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REGENCY INVESTMENT ADVISORS℠

NOVEMBER 2014

Beneficiary designation: A decision with a big impact

Designation of account beneficiaries is one of those areas where attention to detail is of paramount importance. In fact, according to Steve Guinn, Principal, CIMA® and AIFA® at Regency Investment Advisors, when it comes to beneficiary designations there's really no such thing as a "minor change." It's one of those areas where little things can truly mean a lot.

Steve Guinn

"We've all heard the horror stories: someone passes on, and because a blank on a form contained outdated information, the assets in their accounts ended up being transferred to the wrong person," Steve said. "Designating a beneficiary seems like a simple thing, but at Regency we view it as a critical component of the holistic approach we take with our clients. Clients should know their beneficiaries and review those designations for accuracy every year."

In basic terms, a beneficiary is a person or entity that you choose to receive your assets at your passing. IRAs and many other types of investment accounts allow the owner to designate a beneficiary, a designation that facilitates transfer of those assets after the account owner's passing. And with the choice of beneficiary not limited only to people, today many account owners choose to designate an entity such as a charity as their beneficiary.

People can also designate multiple beneficiaries; many accounts allow designation of primary, secondary or tertiary beneficiaries. Also, many clients who utilize estate-planning services through an attorney may choose to leave their assets to their personal trust. All of these are handled relatively easily when a client properly designates a beneficiary for their accounts. When a client requests, Regency can provide the appropriate beneficiary form to the client's attorney.

But according to Steve, potential complications arise when those inevitable major life changes happen. "Everyone encounters a number of life changes over time, and each of those can spur a person to consider changing their beneficiary designations," he said.

What should clients do?

Steve had a series of recommendations for clients regarding their beneficiary designations. According to Steve, Regency clients should:

- **Know their beneficiaries**. "Have a clear idea about what people or what entities you want to receive your assets when you pass on," Steve said. "This process often starts with a discussion with your attorney."
- **Consider the impact of life changes**. "If your family has experienced a birth, a death, a marriage or divorce, or the arrival of children or grandchildren, consider how it may affect your beneficiary designations," Steve said. "Those kinds of life changes can have a big effect upon your beneficiary choices."

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Exciting new changes are in store for Regency in 2015!

A new logo. A new website.
Yet the same great team and service you have come to expect.

Look for a sneak peek on our Christmas card.

Regency Market Commentary: Through Oct. 31, 2014

Key Indexes Source: Morningstar	Year to date	1 yr	3 yr	5 yr	10 yr	20 yr
			Annualized returns			
DJ Industrial Average – Large Cap	6.86	14.48	16.22	15.30	8.42	10.23
S&P 500 – Large Cap	10.99	17.27	19.77	16.69	8.20	9.60
Russell 2000 – Small Cap	1.90	8.06	18.18	17.39	8.67	9.40
MSCI EAFE – Foreign Large Cap	-2.81	-0.60	9.68	6.52	5.81	4.91
Barclays US Aggregate – Bonds	5.12	4.14	2.73	4.22	4.64	6.19
USTREAS 3-Month T-Bills	0.05	0.06	0.07	0.08	1.51	2.72
IA SBBI US Inflation	2.10	1.89	1.67	1.94	2.23	2.35

While summers tend to be a quieter time in the markets, the late summer and early fall of 2014 saw a lot of activity and a return of volatility. The quarter began with volatility reaching historic lows before returning later in the quarter. Mid-September saw the equity markets reaching historic highs before pulling back, while October brought a recovery in the equity markets from that pullback. Factors driving this volatility were mostly geopolitical in nature, and included such headlines as the following:

- Economic growth in Europe appears to have stalled, with the European Central Bank now concerned about possible deflation;
- China's economy seems to be working to maintain a balance between growth and keeping its credit from getting out of hand; and
- Continuing conflicts in the Middle East and the rise of ISIS contributed to the market's volatility.

So what one might expect to be a typically quiet summertime lull in the markets instead turned into a roller-coaster ride.

U.S. showing growth

Despite all the negative headlines, U.S. GDP grew over the summer at an annualized rate of 4.6 percent, which would indicate that the United States economy is still plugging along and – dare we say – gaining some strength.

Even the most positive years of market performance can still contain considerable volatility and suffer sizable intra-year declines. Volatility and market declines on their own are not a bellwether for overall market performance in a given year.

For example, the markets experienced a similar sell-off in 2013 en route to generating a 32 percent return that year. Such intra-year declines – while uncomfortable – are fairly common. Market history shows that with the exception of periods of legitimate economic decline, such as the period immediately following 9/11 and the Great Recession, market performance usually recovers from such intra-year declines.

That seems to be the case for 2014. Despite the September-October decline, the S&P 500 remains up 10.99 percent year-to-date.

What to watch

In October, the Federal Reserve followed through on its commitment to end the quantitative easing (QE) program of asset purchases. As this period of unprecedented asset purchases by the Fed ends, how the economy will perform remains an open question. While no one can foretell the future, measures and indices continue to show that a lot of economic improvement has occurred. The expectation that the Fed may raise interest rates in the third quarter of 2015 remains in place, and Regency believes that any such move remains likely to be a small one.

Investors will always experience the "bumps" of volatility on the way to their goals. Regency believes that preserving a long-term view, however, will be more important to most investors. If you are uncomfortable with the ups and downs, call your Regency Advisor at (559) 438-2640.

Past performance is not indicative of future results and inherent in any investment in the market is a possibility of loss. There are inherent limitations in making assumptions due to the cyclical nature of the market.

