 806.834.8338




Receiving the Committee for the Fiduciary Standard Fiduciary Award from my friend Patti Houlihan.



Receiving the Frankel Fiduciary Prize for contributions to the preservation and advancement of fiduciary principles in public life. The prize is named after Professor Tamar Frankel of the Boston University School of Law. <https://youtu.be/lzhpwhJM2yw>



Deena receives the Leadership Award bestowed at the Insider's Forum, a conference that brings together the leading figures of the financial planning profession during a main stage presentation.



Named for P. Kemp Fain, Jr., this award is the pinnacle of recognition in the financial planning profession, honoring one exceptional individual who has made outstanding contributions to the financial planning profession. Fain was a pioneer in the financial planning profession, blazing trails in professional associations, the CFP® certification, and the profession at large. In keeping with Fain's example, nominees for the award are individuals who have made significant contributions to the financial planning profession in the areas of service to society, academia, government, and professional activities.

<https://youtu.be/09NqgbN9UXo>

SOUNDS GOOD, BUT...

From the *Wall Street Journal* via my friend Monty:

The new venture, Aperture Investors LLC, builds on a concept he championed in his last months at AllianceBernstein: Money managers should only charge higher fees than exchange-traded funds when they beat the market. Armed with as much as \$4 billion in money to manage from Italian insurer Assicurazioni Generali SpA, Aperture has hired two portfolio-management teams. One will invest in stocks and bonds from emerging markets and the other will buy or bet against corporate debt.

Aperture is putting more than its fees at stake. Employees will also be paid based on how they perform against the market.

<https://www.wsj.com/articles/new-fund-firm-cuts-pay-if-managers-dont-beat-the-market-1537435800>

Four “catches”:

- When the manager beats the “market,” the fee can rise to 2+%.
- What’s the “market”? Selection of the benchmark is an easy but insidious way to game the system.
- If the managers don’t beat the “market,” the fund and managers still get paid. So much for identity of interest.
- No element of “risk adjusted” return. If they’re having a lousy quarter, the managers have nothing to lose by going for broke and taking significant risk. If the portfolio tanks, they still get paid and the investors are left holding the bag.

Needless to say, I’m a skeptic when it comes to performance-based compensation.

QUOTES

From my friend Judi, who collects quotes:

- Discovery consists of seeing what everybody has seen and thinking what nobody has thought. (Albert Szent-Gyorgi)
- Go confidently in the direction of your dreams. Live the life you have imagined. (Henry David Thoreau)
- Success is moving from failure to failure with no loss of enthusiasm. (Winston Churchill)
- Never doubt a small group of thoughtful, committed people can change the world. Indeed, it's the only thing that ever has. (Margaret Mead)
- Everybody can be great, because anybody can serve. You don't have to have a college degree to serve. You don't have to make subject and object agree to serve. You don't have to know about Plato and Aristotle to serve. You don't have to know Einstein's Theory of Relativity to serve. You only need a heart full of grace; a soul generated by love. (Martin Luther King)
- Life moves pretty fast. If you don't stop and look around once and a while, you could miss it. (Ferris Bueller)

And a few of mine:

- When all the experts and forecasters agree—something else is going to happen. (Bob Farrell, Merrill Lynch)
- Investment survival has to be achieved in the short run, not on average over the long run. That's why we must never forget the six-foot-tall man who drowned crossing the stream that was five feet deep on average. Investors have to make it through the low points. (Howard Marks)
- Just as markets anticipate eight of the next five recessions, so too they can look forward to eight of the next five bull market recoveries. (Howard Marks)
- Millions saw the apple fall, but Newton was the one who asked why. (Bernard Baruch)
- I am proud to be paying taxes in the United States. The only thing is—I could be just as proud for half the money. (Arthur Godfrey)
- People who complain about taxes can be divided into two classes: men and women. (anonymous)
- There are two kinds of economists, those who don't know and those who know they don't know. (anonymous)
- In theory, there is no difference between theory and practice. But, in practice, there is. (Jan La van de Snepscheut)
- The better the meal, the lousier the deal. (Veteran Broker)

WHICH HALF ARE YOU?

According to Prudential's first-ever Financial Wellness Census, the nation is almost evenly split between people who are doing well financially (46 percent) and those who are struggling (54 percent). Roughly 30 percent of respondents have an inaccurate perception of their financial state, according to the report.

<https://www.fa-mag.com/news/more-than-25--of-americans-don-t-know-their-financial-status--prudential-40934.html>

THE NEXT GEN

It's very exciting to see the future of our profession. These are two students of Dr. Sean Pfeiffer (my former teaching assistant) in the financial planning program at Edinboro University that I met at the Financial Planning Association Convention.



WE ARE BACK WHERE WE WERE

From the *Financial Times*:

Retirement savers will need to educate themselves and take greater ownership of their fate...

