FOCUS

TCI WEALTH ADVISORS, INC.

Confidence through Education **FALL 2016**

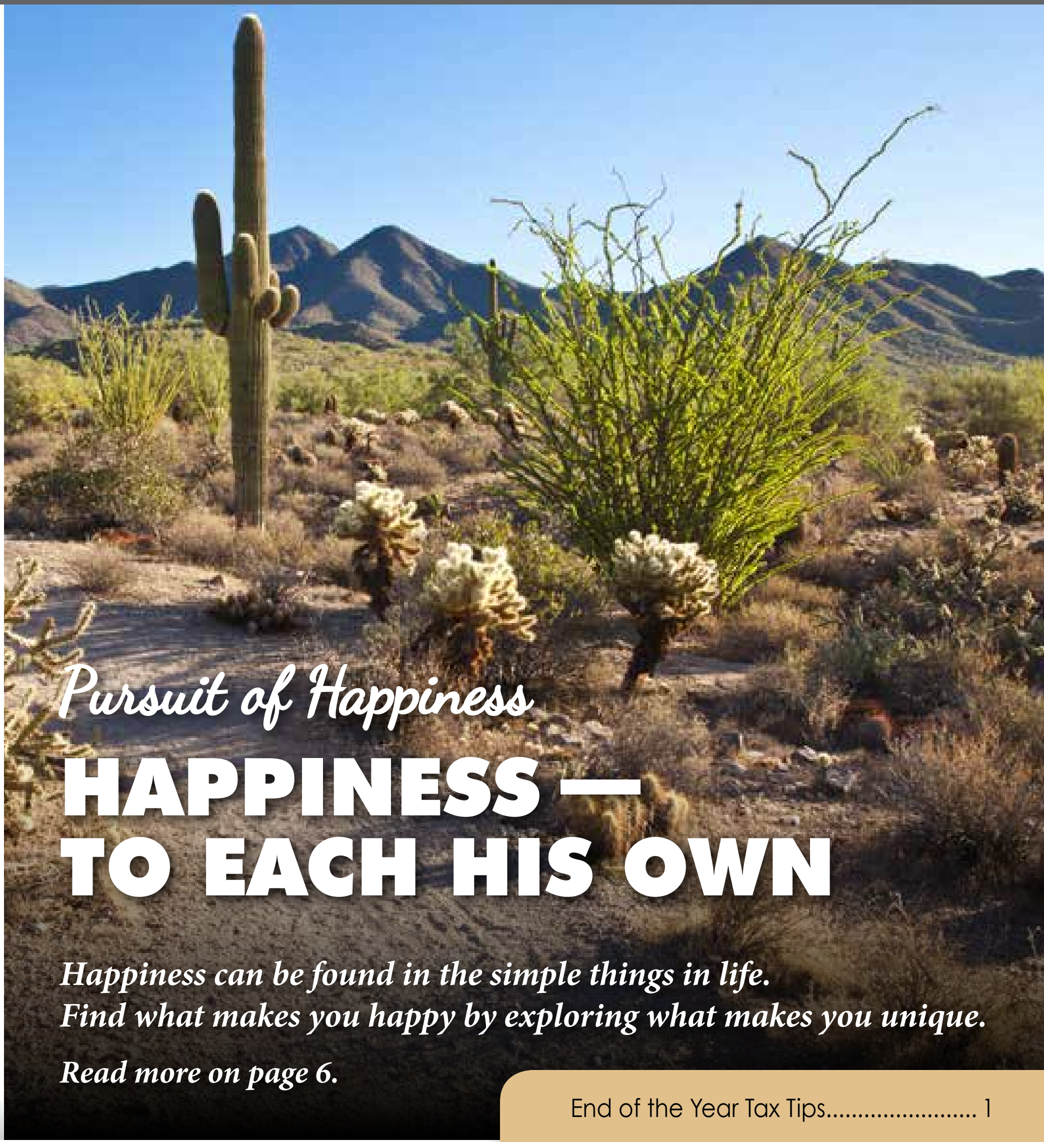
END OF THE YEAR *Tax Tips*

by TCI Wealth Advisors Tax Team

Fall is here, and that means tax time is coming our way once again. The most effective tax planning happens before year-end — after that, it is often too late! Consider these tax tips below, and remember that your tax professional knows your situation best, so be sure to consult with him or her and your Advisor before acting on a tax-saving strategy.

