
FOUNTAIN FINANCIAL ASSOCIATES

BUILDING LONG-TERM RELATIONSHIPS THROUGH KEEPING PROMISES

Vol. 16, Issue 1: Fall 2015

More Clarity ... More Confidence



Vinton Fountain

Our clients may have been hearing about fundamental changes in the regulation of investment advisors specifically regarding retirement accounts. I would like to provide some perspective and context. The proposed rules are directed toward consumer protection.

Prior to founding Fountain Financial Associates in 1998, I considered many options for the business structure needed to support clients. At the time, investments were purchased almost exclusively from large corporations with large advertising budgets and fresh smiling faces of sales people. My hope, and vision, was to choose the structure that allows me to support client goals as a fiduciary as opposed to a product salesperson. This may seem like a subtle difference, but the distinction reflects the central value proposition of our firm. I'll elaborate using an anecdotal example.

An individual who I will refer to as "Barbara" is looking for a specific gift for a special friend. The gift is to be personal and unique as to color, size, and fitting. This is not a one-size-fits-all purchase. The sales consultant "Thomas" that works at a local favorite retail business informs Barbara that the desired item is not available in his store, but it is available from a competitor's business nearby. Barbara is understandably shocked at his response and questions Thomas regarding the inventory and the availability of the desired item. Thomas stands firm with his recommendation and refers Barbara to an alternate store. Barbara concedes and travels across town to the competitive store and to her

surprise, finds the perfect gift. Why would Thomas refer Barbara to a competitive store and suffer the loss of a business opportunity?

Thomas is functioning with Barbara's goals as his number-one priority, not his personal goals or the profit objectives of the business. Even though he sacrifices the opportunity for the business, he treats her best interest as superior to his own. My guess is that Barbara will seek Thomas's advice for the rest of her life. Thomas gains a client for life and Barbara gets a trusting relationship that puts her interest first. So the lesson is simple, if you put the client's interest above all others, things seem to work well for all. Not a very complicated concept.

Advice vs Product Orientation

So what does this mean to you? The financial services industry is improving as it relates to transparency. You are likely

*More
education and
transparency
are good for
the investor.*

to read and hear about regulatory rulemaking underway in Washington that defines the role of financial service professionals as either a brokerage or fiduciary standard. Typically, brokers are compensated from commissions or product sales. An investment advisor is required to function under a fiduciary standard which always puts the client's interests first.

Typically, the fiduciary advisor receives compensation based on the value of managed assets. There are different ways to

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Upon the Death of a Spouse



Buck Beam

One of the most devastating things a person can face is the death of a spouse. Knowing what has to be done will help you get through all the formalities so that you can properly grieve your loss. There are things that you will need to do, both emotionally and financially, at this difficult time.

It hardly seems fair that you must continue to take care of business; however, it is important that you do so. This could be the most vulnerable and distracted stage of your life. Here are some suggestions that might at least help ease your financial stress.

Accept help: Don't go through this alone. You will be emotionally exhausted, and there is no need to add additional stress. Turn to family, friends, and religious advisors for emotional support and an ear to listen. Allow someone to run errands for you.

Funeral arrangements: Most people have an idea of which funeral home they will use. The director can help you in planning the funeral service. They can take care of a lot of the paperwork, and they can provide the death certificate.

Important documents: In the days after the funeral, you can begin gathering important documents. For example: your spouse's will and/or trust, birth certificate, death certificate, insurance policies, Social Security card and statements, investment paperwork, mortgage statements and

*We can help
with overall
coordination,
account
updates and
any necessary
financial
planning
matters.*

agreements, checking accounts, retirement plans, credit cards and statements, employment and/or partnership agreements, safe deposit box information, tax returns, vehicle registrations, and real estate deeds.

Determine who must be paid and when: Notify your spouse's retirement plan, creditors, and Social Security. Continue paying mortgage, car loans, credit cards, utilities, and insurance premiums specific to your spouse. Cancel your spouse's memberships and subscriptions.

Determine what payments are due to you: This may include insurance proceeds, Social Security benefits, and pension payouts. There may be options that will need to be carefully reviewed.

Get professional help: Your attorney can explain your spouse's will and help with other documents and legal matters; your accountant can advise whether you need to file a tax return for your spouse. We can help with overall coordination, account updates and any necessary financial planning matters.

Don't make major decisions right away! Selling your house, making significant charitable gifts, loaning money to children, liquidating investments, or buying new financial products are all decisions that should be postponed until you have had some time to heal. Continue to take care of yourself emotionally. Many things do not need immediate attention.

We will be here to support you and your family through this difficult time.