Barbara Roper, a Colorado-based director of investor protection at the Consumer Federation of America, is disappointed that “we are back where we were.” The onus once again falls almost entirely on retirement investors to protect themselves, she says.

I would revise that to say “ALL investors.”

To repeat—time to be sure you use the Committee for the Fiduciary Standard “Putting Your Interest First” Oath:

http://www.thefiduciarystandard.org/wp-content/uploads/2015/02/fiduciaryoath_individual.pdf

<https://www.ft.com/content/70670108-9a22-11e8-88de-49c908b1f264>

ON ONE HAND, THEN ON THE OTHER

From CNBC:

“This bull market run has echoes of the late 1920s, Nobel Prize–winning economist Shiller says.”

Also from CNBC:

“Recession risk is ‘below average’ for the next three years, Goldman says.”

I think my friend Alex captured it best:

“Reminds me of what my one of my Chief Master Sergeants once told me: ‘Colonel, I feel strongly both ways!’”

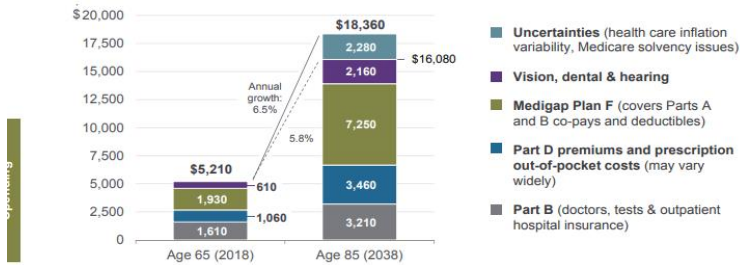
<https://www.cnbc.com/2018/10/01/bull-run-has-echoes-of-1920s-nobel-prize-winning-economist-shiller.html>

<https://www.cnbc.com/2018/10/01/recession-risk-below-average-for-the-next-three-years-goldman-says.html>

\$\$\$\$\$\$\$\$

Rising annual health care costs in retirement | 30

Traditional Medicare estimated median health care costs per person



A GROWING CONCERN
Given variation in health care cost inflation from year to year, it may be prudent to assume an annual health care inflation rate of 6.5%, which may require growth as well as current income from your portfolio in retirement.

2018 additional premium per person for Modified Adjusted Gross Incomes (MAGI) of:

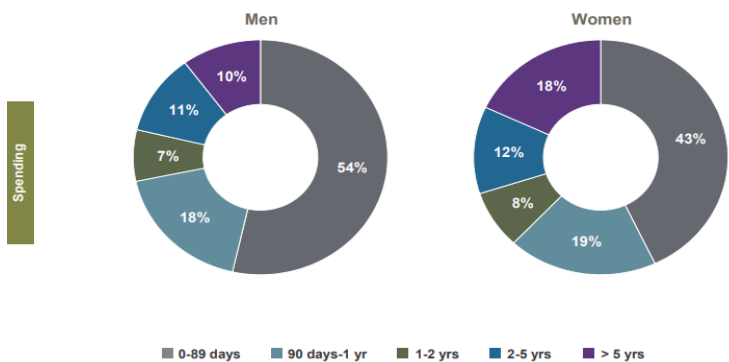
FILING SINGLE	MARRIED FILING JOINTLY	ADDITIONAL PREMIUM	TOTAL MEDIAN COSTS
\$85,001 – \$107,000	\$170,001 – \$214,000	\$798	\$6,008
107,001 – 133,500	214,001 – 267,000	2,010	7,220
133,501 – 160,000	267,001 – 320,000	3,222	8,432
>160,000	>320,000	4,433	9,643

Notes: Age 85 estimated total median cost in 2018 is \$7,097. Medigap premiums usually increase due to age, in addition to annual inflation, except for most policies in the following states: AR, CT, MA, ME, MN, NY, VT, WA, AZ, FL, ID and MO. Analysis includes the most comprehensive and expensive plan available in each state.
Parts B and D additional premiums are calculated from federal tax returns two years prior; individuals may file for an exception on form SSA-44 if they reduce or stop work. For the definition of MAGI, please see slide 41.
Source: Employee Benefit Research Institute (EBRI) data as of December 31, 2017; SelectQuote data as of January 18, 2018; Centers for Medicare and Medicaid Services website, January 22, 2018; CMS Annual Release of Part D National Average Bid Amount, July 31, 2017; 2017 Medicare Trustees Report, July 13, 2017; Consumer Expenditure Survey data as of December 31, 2017; J.P. Morgan analysis.

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Long-term care planning | 34

Projected lifetime need for significant long-term care for individuals at age 65¹



HOW LONG MIGHT YOU NEED CARE?
Average care needs don't tell the whole story since some individuals won't need care, some have a short-term need and others will need significant care for more than 5 years.

