College, Retirement or Both? (Continued)

And yet ...
It's unrealistic to expect parents to ignore college funding altogether, and that approach really isn't smart anyway because regular contributions--even small ones--can add up over time. One possible solution is to figure out what you can afford to save each month and then split your savings, with a focus on retirement. So, for example, you might decide to allocate 85% of your savings to retirement and 15% to college. Maybe 80/20 or 75/25, or whatever ratio works for you.

Although saving for retirement should take priority, setting aside even a small amount for college can help. For example, parents of a preschooler who save $200 per month for 15 years would have $58,163, assuming an average 6% return. Saving $500 per month in the same scenario would net $145,093. These numbers won't cover all of college 15 years from now, but you might be able to add to your savings over the years, and if nothing else, think of this sum as a down payment--many parents don't save the full amount before college. Rather, they try to save as much as they can, then look for other ways to help pay the bills at college time. Like what?

Loans, for one. Borrowing excessively isn't prudent, but the federal government allows undergraduate students to borrow up to $27,000 in Stafford Loans over four years--a relatively reasonable amount--and these loans come with an income-based repayment option down the road. In addition, your child can apply for merit scholarships at the colleges he or she is applying to, and may be eligible for college grants. And there are other ways to lower costs--like attending State U over Private U, living at home, graduating in three years instead of four, working during college, or by getting the general education requirements at a junior college before transferring to a University to get the degree.

So ...
Allocate your available savings and do both! A thirty year retirement with your savings providing all of your income while costs rise is simply too large a challenge, to ignore – but telling your kids they're on their own for college doesn't sound right either. Allocate your resources, and invest for the long run. You may not be able to cover 100% of college and still retire, but you'll be able to cover far more than if you hadn't started saving!

One more thing ...
While you're at it, make sure your students get some financial knowledge along the way. Too many kids today are graduating from high school and college without a clue of how to handle their own finances. It's a shame for a young adult to receive an education worth hundreds of thousands of dollars and then find themselves in financial trouble in the first 5 years of their career. Parents are the best models – if you are doing things right, it's likely they'll follow your lead. If you'd like another voice to help you with the discussion, check out our next edition of Summit University titled "Teens and Money." It's geared toward kids in high school, and it will be a fun way to learn important financial principals without hearing it from mom or dad!

Speaking of college, congratulations to the high school graduates in our Summit Family that shared their future plans with us! We can't wait to see the things you'll accomplish and the difference you'll make in the world.

Justin B. – Duke
Maddie J. – Oregon
Kenny O. – Harvard

Blake B. – University of San Diego
Jared S. – University of Southern California
Slater W. – University of Arizona

Ben B. – University of Michigan
Melanie S. – UC Davis

SUMMIT
FINANCIAL GROUP, LLC

SUMMIT PERSPECTIVE SUMMER 2014

The Pursuit of Independence

Happy Independence Day! July 4th is a celebration of all things American. It's about the courageous hearts of the patriots who fought for independence and founded our great nation. It's about the pioneers who settled the West, the greatest generation that won WWII and staged the largest economic boom in history, the 20th century entrepreneurs who grabbed capitalism and changed the world, and it's the 200 million Americans who believe in the self-reliance and independent spirit that created our way of life! Let's throw a parade!

INSIDE THIS ISSUE

While elementary school students can quote our founding document and its famous "Life, Liberty, and the Pursuit of Happiness," all too few know the truths of Financial Independence.

