

# SUMMIT PERSPECTIVE

## SURVIVING THE BEAR

As we write this in late December, most of the major market indices have reached bear market status or are in a sharp correction from their September highs. As usual, there are a host of reasons, all of which are portrayed as the next great apocalypse by media outlets fighting for attention on our screens.

Everyone wants to know if this downturn is the next 2008-style man-eater, or a mere cub that will be put in its place by a charging bull. Spoiler alert ... we won't know, and can't know, until it has already happened. But in the interest of being prepared, we thought it prudent to pretend this was something more substantial. What would we do? What would you do?

That is the question that so many investors want answered at times like this because it feels good to be "doing" something. We realize that at times a conversation with your advisor can leave you frustrated when the advice is to stay the course (even if it is the right move!). With that in mind, we want to give you a few tools for your Bear Market Survival Kit. Use these with confidence to help weather the storms that blow in from time to time.

**Calm Those Nerves** – In our opinion, investor emotion is responsible for more financial loss than all the asset allocation and security selection decisions combined. DALBAR's Annual Quantitative Analysis of Investor Behavior consistently bears this out. Over the last decade, the average investor has trailed the average mutual fund somewhere between 2% and 5%<sup>1</sup>. The primary reason for the underperformance is that people panic at the wrong moment and lock in losses. As a result, their personal returns do not even match the returns of their own securities,

much less a market index which contains no fees, expenses, or tax consequences. Your first tool in combating the bear is to stay calm and follow your financial plan. Similar to a real bear encounter – panic is a bad strategy!



**Assess your Cash Needs** – Being forced to sell securities at a loss to meet financial obligations hurts more in a downturn. The liquidated assets never get a chance to recover because they were consumed, and if too much of that occurs, financial independence can be impacted. Now is the time to take an honest look at the funds you need from your portfolio over the next couple years to make sure they can be reached without the same market risk as longer-term assets.

Furthermore, large discretionary expenses can be delayed if there is flexibility as to timing. New cars and home improvement projects are good examples of things that typically don't impact your lifestyle much if you wait a year. Some of this happens naturally when markets are in selloff mode. The news is so negative, and people are so concerned about the future, that they do this without prompting.

**Be Opportunistic** – On the flip side, downturns can provide wonderful opportunities to purchase assets at

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**SUMMIT**  
FINANCIAL GROUP, LLC

### INSIDE THIS EDITION

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Camp Fire Strikes  
Close to Home

**Summit U:**  
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**From the Ashes,  
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**Staff Spotlight:**  
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**New! Summit Trivia  
Challenge**



*What the new year brings to you will depend a great deal on what you bring to the new year.*

**– Vern McLellan**



Join us at our signature event! Learn, be inspired,  
and enjoy great food and wine.

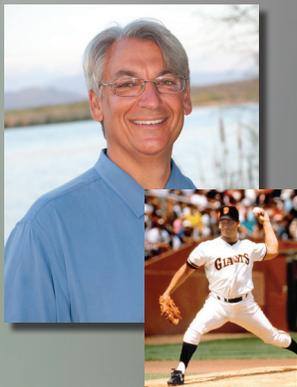
**Saturday**  
**February 23, 2019**

# SUMMIT SYMPOSIUM

entertain . educate . inspire

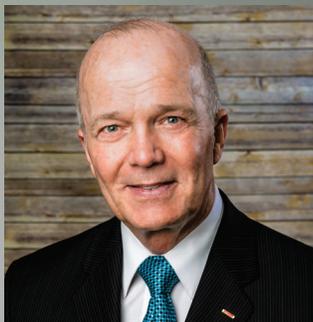
## PALM EVENT CENTER

1184 Vineyard Ave, Pleasanton, CA 94566  
10:00 a.m. - 3:00 p.m.



### Dave Dravecky, Major League Baseball Player

For baseball fans worldwide Dave Dravecky etched his name into history on August 10, 1989. Defying all odds, after battling cancer in his pitching arm, the San Francisco Giants "southpaw" came back to pitch once again in the Major Leagues which resulted in a 4-3 win for the Giants against Cincinnati. Sadly, Dave's comeback was short-lived. Five days later, in Montreal, Dave threw "...the pitch that could be heard round the world." Dave's arm had snapped in two. As he tumbled to the ground, his mind filled with doubt and fear. Little did he know that the dream he had since he was a little boy was simply a platform for his purpose to share hope with the suffering around the world. Dave Dravecky's story of strength, faith, and endurance in the face of great loss is sure to inspire.



### Dr. Bill Lloyd, Health Director

Doctor Bill Lloyd is a board-certified surgeon and pathologist and serves as Health Director for Transamerica. Dr. Bill is not your ordinary physician. He is an experienced clinician, scientist, military surgeon, and award-winning medical educator. Respected within the medical community as a dynamic leader and subject-matter expert, Doctor Lloyd will share his insights and commonsense approach to better living, and how smart habits and positive lifestyle choices practiced today can lead to a healthy and financially sound future.