¹ Significant long-term care needs include requiring assistance with at least 2 or more activities of daily living that are expected to last at least 90 days or the need for substantial supervision for health and safety threats due to severe cognitive impairment. Activities of daily living include eating, dressing, bathing, transferring and toileting. Those who meet the cognitive impairment criteria who require care for less than 90 days are included in the 90 days – 1 year category above.
Not included: non-acute care for rehabilitation; less severe impairment such as requiring assistance with 1 activity of daily living; needing assistance with incidental activities of daily living such as shopping, cooking, taking medication, using transportation and paying bills.
Source: U.S. Department of Health and Human Services, ASPE Issue Brief, Revised February 2016, Table 1.

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https://am.jpmorgan.com/blob-gim/1383421113847/83456/JP-GTR-6.2018.pdf?segment=AMERICAS_US_ADV&locale=en_US

SPEAKING AT THE INSIDERS FORUM IN SAN DIEGO



HOW SMART ARE YOU?

From my friend Leon:

DON'T LOOK AT THE ANSWERS UNTIL YOU HAVE YOUR OWN!!

FIRST QUESTION:

You are a participant in a race. You overtake the second person. *What position are you in?*

~~~~~

**#1 ANSWER:** If you answered that you are first, then you are absolutely wrong! If you overtake the second person and you take his place, you are in second place! Try to do better next time. Now answer the second question, but **don't take as much time** as you took for the first question, OK?

~~~~~

SECOND QUESTION:

If you overtake the last person, then you are...?

~~~~~

**#2 ANSWER:** If you answered that you are second to last, then you are...wrong again. Tell me, sunshine, how can you overtake the last person?

**YOU'RE NOT VERY GOOD AT THIS, ARE YOU?**

~~~~~

THIRD QUESTION:

Very tricky arithmetic! Note: this must be done in your head only. **Do not use paper and pencil or a calculator.** Try it.

~~~~~  
Take 1000 and add 40 to it. Now add another 1000 now add 30. Add another 1000. Now add 20. Now add another 1000. Now add 10. What is the total?

#3 Did you get 5000?

The correct answer is actually 4100. If you don't believe it, check it with a calculator! Today is definitely not your day, is it?

Maybe you'll get the last question right...maybe.

~~~~~  
FOURTH QUESTION:

Mary's father has five daughters: 1. Nana, 2. Nene, 3. Nini, 4. Nono, and ???

What is the name of the fifth daughter?
~~~~~

#4 Did you answer Nunu? No, of course it isn't! Her name is Mary! Read the question again!  
~~~~~

OKAY, NOW THE BONUS ROUND, A FINAL CHANCE TO REDEEM YOURSELF:

A mute person goes into a shop and wants to buy a toothbrush. By imitating the action of brushing his teeth, he successfully expresses himself to the shopkeeper, and the purchase is done. Next, a blind man comes into the shop who wants to buy a pair of sunglasses; how does he indicate what he wants?

It's really very simple: he opens his mouth and asks for them.

Does your employer actually pay you to think? If so, do not let them see your answers for this test!

FINANCIAL PLANNING IS IMPORTANT

I know I'm biased, but that doesn't mean it's not true.

From Mary Beth Franklin's excellent "ONRETIREMENT" column in *Investment Advisor*:

Widows get bad Social Security info—Agency gives wrong guidance 82% of the time, so survivors must prepare.

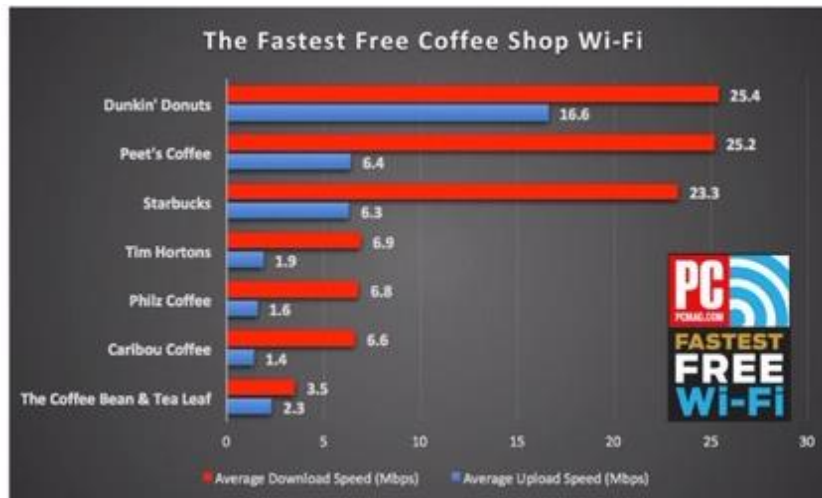
From a Merrill Lynch/Age Wave survey "Widowhood: The Loss Couples Rarely Plan for—and Should."