It's with that same spirit that you chase your own independence – Financial Independence! As we celebrate our political freedom, we also celebrate the opportunity for financial freedom – the chief reason people save and invest. Just as the Declaration of Independence contains its self-evident truths, so too does the pursuit of financial independence. Unfortunately, while elementary school students can quote our founding document and its famous "Life, Liberty, and the Pursuit of Happiness," all too few know the truths of Financial Independence. So to celebrate the pursuit of financial independence, let's declare our truths for successful investing:

Have a Plan
Do you know how much money it will take to live the way you want for 30 years, given that today's cost of living will increase two and a half times during your retirement? If you don't, call your advisor immediately and agree on that calculation. Many of you reading this will have begun investing with exactly that process from which you would have determined how much to save, where to save it, and how to accomplish your goals given your resources. It's a self-evident truth, those who plan are far more likely to accomplish their goals than those that invest and hope. However, there is a more subtle reason to undertake this exercise, and it's all about your psyche as an investor. We are constantly barraged with news and information, much of which is meant to grab your attention and sell advertising; not necessarily inform smart decisions. Those who have a financial plan underpinning their investment portfolio are far more likely to follow the maxim "If your goals haven't changed, don't change the plan; if your plan isn't changing, don't change the portfolio." Having this underlying roadmap helps keep you focused on what matters - the long term - not the news of the moment.

Faith in the Future
This is an underrated yet critical truth to successful investing. You must have faith in the future in order to be a successful long-term investor. Why? Because if you don't believe that the great companies in the world are going to invent new products, create new technologies and therefore grow their earnings and profits, it's going to be really difficult to invest in them and stick with it through thick and thin. Thankfully, there is so much historical evidence of this unbelievable engine of growth that you truly have to be a fatalist to lack some level of faith. While once on bended knee to OPEC for oil production, the U.S. is on a path to energy independence in the next 20 years – it's happening. Manufacturing is being pushed back on-shore again as the cost of resources fall in the U.S., while the cost of resources and of labor in places like China increase rapidly. 3D printing is allowing manufacturers to literally create things out of "air" and revolutionize an entire industry. The technology on your smart phone is far greater in capability than all the computing power on Earth 50 years ago. Could your parents have ever imagined pulling out a device barely bigger than a credit card from which you could send an electronic letter, make a phone call, make a dinner reservation, and obtain narrated directions downloaded to you from maps created by satellites in outer space? We take it for granted, but it is truly impressive. You could go on and on, and companies in your backyard are – as they invent daily. What's next? One can't be sure, but the successful investor has faith that there will be more stories like these 50 years hence, and we want to be a financial participant in that progress! (CONTINUED)

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The Pursuit of Independence (Continued)

Discipline
Being disciplined is so simple to define it seems self-evident, yet it can be so difficult to execute. Being disciplined cannot be overstated in your investment behavior. The first form of discipline is the commitment to live beneath your means and put away money for the future. We've met lots of people with great incomes who haven't quite mastered that concept. There is no investment portfolio on earth that can keep up with someone who doesn't have the discipline to save into those investments over time. Discipline is also critical during moments of market volatility. Although the markets have been calm and upward moving for several years now, everyone remembers the great downturn of 2008 when even diversified portfolios were down substantially. The vast majority of investors didn't have the discipline to stick with the plan and see it through. Selling into that maelstrom caused incredible damage as they locked in losses that would take decades to recoup. Those that remained disciplined were handsomely rewarded, especially if they coupled that with the savings discipline to invest along the way. Those investments during the time when everyone else was hiding money in coffee cans in the backyard performed spectacularly. Be certain that you'll be disciplined in the years ahead.

Asset Allocation and Diversification
While the other self-evident truths are really behaviors, Asset Allocation and Diversification are actually portfolio strategies. Asset Allocation is important because the choice of asset class is the primary determinant of long term return. It doesn't matter if you have the highest yielding CD at a bank, as cash investments historically underperform equity or stock investments over time. The choice to own cash vs owning stocks or bonds was really the deciding factor. The trade-off of course is volatility, but one shouldn't fear that. If you have a plan, with faith in the future, and discipline, volatility only becomes noise in the quest for higher returns for the long-run. As a result, the decision about how much to have allocated to market based investments will be the primary determinant of the long term rate of return.

