

# The Light

Spring 2015

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## Are We There Yet? By Tim Rowsey, CPA, Investment Advisor Rep.



Anyone who has ever traveled very far with small children has probably heard the question over and over as the miles and time went on and on: "Are we there yet?" The patience of children can be easily tested, and on a long journey they soon wonder if the destination is close or how long it can possibly be until they arrive. As advisors helping clients plan for retirement, we often get a variation of this same question.

One important component of planning for retirement, much like planning for a trip, is to have a destination in mind. English author Lewis Carroll once famously commented, "If you don't know where you are going, any road will get you there". Part of our role as advisors and planners is helping our clients develop a plan for retirement that matches their desired destination and is affordable and reasonable.

Some of the components that go into a retirement plan include the funding vehicles to gather assets for future retirement. This typically includes some kind of company sponsored plan such as a company pension or 401(k). There may also be additional components added, such as the use of 403(b) plans for those eligible, or Roth or contributory IRA's. Additionally, for some individuals, Social Security may be a component of their future retirement income.

Another major issue that is an important part of any retirement plan is the income level needed in retirement. The planning and funding is vastly different to provide an income stream of \$100,000 per year versus an income stream of \$40,000 per year. Personal lifestyle and spending patterns are major (continued on page 2)



Are we there yet?

## Welcome Our New Advisor!



Please join us in welcoming our new Investment Advisor Representative, Greg Emmons, to our firm. Greg was born and raised in Ashland, where he was a standout basketball player for both Ashland High School and Ashland

University.

Greg graduated from Ashland University in 2007, where he studied business and finance and was a captain on the Varsity Basketball team. He brings over 7 years of financial industry experience to Lighthouse, having previously worked for Westfield Insurance and AXA Advisors.

He has obtained FINRA Securities Registrations Series 7 & 66 in addition to his life and health insurance licenses. He is currently studying for his CERTIFIED FINANCIAL PLANNER™ designation.

Greg provides investment advisory services, individual portfolio management, financial planning, and wealth preservation using various financial strategies.

Using a holistic approach for an individual or family's finances, Greg's expertise allows him to put together a strategy that fits his clients' needs for both short and long-term goals.

Greg enjoys volunteering at youth basketball camps and local high school teams. He and his wife, Missy, live in Medina with their daughter, Georgia.

Call Greg today for a free, no obligation investment review and consultation. ■

We are growing to serve you better!



Helping individuals navigate their financial lives.

## ***Are We There Yet? (continued from page 1)***

contributors in the funds needed in retirement.

The time available from today until retirement is another piece of the retirement plan. Those starting in their 20's or 30's have the inherent advantage of time. A much smaller amount can be put away monthly and still provide a significant retirement income if retirement is to be in their 60's. For those desiring an early retirement, additional funding or a reduced income level in retirement, may be a concession to that plan that may have to be made.

Once a plan is in place and the plan for the retirement "trip" has begun, it is important to check in along the way. Just as the GPS or map helps us along a road trip, an annual review of investments, contributions to retirement plans and other adjustments is an important part of the retirement plan.

We spend a good amount of time with clients as the retirement years near, checking to see if there is a possibility that we are "there yet" and retirement may be a real possibility now. Many people who have done a good job of planning and have made faithful periodic funding into their various retirement vehicles are pleasantly surprised to learn that they can actually retire, possibly even sooner than they originally expected. We enjoy the opportunity to help our clients through this entire process and especially in the many decisions that need to be made when the actual retirement decision is upon them.

Even beyond the "arrival" at retirement, there is still some important work to be done. At this stage, we often help our clients with the peace of mind of knowing that their investments are wisely and safely invested, and that they can receive an income stream that will support them comfortably through their retirement years. As trusted advisors for our clients, we enjoy helping them through this entire process from the early stages of planning, the many checkups and modifications throughout the journey, and finally the retirement years when the client can enjoy grandchildren, travel, or whatever their priorities are without concerning themselves with the resources that can provide for their needs. At this point the answer to the "are we there yet" question is "yes"! You have safely arrived. ■



## ***Individual Stock Ownership***

*By Tim Rowsey, CPA, Investment Advisor Rep.*

One of the core investment options for individuals is equity holdings or stocks. While nearly all investors at some time in their investing lifetime will hold equities as a part of their investments, the decision to directly hold individual stocks is one which has some risk implications. Stock ownership inside a mutual fund or exchange traded fund offers investors equity exposure to the market with less overall risk caused by the fluctuation of any one individual stock. A typical mutual fund or ETF may hold between 50 and several hundred different stocks.

Let us look at an example of two investors who own only equities in their portfolios. Investor A owns a mix of several mutual funds with diverse underlying holdings, all of which are stocks. Inside these funds, his largest position is a 3% holding in Exxon Mobil Corporation. Investor B works for Exxon, and because of that relationship she holds half of her investments in Exxon stock and the balance in a variety of equity investments inside mutual funds and ETFs.

From July 28<sup>th</sup> of 2014 through March of 2015 Exxon Mobil stock price dropped from a high of \$104.37 per share to approximately \$85.00 per share for an 18.8% loss. During the same time period the S&P 500 rose approximately 5.6%. Investor A with the diversified mix of equities inside of his mutual fund and ETF holdings saw his investments increase in the 4-5% range similar to the change in the S&P 500. Investor B with the 50% holding in Exxon saw her investments drop over the same time period by over 6% due to the impact of the large individual stock holding in her account.