Clarity

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structure compensation under a fiduciary model, but the fee-based model is most prevalent in today's industry. The point is there is a difference and it is worth understanding. More education and transparency are good for the investor.

In summary, most people need and want advice that is unbiased to support their lives. The investment industry has always been confusing to the consumer and this is improving. More clarity, education and fewer conflicts will aid the public to understand their relationships with brokers or advisors. Both forms of relationships may be entirely appropriate, but knowing

the difference is relevant. Investors have choices and they are improving. I hope this helps you know the difference and see why it might be an important conversation.

My best,

Patience and Proactivity



Chris Riley, CFP®

The qualities of patience and proactivity seem quite different from each other. But in fact, smart planning requires both. How can we approach life with an accountable, take-charge attitude and yet be asked to

also exercise patience and restraint? Further complicating matters is the fact that often the best times to exercise each of these traits is when our emotions and instincts tell us the contrary. We think, "If the markets are unsettled and volatile, I need to do something!" Or, "If everything is on solid ground, why would I worry about proactive planning now?"

I'd like to suggest that when it comes to matters of income and security for life, patience is our best friend. This is especially true in times of upheaval and uncertainty, when it is easy to question our commitment to thinking like long-term wealth accumulators.

Whereas when it comes to prioritizing goals and acting on what we'd really like to see happen, proactivity is required to get the best results. It is tempting to think that if we are "patient," it will all eventually get done and work itself out.

Here is something a little different for all of us to think about. Global markets rarely move in one direction for too long. If they did, there would be little risk in investing. In the

absence of risk, there would be no return. It is important to consider the messages that market behavior might be forecasting and how we respond to it. From 1970 to 2015, the MSCI World Index registered annual gains as high as 41.7% (1986) and losses of as much as 40.7% (2008), with an annualized return of 8.9%. Earning that annual return required the discipline to remain fully invested through up-and-down markets and to rebalance your asset allocation each year.

Patience allows us to think clearly when the environment seems less certain. It also allows us to realize that holding, rebalancing and/or purchasing during times of downside volatility will likely reward us in the future. Taking the emotion out of it and applying some basic mathematical logic can help improve results.

Watching successful people and businesses has helped us appreciate the power of proactivity and its significant impact on long term happiness and goals. Harnessing this power effectively in our lives has much more to do with behaving intentionally and with a growing appreciation for what really matters to you most. I could even argue that a lot of the proactive behavior I have seen undertaken is actually to avoid the activities that are not a priority or that only provide minimal impact. Once a degree of organization, trust and understanding has been established, there is a greater sense of confidence created and likely a good process in place to ensure future success.

Using the power of proactivity and patience properly can have a tremendously positive impact on our lives and prevent us from making big mistakes as well.

"Patience is also a form of action."

AUGUST
RODIN

Words Worth Repeating

FROM SIR JOHN TEMPLETON

"To buy when others are despondently selling and to sell when others are avidly buying requires the greatest fortitude and pays the greatest ultimate rewards."

"This time is different' are among the most costly four words in market history."

"If you fill your mind to capacity with thoughts that you think are good and productive, you won't have room for the bad ones."

Keeping Promises

Latest FFA Happenings



2nd Annual She ROCKS Fundraiser Luncheon

This year's She ROCKS Fundraiser Luncheon was a major success. Approximately \$150,000 was raised as a sold-out crowd of near 700 people attended the September 17th event at the Wilmington Convention Center. The event's proceeds fund direct support to local patients at the Zimmer Cancer Center and research at the UNC Lineberger Comprehensive Cancer Center.

The luncheon closed with an emotional video honoring Tracy Brown who lost her battle with ovarian cancer earlier this year. Tracy continues to have impact on our firm and in our community. She was an amazing mother, wife, daughter, sister, friend and community leader who touched so many people. To honor her legacy, we are supporting She ROCKS.

She ROCKS is a local 501(c)(3) nonprofit organization with a mission to raise awareness and funds to combat ovar-



ian cancer. ROCKS stands for Research, Ovarian, Cancer, Knowledge, Support. Ovarian cancer is one-tenth as common as breast cancer but three times as deadly. The majority of the time it is not diagnosed until the advanced stages. Currently, there are no early detection screening tests for the disease. Learn more at www.she-rocks.org.

If you would like to support this cause and the She ROCKS mission, you can make a financial donation to:

She ROCKS, Inc.
PO Box 215
Wilmington, NC 28402

Chris Riley attended the Fort Caswell Coastal Retreat with the St. Andrews-Covenant Presbyterian Church youth group (pictured below).



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