1. Start compiling and organizing your receipts and other paperwork.
2. Delay filing your return until early April if you receive 1099s because you will likely receive amended forms.
3. Consider donating appreciated assets to charities instead of cash. If you can use the deduction this year, but do not know where you want

continued on p.7 ***Tax Tips***



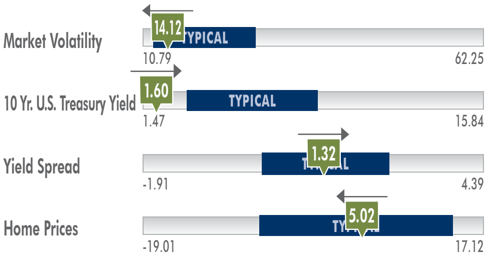
Pursuit of Happiness

HAPPINESS — TO EACH HIS OWN

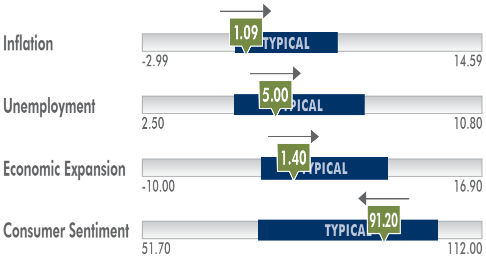
Happiness can be found in the simple things in life. Find what makes you happy by exploring what makes you unique.

Read more on page 6.

MARKET SNAPSHOT



ECONOMIC SNAPSHOT



MOST RECENT | 3-MO. TREND | TYPICAL RANGE | ACTUAL RANGE

Women, Wealth, and Wisdom

by Lori Booth-Houle, CPA, CFP®

"I am woman, hear me roar…" I was just a kid when Helen Reddy's anthem to womanhood burst onto the music scene in 1971, yet I remember the lyrics that empowered many women to embrace their unique strengths in a challenging world.

Forty-five years later, Helen Reddy has been replaced by Katy Perry and her song "Roar," so the theme of women facing down obstacles is still relevant — including as it relates to money. Studies continually reveal that despite all the strides women have made in education, economic equality, workplace leadership, and political influence, we still face unique challenges on the path toward financial prosperity. We can attribute these to a number of biological, cultural and psychological distinctions:

• Women live longer on average. This means we will likely have to make our money last longer than men do, and that we may face more health care and end-of-life costs.

• Women often are not able to save as much for retirement as their male counterparts for a number of possible reasons including income inequality, interrupting a career to raise a family, and/or acting as a caregiver for elderly parents.

• Women investors often tend to be more risk-averse than males. While they are often better investors than men in many ways, women may be more averse to the higher-risk/higher-return equity market, focusing instead on less volatile but lower-returning cash and bonds.

• Women are likely to be alone at some point in their lives, whether by choice or circumstance. Even for women in long-term relationships, divorce or death of a spouse/partner are hard realities. A sobering statistic: 80% of men die married, while 80% of women die single (from *On My Own Two Feet* by Manisha Thakor and Sharon Kedar). Divorce is often a bigger financial detriment to women than to men. This is largely because divorced mothers often bear more of the expenses and time constraints required to raise children.

• The financial industry often fails to address a woman's unique concerns and values. A historical industry tilt toward male clients as well as a failure to tailor services and solutions to best fit a woman's circumstances can leave her feeling underserved and unheard.

The good news is that women possess many natural strengths and a wisdom that can help them avoid or overcome these challenges as they work toward prosperity. Women tend to be goal-directed, and are often motivated savers; they generally exercise patience in the investing and planning process; and they are often more willing than men to seek authentic and professional advice in order to reach their goals.

At TCI, we appreciate the special challenges faced by women on their journey toward financial well-being, and we recognize that just as they are different from men, women are also different from each other, facing unique circumstances that require a flexible, customized approach in financial problem-solving. In fact, it is in our DNA to embrace a tailored approach in empowering and partnering with <u>all</u> of our clients, regardless of gender, on the path toward financial well-being…so "Vive la différence!"