Diversification is a corollary in that once you decide how much of your portfolio is market based, you want to spread it around. Market author Nick Murray cites this best when he states: "I'll never own enough of any one thing to make a killing, or be killed by it!" Sometimes this is easy to forget when you see a new social media company run to the moon, or your company stock has made you a lot of money over time. It's tempting to try to make a bunch of money quickly. But history is littered with high stock prices that went to zero or at least declined substantially. The successful investor doesn't try to be that smart. They just want to participate in the amazing growth of the world's great companies over time. By being diversified, you won't worry about which one is the next Google or the next Bear Stearns.

Therefore those who invest for the long run, hold these to be our truths. That a portfolio is better underpinned by a plan for achieving specific financial goals, that faith in the future allows investors to stay with that plan, that discipline fuels it, and that asset allocation and diversification are the methods by which that investment portfolio has a better opportunity for success. This might seem self-evident, but when you look at the preponderance of media noise and behavior of the masses, it is so countercultural it could be considered revolutionary. We invite you to make these truths part of your family's Declaration of Financial Independence. That would be worthy of a parade!

The 2nd Annual Summit Symposium

Based on the feedback we have received, many of you were *blown away* by our Second Annual Summit Symposium held on Saturday May 17th at Wente Vineyards in Livermore. (If you were there, you will understand that reference!)

We very much appreciate the feedback we have recieved. Here is a sample of what some of you have said:

"The symposium was stellar. Better than last year, if that's even possible. " - Debbie R.

"Anirban was really fascinating and humorous…a combination I didn't expect. For me, this presentation alone would have made the day worth it. Gene, the identity theft magician…again wonderful! Madeline was also very informative and thought-provoking as it relates to wealth and our kids, but Josh stole the show! What an incredible young man who gives so much and makes such big impact. Heartwarming and inspirational!" – Shelley H.

"Gene Turner has convinced me never to leave home with my watch and wallet." – Ralph L.

"We loved the speakers – certainly fitted your objectives to entertain us, educate and inspire us. And the venue, of course, is wonderful." – Hilary and Mike R.

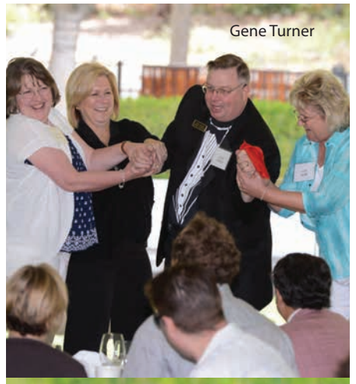
"Thank you for an interesting, entertaining, inspiring, funny, great wine, great food, great day! We really enjoyed the whole day... (in spite of the cold wind, it was so well worth it!)" – Audrey and Rudy V.

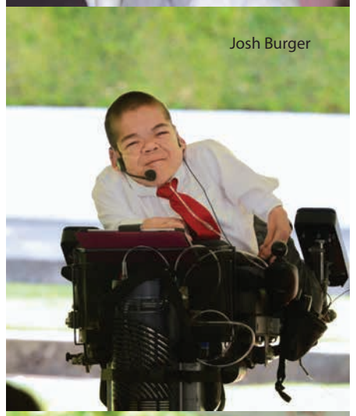
"We found it educational and inspirational. We enjoyed all the speakers very much, but many of the messages of Dr. Levine hit home for us as our son ends his Freshman year of High School." – Jim F. and Michele B.

We thank those of you that spent the day with us, and for those who couldn't make it, we hope to see you next year!

To view the entire photo gallery, please visit www.summitadvisors.com.

Photos by Bryan Kenitzer


Gene Turner


Josh Burger


Anirban Basu


Dr. Madeline Levine

College, Retirement or Both?

In the last few weeks many of our clients watched their high school seniors graduate – a proud moment indeed! Over the last few months as we met with these families, the college decision and the corresponding cost of that choice was the main topic of discussion. Thankfully, these families have been saving and planning for this, so there was a lot more celebrating and much less anxiety about the finances. However, the cost of college brings up an important point in our planning with clients:

Should you save for retirement or college?
It's the paramount financial conflict many parents face, especially as more couples start having children later in life. Should you save for college or retirement? The pressure is fierce on both sides.