More than three-quarters of the widows—78%—described becoming a widow as "their single most difficult and overwhelming life experience," and 53% said they and their spouse did not have a plan for what would happen if one of them passed away.

Half of the widows experienced a decline in household income of 50% or more. At the same time, widows also faced the complex tax of juggling multiple incoming assets, including Social Security survivor benefits, life insurance, their spouse's pensions, and retirement savings. For more than four in 10 women, widowhood is a trigger to begin working with a financial advisor, according to the survey.

<https://www.investmentnews.com/article/20180912/BLOG05/180919977/inaccurate-info-from-social-security-administration-a-challenge-for>

WIFI WITH YOUR COFFEE



<https://read.texture.com/dl/content/pcm/2018-10-01/ri/0410382d-318b-309d-be12-e56488704151/?src=iOSShareMail>

I HAVE COMPANY

I've been teaching my Wealth Management class for many years to be wary of the common rule of thumb that someone will need 70–80% of their prior expenses in retirement. Well, my former TA and now Professor Cagla shared with me a *Wall Street Journal* article, "How Much Money Will You Really Spend in Retirement? Probably a Lot More Than You Think," by Dan Ariely, Professor of Psychology and Behavioral Economics at Duke University, and Aline Holzwarth, a Principal of Dan Ariely's Center for Advanced Hindsight at Duke:

It's the question that plagues pretty much everybody as they look ahead: How much money will I need in retirement? Most likely, a lot more than you think...

The answer most people gave was about 70%. Did you also choose a percentage around 70%–80%? You're not alone. In fact, we, too, thought that 70% sounded reasonable. But reasonable isn't the same as right. So we asked the research participants how they arrived at this number. And we discovered that it wasn't because they had truly analyzed it. It was because they recalled hearing it at some point—and they simply regurgitated it on demand. The 70%, in other words, is the conventional wisdom. And it's wrong...

The results were startling: The percentage we came up with was 130%—meaning they'd have to save nearly double the amount they originally thought.

NEED HELP PAYING FOR COLLEGE? THERE'S AN APP FOR THAT

The U.S. Department of Education unveiled the My Student Aid app to help make the 2019–20 FAFSA (Free Application for Federal Student Aid) application process easier.

<https://studentaid.ed.gov/sa/fafsa>

<https://www.npr.org/2018/09/25/649602940/need-help-paying-for-college-theres-an-app-for-that>

LUNCH WITH ARIEL'S JOHN ROGERS

The active versus passive debate continues. From *Kiplinger's Personal Finance*:

"John Rogers is a double anomaly. At a time when investors are increasingly turning to index funds, he picks individual stocks. And at a time when the markets prefer growth-oriented companies, he buys value-based shares...he launched Chicago-based Ariel Investments in 1983....The firm's flagship public fund, Ariel Fund, opened three years later....Rogers became convinced in the 1980s that smaller companies that were less understood offered significant opportunities." *U.S. News* ranked Ariel #11 out of 397 Mid-Cap Value funds.

I need to preface this with the observation that Mr. Rogers is one of the finest and most respected active managers in the country. I also share his value and small cap bias. Unfortunately, as reflected in the Morningstar data below comparing Ariel to a S&P Mid-Cap Value ETF, that does not ultimately translate to investment success.

	3-Year			5-Year			10-Year			15-Year		
	Return	Sharpe Ratio	Tax Cost Ratio	Return	Sharpe Ratio	Tax Cost Ratio	Return	Sharpe Ratio	Tax Cost Ratio	Return	Sharpe Ratio	Tax Cost Ratio
Ariel Fund	9.64%	1.03%	2.17%	9.50%	0.80%	1.99%	14.33%	0.58%	1.09%	8.23%	0.46%	1.10%
S&P Mid-Cap Value	10.87	1.21	0.53	9.46	0.93	0.52	14.11	1.21	0.45	9.86	0.64	0.45

Sharpe Ratio—A measure that indicates the average return minus the risk-free return divided by the standard deviation of return on an investment.

Tax Cost Ratio—The Morningstar Tax Cost Ratio measures how much a fund’s annualized return is reduced by the taxes investors pay on distributions. For example, if a fund had a 2% tax cost ratio for the three-year time period, it means that on average each year, investors in that fund lost 2% of their assets to taxes.

Passive wins once again.

BEWARE OF ELECTRONIC CARD SKIMMERS AT ATMS

A last minute tip from my friend Alex:

<https://youtu.be/Cci94jdYfDY>

Hope you enjoyed this issue, and I look forward to “seeing you” again in a couple months.



Harold Evensky
Chairman
Evensky & Katz / Foldes Financial Wealth Management