Lori Booth-Houle, CPA, CFP® is an Advisor and Shareholder in our Scottsdale office.

Life is Short, *Experience It*

by Sam Van Denburgh, CFP®

Every morning I am inundated with promotions. I have countless emails that seem to magically reappear even when I unsubscribe. There are new ads on any website I visit that have been strategically (not to mention creepily) placed by a computer algorithm according to my likes on Instagram and Facebook. Everywhere I look there is something I can buy at the click of a button (curse Amazon's 1-click shopping!); but at the end of the day, I know buying more things will not make me happier. Any disposable income I have would be better spent on an experience.

Experiences provide more lasting happiness than things, according to a 20-year study conducted by Dr. Thomas Gilovich, a psychology professor at Cornell University. First of all, experiential purchases tend to more readily and deeply connect us to others. Humans are very social creatures so going on vacations or attending concerts with friends and family make us feel closer to them. These shared experiences also prompt more conversation and storytelling. Secondly, experiences form a bigger part of our identity. As Dr. Gilovich points out, we are the sum total of our experiences — everything we've seen, the places we've been, the actions we've taken — not the sum total of our possessions. Possessions might be important to a person's identity and sense of self, but they would not make up your autobiography. Lastly, experiential purchases are evaluated on their own terms and evoke fewer social comparisons.

Things last longer than experiences, but as we get used to new possessions, our expectations increase with each purchase. Not to mention, there will always be the Joneses. So next time, think about putting any hard earned income you have left toward an experience. You will likely get a better return on your investment.

Gilovich, T., et al., A wonderful life: experiential consumption and the pursuit of happiness, *Journal of Consumer Psychology (2014)*, www.dx.doi.org/10.1016/j.jcps.2014.08.004

Sam Van Denburgh, CFP® is a Support Advisor in the Scottsdale office and works with ASPIRE clients.

ASPIRE is a program offered by TCI Wealth Advisors that provides young professionals access to sound financial planning and education in order to plan for long term financial success. To learn more about the program, visit www.aspirebytci.com.

PARDON THE INTERRUPTION

by Michael Grosso, CFP®

For those of you who know me, you know I am an avid sports fan, especially college football with my sports world typically revolving around ASU football…Go Devils! ESPN has a show called Pardon The Interruption that covers multiple topics within a very short period of time. When the time expires for that topic it is time to move onto the next regardless of where you are at within the conversation or thought. It is in that spirit that I have gathered a number of "financial" topics which I will attempt to cover very quickly. Let's begin!

TIPPING

• The concept originated in English bars where drinkers would pay "To Insure Promptitude", (T.I.P.), to get their drinks and food promptly. 20% is average. 10% was common in 1950. 15% in the 80's. 18-20% is average now and heading to 25%, potentially. Americans tip $42 billion a year.

…DING…

ALLOWANCE/CHILDREN AND MONEY

• Teaching children to be responsible with money also teaches them critical values such as modesty, patience, curiosity, perseverance and generosity.

• Daily spending decisions lead to teachable moments; needs vs. wants, planning vs. impulse, current vs. future needs. The ultimate tool for teaching these is an allowance. Doing jobs around the home is important, but not for an allowance. Helping out is part of being a member of the family.

• Taking away an allowance denies the teachable moments that the allowance affords. Take away computer/TV/phone/car or other toys instead. Create an "allowance agreement" between you and your children. Use clear jars as a piggy bank so they can SEE it grow.

• Introduce simple financial concepts at age 5 like counting coins and letting the children pay the cashier. A good time to start an allowance is between ages 5-8.

• Stories are more effective than lectures. Share your own stories and road to financial independence.

• Children who work have greater self-confidence and self-esteem than those who do not. They will emulate you and your habits of wants vs. needs.

…DING…

INSURANCE

• When in doubt, insure the big stuff and self-insure the small stuff.

• Disability insurance is frequently neglected. Dying is cheap but living is expensive. Amount of benefit? As much as the insurance company will give you and you can afford. Waiting period? As long as you can afford. Definition of job specialty? As specific as possible.

• Umbrella coverage? Personal umbrella coverage is highly recommended. Dovetails with auto and home.

