



ALTIUS
Financial

Empowered Future Report

Short term thoughts about long term matters

August 18, 2016

Quote of the Day:

"Why do roman bridges historically last for a long, long time?...the people who designed the bridge had to stand underneath it before the traffic went on. So they made sure there was a massive margin of safety." – Prem Watsa

Major Stock Indexes at Record Levels

U.S. stocks traded higher last week, with the three major indexes hitting new records, as investors kept an eye on oil prices, the presidential campaign and on Federal Reserve policy. This is often when inexperienced investors want to jump in aggressively....thinking there is no risk but, again, this is like driving a car looking only at the rearview mirror. While it's extremely difficult to predict timing on major cycles, we continue to stick to our valuation models and cheat toward more liquidity, more defensive positions and hedging against monetary or economic instability. So far this year, our approach is working exactly as we'd wish where we're seeing, in most cases, better performance with less risk. Fundamental research, margin of safety and a focus on valuation are the foundation of our investment approach.

Survey Results

Thank you to everyone who completed our On-line Access Survey. We received great feedback and are working to accommodate the changes you requested.

We've already added a new [My Empowered Future \(powered by eMoney\) log in portal](#) on the homepage of the ALTIUS Financial website to make the log in process both a clear and simple step to accessing your financial information. For those who got comfortable with it, the original link is still in available under the My Capital tab. Remember your My Empowered Future client portal is the simplest, yet also the most comprehensive look at both your investment accounts as well as your overall plan. This is NOT an additional place you have to keep track of – it's how we're using eMoney to power your financial plan and we're simplifying the process to get there.

Since many of you also conveyed an interest for more training in the program we will be offering monthly sessions to meet with Taylor, our Planning Assistant, to walk through the website and its features. We are offering Thursdays during office hours to meet individually with Taylor. Bring in your device(s) and we will make sure you are all set up! Jenn will gladly add you to the schedule upon request.

Time to Sell the (empty or not so) Nest?

Is it time to sell your current home or possibly advise someone in your family to make such changes? Do you or someone you know have an empty nest or more space than needed? Housing prices outpaced senior living costs in 2015, meaning, if you're near or in retirement, you could be in a position of strength if you're considering selling. I've had many conversations recently with clients who are amazed about what the market is telling them their house is worth.

The median cost of senior living facilities increased by 2.7% in 2015, according to A Place for Mom®, the nation's largest senior living referral service. A national real estate brokerage firm estimates that median home prices increased by 7% last year. Zillow shows Denver homes appreciated over 10% last year.

Senior living options include age-restricted apartments, retirement homes, assisted living, and memory care facilities. Many retirees trade homeownership for senior living when they are seeking the convenience of transportation and meal service, easy access to medical care, and a sense of community. Housing prices vary considerably by region, so A Place for Mom provides a great resource called the Senior Living Cost Planner. It provides cost estimates of independent living, assisted living, and memory care facilities by state or city. Not surprisingly, Washington, D.C., Boston, and New York are the most expensive cities for senior living, while Miami, Las Vegas, and Tampa are among the most affordable.

There are a number of steps you can take to become more empowered regarding your real estate decisions as someone with an empty nest:

1. Get educated about options. Many senior living communities are tailored toward interests/hobbies such as golf, cultural arts, and continuing education.
2. Consider your budget. Savings and income can be supplemented by options such as VA benefits, reverse mortgages, and life insurance policies.
3. Take a tour. Pick three communities that could be a good fit, and visit each one. A firsthand experience is more valuable a virtual tour or brochure.
4. Create a plan to make the move. After identifying one or two top choices, include pertinent family members in the final decision.

But what if you're not at that stage of life – how should you be thinking about your home equity and staying verses moving right now?

We often hear that a home is the American Dream. That may or may not be true for you but it's often a significant portion of one's net worth so it pays to think through your options. Keep in mind that you have to live somewhere so this would argue that your home isn't actually an investment at all – while you may be fortunate to gain appreciation on your home, it can be difficult to have increase in value turn into a more secure future. We count home equity in your net worth but unless you sell and make

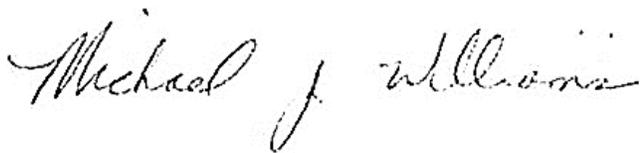
other changes, it doesn't change your lifestyle. Because it is a sellers' market right now, my general advice is to ask yourself a few questions:

1. Am I a seller or could I be one in the next 3-5 years? If the answer is yes, then consider that the markets don't always cooperate with our specific timing and maybe you want to be more flexible.
2. What would it take, price-wise, for me to actually sell and move within a fairly short period of time? It's startling to have someone answer this question with \$x and then look up recent sales prices/comps in their neighborhood and have them be shocked at how much higher they are selling for. When I ask "oh, so then you'd take that higher offer today?" they'll often back track and say "well, no I'm not ready to move"...to which I ask again, "no really, what would it take for you to sell and be out within 2-3 months?"
3. What are the deferred maintenance and repair issues that I know I'll have to deal with and how does that affect my thinking?
4. Would I be willing to rent for some time period? This brings up many other lifestyle, tax and allocation decisions but it's worth thinking about because it's not always better to be an owner.

These questions are deliberately designed to have someone just think about it – Am I really happy in this place? Where would I move to? What about my family, friends, etc.? I'm not trying to push someone out of their home if they really are happy and, unless you really move out of a market, you often will float up and down with that specific market – if you sell high, you'll often have to buy high or vice versa. But just as we want to be rational about valuation on any asset, we want to do that on a home as well. Feel free to contact me if you want to discuss your specifics further.

Save the Date

Our next Capital Markets Outlook Workshop will be on Wednesday, October 5th. As has become our tradition, we're hoping to have another excellent guest speaker on a topic we believe will have wide appeal. Additionally, this will be about a month before the election and so a good time to evaluate the potential economic impact. Mark your calendars and please tell any friends that you'd like to invite. Remember, we typically only have 25 seats and we've been at capacity for the last several events so you'll want to RSVP early.



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