Comstock family welcomes Finn

Congratulations to Regency's Chris Comstock and his wife Bree, who welcomed baby Finn Patrick Comstock on Oct. 28. Tipping the scales at an even 10 lbs. and 22 inches long, Finn is already considering a career in rugby, while parents, new arrival and family are all doing well. Welcome, Finn!

Regency welcomes Tracy Neufeld


Tracy Neufeld

Regency Investment Advisors is proud to announce the hiring of Tracy Neufeld, who joined our team in early August as our new Advisor Assistant.

Tracy's duties here will include serving as a liaison for clients, assisting Regency's Advisors in numerous capacities, and managing Regency's proactive systems for client service and review appointments. When those systems show that it's time for your portfolio and investments review, Tracy will be the person at Regency reaching out to you via telephone or e-mail.

Tracy holds two Business Administration degrees, earning her Bachelor's from California State University Fresno in 1995, and her Master's from Fresno Pacific University in 2013. Prior to joining Regency, Tracy served as the Business Administrator at the North Fresno Church, where she originally met Regency President Dan Ray during his board service there.

"I'm excited to be a part of Regency Investment Advisors," Tracy said. "Regency's values, the company's longevity, the team, everything at Regency really appeals to me."

When she's away from work, Tracy is an avid reader who enjoys spending time with her husband Tim, a professor at Fresno Pacific University, and her sons Michael (15) and Daniel (12). Tracy's whole family is musical; the Neufelds sing, play piano, guitar, trombone, baritone, trumpet, mandolin, ukulele, and drums ("But not all at the same time," Tracy adds.) And when Tracy's family isn't *making* music, they're likely to be enjoying it from somewhere in the audience, as frequent concertgoers.

On your next visit to Regency, stop by and say hello to Tracy. She's also reachable via e-mail at tneufeld@regencyinvests.com.

Q&A: The Stocks and Equity Instruments Asset Class

Q: I have some really basic questions for you: What exactly is stock? Are there different types? And why are they important to my portfolio?

From Steve Guinn, CIMA® and AIFA® at Regency Investment Advisors: Those are definitely basic questions, but as it is with so many "basic" investment questions, scratch the surface and you'll find layers of complexity. Let me help to sort it all out.

A stock is simply a share of a company that an investor might consider purchasing; they fall within the "Stocks and Equity Instruments" asset class. Stocks can be purchased individually, or in diversified portfolios of mutual funds and exchange traded funds.

What exactly are you buying when you purchase a stock, or stock fund? Well, there are a couple of ways of thinking of stocks. The first is you're buying a small piece of a company: it's a form of ownership. The second is when you buy stock, you're buying a small portion of that company's future profit, or equity.

Why would anybody want to buy a stock, or stock fund? Stocks have historically been a good hedge on inflation, better than bonds and certainly better than cash equivalents. Long-term stock performance averages close to 10 percent per year. Also, many stocks pay dividends, which are

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Beneficiary designations: From page 1

- **Review their beneficiary choices at least annually**. "Taking a second look at your beneficiary designations is always a good practice," Steve said. To facilitate this, Regency provides clients the opportunity to examine their beneficiary choices as part of every client review meeting or by request. If you're uncertain about your current beneficiary designations, you may want to consult with your attorney. Additionally, revisit any accounts you hold outside Regency with a beneficiary designation, such as retirement plans, insurance policies, bank accounts and more.

- Finally, **talk to your beneficiaries, and communicate your choices to them**. "I'm a huge proponent of financial openness in a family, and I believe one of the kindest things you can do for your family is to educate them about your estate planning and beneficiary designations," Steve said. "Now that's not necessarily a warm-and-fuzzy conversation, but dealing with those decisions can be almost overwhelming to some people when the time comes. Talking about it with them ahead of time allows your beneficiaries the opportunity to be better prepared."

Beneficiary designations may be just one space on a form, but they're a vital part of a person's financial life. "This is one of those areas where little things can truly mean a lot," Steve added.

For more information, or to schedule a time to review your beneficiary designations, contact your Regency Advisor at (559) 438-2640.

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attractive to investors seeking income. So stocks present an opportunity for both growth and income.

Are there risks associated to stock investing? Yes, just like every other investment. Stocks historically have had greater short-term volatility as compared to bonds; this is the trade-off for the greater upside potential. Within the Stocks asset class, market and company risk can be reduced through diversifying in different investment styles, market capitalizations, and geographical areas. (This is in addition to diversification between asset classes, such as bonds, commodities and other assets.) In the end, one must weigh both risk and return.

Diversifying in all categories can be beneficial in generating higher long-term returns and reducing volatility; for example, sometimes large caps are up and small caps are down, and vice versa.

Foreign and Domestic

Another differentiation within stocks is based on geography. **Foreign equities**, comprised of companies domiciled outside the United States, and **Domestic equities**, which represents companies based in the United States. Aside from the location of the corporate headquarters, more companies are expanding their areas of operation and the net result is a more "global" market. Also, the number of stocks considered "domestic" has decreased from approximately 60 percent three decades ago to approximately 48 percent recently. Investors can still potentially realize higher returns and reduce volatility by diversifying between these two categories.

Stocks have a place in virtually all portfolios. Our portfolio management team recognizes all stock categories and our goal is to arrange these different stocks in such a way to create the greatest return at the least amount of risk, and end up with a combination that is more predictable in all markets.

For more information, or to take another look at your portfolio, contact your Regency Advisor at (559) 438-2640.

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Client Corner:

- Do you have questions about recent fund changes in your portfolio? Call your Regency Advisor at (559) 438-2640.