### George Russell, Portfolio Manager

George Russell joined the Franklin Equity Group as an institutional portfolio manager in 2010. As a member of the U.S. Growth Equity Team, Mr. Russell's primary responsibility is to represent the team and communicate the investment philosophy, process and current strategy to clients worldwide. Mr. Russell has over 20 years of investment experience. He spent more than a decade at Morgan and Company where he served as an equity portfolio manager and co-director of the equity group. More recently he worked at American Century Investments as a client portfolio manager covering quantitative equity and asset allocation strategies.

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# KUDOS!

## Breanne Powers

Each quarter, Summit recognizes one team member who receives the most kudos from their peers and managers for going the extra mile. The winner receives \$1,000 to donate to the charity of his or her choice. Congratulations to Breanne Powers, Accounting and Front Office Lead, as the recipient of this quarter's Kudos award!



*Breanne:* I am choosing to donate toward a friend's family and others that have been affected by the Camp Fire.

Sadly, it has been confirmed that the majority of the town of Paradise has been completely destroyed. Over 27,000 people have been displaced. Unfortunately, my friend's parents were among the many who were affected. They have lost nearly everything they own. Due to how quickly they had to evacuate they weren't able to grab much. Most items, including almost all family heirlooms and pictures, are gone. They have set up a donation site to help their parents, as well as other victims of this tragic event.



— Breanne Powers

To join Breanne in her efforts, visit <https://bit.ly/2ryE03B>

# SUMMIT UNIVERSITY

## Upcoming Courses and Workshops ...

### WEALTH CREATION TODAY – A PERSONAL FINANCE COURSE FOR PROFESSIONALS



Nearly every successful professional could benefit from increased financial fluency. Whether you are a corporate veteran, business owner, high-powered consultant, or independently wealthy, **Wealth Creation Today** uses a comprehensive, unbiased approach to deliver rewards over a lifetime that you can use to set the foundations of your legacy.

Come together with your peers for an insightful approach to building the personalized tools and strategies necessary for a lifetime of informed decisions.



### RETIREMENT PLANNING TODAY

This course addresses financial issues that pertain to the self-employed as well as employees of corporations and government agencies. Whether you plan to retire 20 years from now or have

just recently retired, the information you'll learn in this class can deliver rewards throughout your lifetime.

### REJUVENATE YOUR RETIREMENT

This course explains financial strategies designed to accomplish objectives such as tax-efficient income planning generation, lifestyle preservation and providing a legacy. We also integrate fun and fulfilling activities such as travel, hobbies, sports, business ventures and lifelong learning into the discussion to help you make the most of your retirement.



### SECOND SATURDAY DIVORCE WORKSHOPS

Contemplating or going through a divorce? Come to this monthly session led by an attorney, therapist and financial advisor and develop a strategy for future emotional and financial success.

Learn more and sign up for classes through the Summit University page on our website: [summitadvisors.com/education/university/](https://summitadvisors.com/education/university/) OR call 925-866-7800.

# FROM THE ASHES, A NEW BEGINNING: RODE FAMILY UPDATE

Last year at this time we brought you a story of loss and survival, the story of the Rode family – Mike, Angie, Marie (10) and Michelle (3). They barely escaped the Tubbs fire with their lives. Unfortunately, their house, and all their belongings – including Angie’s wedding ring and Mike’s business trailer – were destroyed.

Summit heard of their misfortune and that of many families like theirs and decided to act. On behalf of our clients and employees Summit replaced Mike’s trailer – a necessity vital for the success of his business – and provided housewares, clothing and toys for the Rode family.

Today we bring you the story of their renewal, a new beginning. Last month Summit reached out to Mike and Angie for an update. Here’s what we learned...

The Rodes are happily living in Napa Valley. “We are settled into a great old Napa farmhouse that has been in (our landlord’s) family for longer than 100 years,” said Mike. “We are surrounded by 60 acres of vineyard/ranch land that we get to explore at will. There is a small owl living right out of Marie’s window dormer. She can hear nesting at night and gets the biggest kick out of sharing close space with an owl.”

Mike said it’s been a year of recovery for the family. His business is thriving, and the girls were able to remain in the

schools they attended before the fire. Mike admits there are still moments of “Why did this happen to us?” and some anger over what was lost that can’t be replaced, but overall, they feel fortunate and grateful.

The recent Camp fire was a sad reminder of what they went through – the smoke from that fire covered their valley and ashes fell on the cars in the street. “It was eerily reminiscent of what we went through,” said Mike. “We literally ran for our lives last year.”

Eventually the smoke cleared, and the family went back to enjoying the wildlife and panoramic views that surround them. “This has been an amazing place to regroup from last year’s challenges,” said Mike.

So what does the future hold? The Rode family is forging ahead, taking one day at a time. They recently returned from a trip to Chicago to see Angie’s niece get married, and they are looking ahead to all that 2019 will bring. “We look forward to and appreciate the seasons of life,” said Mike.

Summit is grateful to have had an impact on the lives of this family. We wish you and yours an abundant and happy New Year! And may you, too, look forward to and appreciate the seasons of life!