• Car Insurance? The average auto insurance premium increases by 79% when you add a teen driver. Check your uninsured/underinsured motorist coverage.

…DING…

ESTATE PLANNING

• Who will take care of the kids? Who will take care of the money? Same person or different? Estate planning is a simple first step in asset protection. You are never too young for estate planning. Dot your I's and cross your T's. Five clients of mine passed away in the summer of 2015. Having proactive conversations now and building relationships with your heirs is CRITICAL.

…DING…

BREXIT

• The United Kingdom (UK) is a member of the European Union (EU), an economic and political partnership founded in 1993 among 28 European countries. On June 23, 2016 British citizens voted to leave the EU. Brexit (Britain and exit) has become a shorthand way of saying the UK is leaving the EU. British citizens want to have more control over issues such as immigration and business regulation. They want full control of their borders and are afraid to lose their cultural identity. The UK pays $8.5 billion pounds to be in the EU and some British citizens think that money could be better spent.

…DING…

BUYING A HOME

• Buy or rent? Your home is not an investment decision; it is a quality of life decision. Do not become HOUSE POOR. There are many types of mortgages and options in the decision making process.

…DING…

COLLEGE SAVINGS & TUITION COSTS

• 529 Plans; www.uesp.org. Save in the parents' name. Start now, TIME IS VALUABLE = Magic of compound interest.

• College tuition has risen at an average yearly rate of 6% above inflation over the past 40 years and has increased

284% for public schools and 210% for private schools over that time. This is twice the rate of medical care.

• Borrowing for college is close to an average of $100 billion a year, with total outstanding debt at $1.2 trillion. This is greater than the national amount of credit card debt or car loans.

• 59% of students are graduating with debt, which is a record high. On average students owe $35,000.

• Questions are now arising on whether it is worth it; enrollment peaked in 2009-the height of the Great Recession and has been decreasing since. College graduates earn twice the weekly wage of those without a college degree and have half the unemployment rate compared to high school graduates. The highest median weekly earnings and lowest unemployment rate are those with professional degrees, better than doctoral degrees.

• College costs have increased due to spending on amenities to attract students, hiring of more teachers to decrease ratios of students/faculty, and less financial support from states. State funding has decreased from 32% to 23% over the past 10 years. Tuition is on pace to rise from $20,000 to $41,000 a year for public schools and from $44,000 to $91,000 a year for private schools by 2030.

...DING...

PRIVATE EQUITY

• Private equity is an asset class comprised of investments in companies that are not publicly traded. Within the United States there are tens of thousands of private companies to invest in with approximately 160,000 having revenues in excess of $10 million. It is estimated that 125-250 companies are founded in the United States each year that will grow to over $100 million in revenues.

• 70% or more of private equity investments are made by pensions, foundations and endowments. The remaining 30% are made by wealthy individuals and families with assets to meet minimum investment levels.

• Mutual funds and ETF's are trying to bring access to this asset class for retail investors. For example, Powershares Global Listed Private Equity (PSP) is an ETF of private equity investments. Interestingly, PSP has 24% more volatility than the U.S. overall stock market and has seen a 4.24% average annualized return over the past five years compared to a 15.48% return in the overall stock market. "Measured September 2016."

• More and more companies are accessing capital for growth via this market instead of going public via an IPO. Uber is a great example. It has accessed private capital to create liquidity for insiders while staying private. It is valued at over $70 billion currently.

...DING...

AND I CAN'T FINISH WITHOUT A COUPLE OF SPORT FACTOIDS.

• Fishing is the biggest participant sport in the world.

• Football (soccer) is the most attended and watched sport in the world.

• The most watched television event in the United States is the Super Bowl.

• It takes 600 cows to make one full season of NFL footballs. A cow has a 1 in 17,420,000 chance of becoming that NFL football used in the Super Bowl.

• NFL games typically last 3 hours with the ball being in play for 11 minutes of that time.

• MLB uses about 850,000 baseballs a season. A baseball has 108 stiches.

• NFL revenue is $9 billion a year with a $1 billion profit. MLB has $7.2 billion of revenue with a profit of $49 million.

• The word GOLF is derived from an old German word "kolb" meaning club.

...DING...

Have a great remainder of your 2016 and thank you for choosing to entrust your financial well-being in us; we appreciate and value our relationship with you.