Obviously, in a market where an individual stock holding does well, the inverse of this example could

### ***Disclosure Statement***

A copy of our Part 2 of Form ADV: Firm Brochure, which provides information about the qualifications and business practices of Lighthouse Wealth Management is available upon request. To request a copy contact Cheri Smeltzer at:

**(419)496-0016 or [csmeltzer@lightwealth.com](mailto:csmeltzer@lightwealth.com)**

happen. An investor with a large holding of a stock which rises 20% or 30% will see a dramatic increase in her investment performance.

The main purpose of this discussion is to highlight the potential increased volatility and risk that accompanies large holdings in any one individual stock. Typically this is most prevalent in employees of a company who have built up a strong loyalty to their employer and its stock. This may not necessarily be a bad thing; however, any large holding in one company exposes you to the risk of a dramatic loss if there is significant bad news for that holding.

We typically advise clients not to hold more than 10% in any one individual stock. Many once famous names such as K-Mart, Enron, and GM were once valuable companies that went into bankruptcy and investors in these stocks lost all of their investment. Contact us for a review of your specific holdings and an analysis of the risk you are currently taking. ■



## Meet Our New Vice President and Shareholder



We are pleased to announce that Aaron Rowsey is now Vice President of Lighthouse Wealth Management, as well as a shareholder of the firm.

Aaron joined the firm in the spring of 2013. He works in the areas of income tax preparation, and investment research.

He is a 2012 graduate of Franklin University receiving a Bachelor of Science Degree in Business Administration. Prior to joining Lighthouse Aaron worked for Lutheran Social Services.

He is also a graduate of the 2014 Leadership Ashland class and serves on the YMCA board. Aaron and his wife, Liz, live in Wooster with their new baby daughter, Caroline. ■

## Market Recap

How the major indices performed in the 1st Quarter 2015

### DOW JONES INDUSTRIAL AVERAGE

1st Quarter return -0.3% YTD return -0.3%

### S & P 500 COMPOSITE

1st Quarter return 0.4% YTD return 0.4%

### RUSSELL 2000

1st Quarter return 4.0% YTD return 4.0%

### BARCLAYS AGGREGATE BOND

1st Quarter return 1.6% YTD return 1.6%

## Market Update

By Tim Rowsey, CPA  
Investment Advisor Rep.

### The first quarter of 2015 was relatively flat for equities.

Equities started the year down sharply in January. A strong rally in February partially offset the losses in the prior month and the Dow closed over 18,000 for the first time. March was also down and ended with an additional 1% decline on the last day of the month. For the quarter, the Dow Jones Industrial Average decreased by .3%. The broader market, as represented by the S & P 500, grew slightly with a 0.4% gain. Small cap stocks, as represented by the Russell 2000, had the best quarter, showing a 4.0% gain. Oil prices for the quarter were also volatile but still ended the quarter under \$50 per barrel.

### Bonds were up once again.

The Barclays aggregate Bond index increased by 1.6% for the quarter. The Federal Reserve continued to discuss the timing of a potential rate increases. Ten year treasury yields fell back under 2%. This quarter was a reminder that maintaining a portion of most portfolios in a bond allocation is prudent.

### Volatility will probably continue as we progress through 2015.

Once again political uncertainty and war in the Middle East are negative factors for the markets. Offsetting this are low interest rates and low oil prices which are a benefit to consumers and businesses. If interest rates stay low and companies continue to be profitable there is still potential for growth in equities. Additional opportunities may also be available in foreign markets as equity returns in Europe are beginning to look stronger.



Lighthouse Wealth Management  
 1078 Commerce Parkway  
 Ashland, Ohio 44805



**Tim Rowsey, CPA**

President  
 Investment Advisor Representative  
 Cell: 567-215-3015  
 trowsey@lightwealth.com

**Aaron Rowsey**

Vice President  
 Cell: 419-606-5239  
 arowsey@lightwealth.com



**Greg Emmons**

Investment Advisor Representative  
 Cell: 419-651-1507  
 gemmons@lightwealth.com

**Phone: 419-496-0016**  
 Fax: 1-206-338-1393  
**www.lightwealth.com**



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Subscriptions are free. Paperless delivery is available upon request. Call Cheri Smeltzer at 419-496-0016 or email her at [csmeltzer@lightwealth.com](mailto:csmeltzer@lightwealth.com) to be added to our list or to change your subscription.

At Lighthouse Wealth Management, we want to help our clients reach their financial goals and have plenty of peace of mind along the way. We offer a holistic, full service approach. We start by getting to know and understand our clients' wants, needs, and dreams. We partner with them to help them navigate all the financial challenges of life. We can help answer financial questions, help with tax planning and preparation, and guide our clients with their investments to help them reach their ultimate financial goals.

Just as a Lighthouse provides guidance to passing ships, Lighthouse Wealth Management provides our clients with solid, trusted, conscientious guidance to help them navigate risks and lead them to their financial goals.

Lighthouse Wealth Management believes in giving back. We give 10% of our profits to charities, including CURE, International. [www.cure.org](http://www.cure.org)

**Our Services**

- Investment Advisory Services
- Individual Portfolio Management
- Retirement Planning
- 401(k) Rollovers
- Individual Tax Preparation
- Financial guidance in all areas



*Helping individuals navigate their financial lives.*