## STAFF SPOTLIGHT



### **Veronica Santiago**, Marketing Assistant

Veronica joined the Summit team as a Marketing Assistant after gaining experience at a local insurance brokerage firm. Alongside her fellow marketing team

member, Angela King, Veronica assists with planning and executing company events, creating and designing marketing collateral, and managing Summit’s digital marketing.

Veronica has a B.S. degree in Business Administration with a focus in Marketing and Corporate Management from Cal State East Bay - School of Business & Economics. She has worked mainly in the digital aspect of marketing prior to coming onboard at Summit.

Veronica takes pride in being born and raised in the East Bay. She feels that no other place in the world can compare to the unique culture and diversity the Bay Area has to offer. She enjoys the local restaurant scene and is often on Yelp looking up new places to try. As a vinyl

record enthusiast, she possesses a vast record collection consisting mainly of Motown and oldies and continues to add to her collection whenever she gets the chance to take a trip to the record store.

### **Cindy Loeffler**, Executive Assistant

Cindy joined Summit Financial Group in the fall of 2018 and has more than 12 years of experience in the financial services industry. She is excited to be collaborating with Don Ledoux’s and Aaron Peabody’s busy practice.



Born and raised in California, Cindy resides in Pleasanton with her husband, Kurt, their daughter Libby, and rescue dog Ziggy. Cindy is a graduate from California State University, Chico where she earned her Bachelor of Science in Health and Community Services. When Cindy is not at the office, she enjoys spending time with her family, playing in a co-ed soccer league, traveling, and staying active.

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discounted values. For the accumulator consistently saving money into their portfolio, downturns provide cheaper prices to accumulate assets you want to hold for the long run. You don't have to be "right" about when to pick the bottom (it is impossible anyway!). Every purchase you make is buying at levels lower than previous highs. Every market downturn in history has recovered, and if you don't need the money quickly, you need not be concerned about when it does.

This also applies to other goals in your financial plan. Real estate often softens during market downturns. If a second home was a financial goal, and a downturn provides the opportunity to purchase the beach house at a discounted price, it might make sense. We have seen this work firsthand with second homes as well as with assisting children purchasing their first home. Just be sure to ask yourself this question: Can I still make the finances work if this continues for a while?

**Don't Forget the Dividends** – Much attention is paid to falling prices during a market decline, and rightfully so. However, stock dividends are often forgotten when the fear of loss overcomes the average investor. Currently, the S&P 500 has a dividend yield in excess of 2%<sup>2</sup>, which is about the same as most competitive savings rates. Assuming you don't need the money anytime soon, would you rather own an asset that can potentially increase while receiving a 2% yield, or be in cash, which can only earn the yield with no price appreciation? (Note: This does not apply to money needed soon. Cash is king for those needs). Assuming you are reinvesting those dividends, you are dollar cost

averaging into the investment automatically even while things are down.

**Lean On Your Advisor** – While there is plenty of effort put into portfolio design, planning assumptions, and our technical work, walking you through difficult times is likely our most important job as advisors. Talking with your advisor can help you refocus on the real reason you are invested – to reach your financial goals! Revisit your financial plan, model out your income generation for the next few years, or how you will take advantage of lower prices as a saver. Share your fears if the financial media has you worried and let your advisor reason through the facts with you. Often, the very same statistics that scare people into selling can be the reasons you are excited about staying invested. It's all a matter of perspective. We want the same thing you do: financial security and the achievement of your goals! And we are 100% committed to doing all we can to help you achieve them. Hang in there, and don't let the bruin get you down. We've been through this before, and we know the bear must hibernate at some point!

<sup>1</sup> DALBAR Quantitative Analysis of Investor Behavior 2000-2017

<sup>2</sup> Ycharts S&P 500 Financial Statistics as of 12/24/2018

This material represents an assessment of the market environment at a specific point in time and is not intended to be a forecast of future events, or a guarantee of future results. This information should not be relied upon by the reader as research or investment advice regarding any funds or stocks in particular, nor should it be construed as a recommendation to purchase or sell a security. Past performance is no guarantee of future results. Investments will fluctuate and when redeemed may be worth more or less than when originally invested.

The S&P 500 Index is an unmanaged index of 500 stocks that is generally representative of the performance of larger companies in the U.S. Please note an investor cannot invest directly in an index. Dollar Cost Averaging does not assure a profit and does not protect against loss in declining markets. Also, since such a program involves regular investment purchases regardless of fluctuating price levels of the investment, consider your financial ability to continue purchases through periods of low price levels.

## SUMMIT TRIVIA CHALLENGE



A new year, a new tradition! The Summit Perspective will now include a trivia question in each edition. The answer to this quarter's question can be found on the Summit Facebook page ([facebook.com/summitfinancialgroup/](https://facebook.com/summitfinancialgroup/)).

Each person submitting the correct response will be entered to win a \$25 Starbucks gift card.

**Ready? Here it is ...**

**What souvenir did Partner Nathan Bennett bring back for Summit employees from his recent trip to Washington D.C.?**

Know the answer? Email it to [angela@summitadvisors.com](mailto:angela@summitadvisors.com) by January 31. The Trivia Challenge winner will be notified via email.

## CONTACT US



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