Michael Grosso, CFP® is an Advisor and Shareholder in our Scottsdale office.

HAPPINESS — TO EACH HIS

by Bill Moss, CPA/PFS

Buchenwald concentration camp, near Weimar Germany, was formed in 1937 and existed until Liberation Day in 1945. The atrocities of WWII being what they were, the camp and war carry a special meaning for me and my family because my mother lived in France during this time period. She was born in Paris in 1924. She served in the French Resistance in 1943 and was captured by the Nazis only to be held captive as a political prisoner in Buchenwald until she was freed on Liberation Day. A 17-month camp stay in total.

Not a very happy beginning for an 18 year old, but the story does not end here. My father, being stationed on the European front lines of the war served for the United States Army. It was in France that he met and married my mother and then moved back to the United States. My father was from Richmond, Virginia and after the war suffered from Tuberculosis which required a two year stay in a Veterans Hospital. My parents then moved to Arizona in 1948 because the doctors told my father that he needed a dry climate to survive the loss of one of his lungs.

My mother was raised with wealth, living in southern France, growing up next to the Rothschilds, a 14-bedroom mansion, a ranch in northern Africa, etc. All that ended and leaving Europe behind became a very happy time/future for her because of her experience during WWII. She was a very happy person to everyone she met until the day she died in 2012 at the age of 87. She never had wealth in the U.S. in monetary terms, like she did in Europe, but waking up every day in Arizona as a free person was all she needed. Freedom was the United States of America. Her life was filled with family, friends and church. Working as a teacher at her church's preschool, she became a Stephen Minister of her religion and enjoyed being surrounded by her grandchildren.

Now some of you know me and how I love the outdoors. Riding my mountain and road bikes, hiking, backpacking travels and time with my family is what makes me balanced in life and happy. I love what I do in my profession with TCI, serving as an advisor and shareholder of the firm. Happiness for me means something different than what it did for my mom, but the common thread that seems to run through happiness is enjoying the simple things in life.

"To each his own" or in German, "Jedem das Seine," was inscribed above the Buchenwald camp entrance. I think of these words often in realizing how lucky I am to be born knowing the physical challenges my mother went through and how different each of us are in terms of what

What Makes You Happy?

Do you have any hobbies that you want to pursue to a greater depth?

Do you like to read? Have you joined a book club?

Do you feel compelled to serve the public? Have you volunteered for nonprofits?

Do you have old friends that you want to reconnect with or family that you want to be closer to?

Do you like your work and just want to keep doing it to a lesser degree?

Do you have a desire to learn something new, perhaps another degree or even learn a new hobby like painting or playing a musical instrument?

Do you have places to see and travel on your bucket list that you want to start ticking off the list?

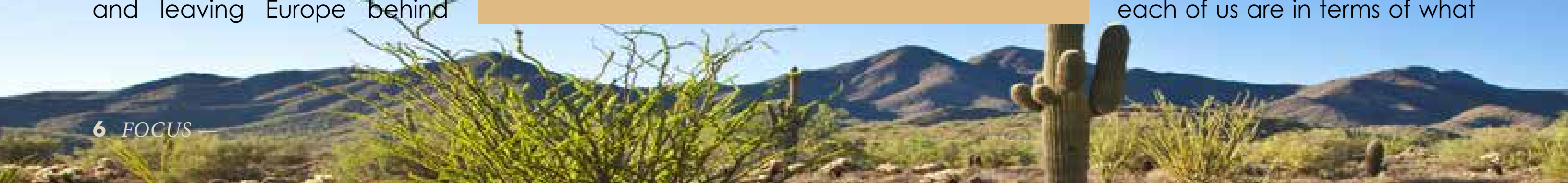
Have you thought about your legacy and how you want to be remembered?

Do you have another field you want to work in that will fulfill an area of your life that was missing from the work that you did before retirement?

Does your spouse share the same interests as you in retirement or does retirement mean something different to them?

What exercise do you enjoy to help you stay healthy?

What drives your spirituality? Explore your faith.