Over the past 20 years, college costs have grown roughly 4% to 6% each year--generally double the rate of inflation and typical salary increases--with the price for four years at an average private college now hitting $192,876, and a whopping $262,917 at the most expensive private colleges. Even public colleges, whose costs a generation ago could be covered mostly by student summer jobs and some parental scrimping, now total about $100,000 for four years (Source: College Board's Trends in College Pricing 2013 and assumed 5% annual college inflation). Many parents have more than one child, adding to the strain. Yet without a college degree, many jobs and career paths are off limits.

On the other side, the pressure to save for retirement is intense. Longer life expectancies, disappearing pensions, and the uncertainty of Social Security's long-term fiscal health make it critical to build the biggest nest egg you can during your working years. In order to maintain your current standard of living in retirement, you'll need to save enough to replicate your income for 30-40 years! Your current expenses are going to more than double over that time merely because of inflation, which can take a big bite out of your purchasing power if you haven't saved enough.

So with these two competing financial needs and often limited funds, what's a parent to do?

The prevailing wisdom
Answer: retirement should win out. Saving for retirement should be something you do no matter what. It's an investment in your future security when you'll no longer be bringing home a paycheck, and it generally should take precedence over saving for your child's college education.

It's akin to putting on your own oxygen mask first, and then securing your child's. Unless your retirement plan is to have your children be on the hook for taking care of you financially later in life, retirement funding should come first. (Continued on back)

Summit University presents

TEENS AND MONEY

SUMMIT UNIVERSITY

Tuesday July 15th
6:30-8:30PM
2010 Crow Canyon Place Suite 130

As your teenager prepares for life after school, make sure they are knowledgeable and confident about money! Teens and Money is a discussion with teens and their parents covering the basics of financial responsibility. The tips provided will give your teen a headstart towards building a rewarding financial life.

The Real Life Topics Covered Will Include:
- Your Money Matters: Budgeting and Cash Flow
- Pay Yourself First: Savings and Investing
- Borrowing Basics: Credit and Debt
- Protecting Your Stuff: Insurance Basics
- Under Your Roof: Renting vs. Homeownership

RSVP is required. Seating is limited. One parent per teen please. RSVP to 925.866.7800 or events@summitadvisors.com

Your Opportunity: The 12th Annual Charity Golf Tournament

It's no secret that we take great pride in the Tri-Valley Community. And as you know, each year Summit Financial Group supports a local charity in its mission of making a difference in this community through the efforts of our Golf Tournament. Each year the tournament serves as a fun-filled day of golf for various members of the Summit family, whether they are clients, friends, strategic business partners or charity supporters.

And we love the fact that over the years many of you non-golfers have embraced the event as well! Last year we had over 75 people come to enjoy dinner, the silent auction and to learn more about the cause.

We invite you to join us on Monday September 22nd at Blackhawk Country Club for another great day of golf for another wonderful cause, Opportunity Junction. Please find the registration flyer on the back of this insert.

Why support Opportunity Junction? Meet Bridget.

Bridget is perfect example of the difference Opportunity Junction can make for motivated job-seekers. Bridget spent her childhood just making it through each day. With both of her parents addicted to drugs, Bridget and her sister were often left alone. Things turned worse as her father became abusive to her mother.

Bridget found herself spending more and more time away from home, escaping her situation through drinking. Although she had been a strong student and in the GATE program early in school, Bridget lacked any support at home and lost the internal motivation to focus on school. "School just didn't work for me because I hated being held accountable for anything. I found myself in a series of low-paying jobs that weren't leading anywhere."

Everything in Bridget's life changed when she became pregnant with her son, Ethan. "For the first time in my life, I was working for someone other than myself. My entire attitude and perspective changed. I stopped drinking and being satisfied with the status quo. I wanted more for myself because I wanted more for my son, but I didn't know how to get there."