OWN

we find meaningful. What the Nazis intended the words to mean was different, the words "to each his own" was meant as a warning. Take care and worry about yourself and maybe you will survive. Don't give a starving person your bread today for tomorrow you may starve. My children, my wife and I look at it differently, with a positive spin. My mother survived and it made her stronger than ever, and we should be happy for each day as a gift of life.

In my practice of helping clients, I find that the most attention is placed on money issues. Can I invest enough money to make it grow to provide me with enough wealth to sustain my retirement? However, the role of money and how you maintain a happy outlook on life throughout retirement becomes a bigger issue for most of my clients during this phase of their life. I refer to this as your 3rd act (up to age 30 is act 1, age 30 to 60 is act 2). Little time is focused on this 3rd act, psychologically, and for most people it can be problematic as one enters this phase. All our efforts are on work, family and accumulation of wealth to reach our 3rd act. In reality, understanding what makes you happy for your entire life can be used as a spring board into your 3rd act.

My message to you is simple: realize that you are lucky at the point in time you are in; you could have been born in France in 1924 and had an entirely different life; deal with what makes you happy by exploring the ends of what makes you unique. The tan box on page 6 has some of the things I explore with my clientele in helping with this phase; I hope they ignite thoughtful conversations for you. I enjoy sharing my story of my mom with you. My family and I will never forget the sacrifices that so many made to make our life a dream compared to their own, but not necessarily any happier.

I usually suggest reading self help books like *The Psychology of Retirement: Coping with the transition from work,* by Derek Mine.

Bill Moss, CPA/PFS is an Advisor and Shareholder in our Scottsdale office.

Tax Tips

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all the contributions to go, consider establishing a donor advised fund with your local community foundation.

4. Review and adjust your income tax withholding on your paycheck and bonuses to match your taxable income.

5. Try increasing your 401(k) contributions so that you are saving the maximum amount of money allowed ($18,000 for 2016, $24,000 if you are age 50 or over). If you can't afford it, try to contribute at least the amount that will be matched by employer contributions.

6. Consider contributing to an IRA or Roth IRA for you and/or your spouse.

7. If you are 70-1/2 or older, be sure to take your IRA required minimum distributions ("RMDs") in a timely manner to avoid penalties. Also, if you are subject to RMDs and you donate to charitable organizations, ask your tax professional whether using your RMD to make a Qualified Charitable Distribution ("QCD") would save you some tax dollars.

8. Review your current income tax situation for potential capital gain and loss harvesting.

9. Be aware of the Alternative Minimum Tax as it applies to your situation.

10. Check for the applicability of the Net Investment Income Tax to your particular situation.

11. Take full advantage of the lower tax brackets by deferring or accelerating income and expenses between this year and next. For example, if you will be in a lower tax bracket next year, deferring income and/

continued on p.8 ***Tax Tips***

Reminder —

OFFICE CLOSURES

TCI offices will be closed the following dates for the Holidays:

Thursday, November 24 – Friday, November 25

Monday, December 26

Please advise TCI as soon as possible of any end of the year business or transactions that need to take place

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Tax Tips

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or accelerating expenses can help postpone or save taxes. If you will be in a higher tax bracket next year, doing the reverse may also help "smooth" out your tax brackets (and lower your overall tax bill) between the two years. This timing strategy is easier if you are self-employed, but employees may be able to defer bonuses or other income, as well.

12. Many itemized deductions can be deducted only if they exceed a certain percentage of your adjusted gross income. Consider "bunching" your itemized deductions such as non-urgent medical procedures, miscellaneous expenses such as legal, investment and tax planning fees, and unreimbursed business expenses, if it will help make them deductible.

13. If you have children under the age of 24 who have investment income, consult your tax professional to make sure you have taken any possible steps to avoid the "Kiddie Tax."

14. If you have a flexible spending account, observe the "use it or lose it" rules to make sure you do not forfeit any of your contributions.

15. Consider a Roth conversion if you are in a low tax bracket, have funds to pay the conversion tax, won't be withdrawing the IRA money soon, and do not intend to give your IRA funds to charity.

This material has been prepared for informational purposes only, and is not intended to provide, or to be relied upon, for tax advice. You should consult your tax professional regarding your specific situation before engaging in any transaction.

TCI Wealth Advisors Tax Team includes four of our advisors who were all previously practicing CPAs.