Bridget found Opportunity Junction through the County's Welfare to Work program. "Opportunity Junction gave me the skills to be a professional and the confidence to know I could succeed in that world. I spent so much of my life trying to find happiness in the wrong places that I didn't even know I could be a respected professional in the work place. My mom is also clean and sober and is a positive part of our lives."

Bridget and Ethan

Bridget is currently working in an administrative role, and recently received a raise with benefits, for a company close to home. "After years of working late nights or commuting long distances, I am finally able to work full-time close to home. I spend time with my son after school and get to cook him dinner. We're even mapping out our first family vacation to Disneyland," Bridget shares. "If it wasn't for Opportunity Junction, I would still be bartending without the skills to get a job that allows me the opportunity to be a strong and available mother to my son."

OPPORTUNITY JUNCTION
ON THE ROAD TO SELF-SUFFICIENCY

SUMMIT FINANCIAL GROUP, LLC

12TH ANNUAL CHARITY GOLF TOURNAMENT

Dinner & Silent Auction • Net proceeds benefiting Opportunity Junction

Lakes Course, Blackhawk Country Club, Danville • September 22, 2014 • Shot Gun Start at 12pm

SIGN UP FOR	YOU WILL RECEIVE
ALBATROSS SPONSOR **$3,000**	2 foursome packages, 8 additional dinner guests, Main listing in Event Program, Hole Sponsor with Tee Signage, Recognition Award at dinner
EAGLE SPONSOR **$1,250**	1 foursome package, 4 additional dinner guests, Listing in Event Program, Hole Sponsor with Tee Signage, Recognition
BIRDIE SPONSOR **$1,000**	1 twosome package, 2 additional dinner guests, Listing in Event Program, Hole Sponsor with Tee Signage, Recognition
FOURSOME GOLF PACKAGE **$800**	*Includes 4 of each:* Round of golf, BBQ Lunch, Dinner

SIGN UP FOR	YOU WILL RECEIVE
PAR SPONSOR **$500**	1 golf package, 1 additional dinner guest, Listing in Event Program, Hole Sponsor with Tee Signage
HOLE-IN-ONE SPONSOR **$500**	Hole-in-One Sponsor with Tee Signage Listing in Event Program
BOGIE SPONSOR **$300**	Hole Sponsor with Tee Signage, Listing in Event Program
INDIVIDUAL GOLF PACKAGE **$200**	Round of golf, BBQ lunch, Dinner
SUPERTICKET **$50**	2 Mulligans, 5 Raffle Tickets, A chance to Win a Vacation, A chance to take a $100,000 shot
DINNER ONLY (Spouses and Guests) $75	

CONTACT PERSON:
KIMBERLEE MCKINSEY, *Marketing Coordinator*
Phone: (925) 866-7800 • *Fax:* (925) 866-7803
E-mail: kimberlee@summitadvisors.com • www.summitadvisors.com
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OPPORTUNITY JUNCTION

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☐ **Sign Me Up!**

Sponsorship Packages: ☐ Albatross ☐ Eagle ☐ Birdie ☐ Par ☐ Hole-in-One ☐ Bogie

Golf Packages and Extras: ☐ Foursome Golf Package ☐ Individual Golf Package ☐ Superticket ☐ Dinner Only

☐ Silent Auction Donation *Description:* _____

NAME _____ COMPANY _____

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PHONE _____ EMAIL _____

Payment method: ☐ **Check (payable to Opportunity Junction)** ☐ **VISA** ☐ **MC** ☐ **AmEx** ☐ **Discover**

CREDIT CARD NUMBER _____ / (EXPIRATION DATE)

NAME ON CREDIT CARD _____ (CID NUMBER)

AUTHORIZING SIGNATURE _____

GOLFER NAME _____ PHONE _____ EMAIL _____

GOLFER NAME _____ PHONE _____ EMAIL _____

GOLFER NAME _____ PHONE _____ EMAIL _____

GOLFER NAME _____ PHONE _____ EMAIL _____

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