

November 30, 2015

### **Welcome to Petrovic Weaver Financial Services – Alex III**

First and foremost, I want to say “thank you” to you, our clients. Every client of the new firm experienced the inconvenience of signing some amount of paperwork. We greatly appreciate your patience during the transition, but we are confident your patience will be repaid in time as we now have a larger, more experienced and credentialed team to serve you.

We do not like to inconvenience our clients, and the decision to do so was not taken lightly. The decisions regarding how to purchase Sandi’s firm, which custodian would best serve our combined set of clients, how to integrate our firms and how fast/slow, and how to maintain and hopefully improve our client experience were all made after many hours of discussion amongst Sandi, my father, me and our business advisors.

For legacy Financial Security Advisor’s clients, you are experiencing a new custodian, Raymond James, and we sincerely believe you will see that RJ (pronounced *RayJay*) will be as good as or better custodian for you going forward. Yes, there are differences, but on the whole, we think RJs recently revamped custodial platform is a step forward for all.

Regarding Sandi, my father and next steps...

- Both Sandi and my father continue to serve and advise their respective legacy clients. Neither of them have a planned exit date in mind. Their succession plans are, by design, slow and deliberate, allowing them flexibility regarding their eventual exit paths.
- If your advisor has been my father and me, you will continue working with the two of us in the future.
- If you have worked with Sandi in the past, you will work with Sandi and me going forward.
- In regards to the rest of the team, once we consolidate offices in early 2016, they will serve the entire client base. We will communicate whom to contact with specific types of questions in the next newsletter.
- An important reason why this acquisition and merger came to fruition is that Sandi, my father and I have similar client service, investment management and financial planning philosophies and processes. Over the coming year, the three of us will take the best of both firms and integrate our processes, reports and client deliverables. As we go through this merger, feedback is always welcome.

Integrating the two legacy firms, Financial Security Advisors and Petrovic Financial Services, will take time, but I have confidence you will be pleased with the new team and ultimately, the resulting firm. However, if you have concerns, please let us know, so we can address them.

Thank you again, and we hope you and your family had a festive Thanksgiving!  
Alex III

### **Financial Planning News – Closing Two Social Security “Loopholes” in 2015 & 2016 – Alex III**

The Bipartisan Budget Act of 2015, which went into effect November 2, is closing two important Social Security strategies we have recommended to clients in the past. Changes to “File and Suspend” and “Restricted Application” Social Security rules will affect the amount of Social Security benefits many married couples will be eligible to receive in the future.

If both spouses currently receive Social Security, then you and your spouse's benefits will not be affected.

So, who is impacted?

- Married couples with at least one spouse who has not started collecting Social Security benefits.

**AND**

- Spouses who will turn 66 by May 1, 2016, as they still have the ability to “file and suspend” under the old rules.

**OR**

- Spouses who will be 62 by the end of 2015, as they are still eligible to file “restricted applications” for spousal benefits once they reach full retirement age.

Our client couples who fall into the impacted group will be contacted in the coming months to discuss your options and our recommendations. For more information about the changes, we have posted a PDF titled *New Social Security Claiming Rules* on our new website's blog, [PetrovicWeaverFinancial.com/blog](http://PetrovicWeaverFinancial.com/blog). As always, please feel free to call us if you have questions.

While the impact of the loophole's closure is limited, it removes two of the last few Social Security claiming strategies still available. Our ability to ‘legally game’ Social Security is coming to end.

### Updated Web Site – PetrovicWeaverFinancial.com

Financial Security Advisors and Petrovic Financial Services' websites have been retired. Our new website is [PetrovicWeaverFinancial.com](http://PetrovicWeaverFinancial.com). Over the next few months, we will continue updating our website to reflect the new, merged firm.

### Required Minimum Distribution (RMD) Season

‘Tis the season to pay more taxes as RMD season is here. For those clients who still need to take your 2015 Required Minimum Distribution (RMD) from your IRAs, we will be contacting you in the coming weeks. As a reminder, you have until December 31, 2015 to meet your RMD.

### Market Corrections – Now that it's over, that was easy! – Sandi

Remember August and September? That gut-twisting stock market ride down, down, down? Financial planners and market pros alike (myself included) prattled over and over "we haven't had a correction since 2011 so we're due." According to Deutsche Bank, the average number of trading days between corrections is 357, or about 1 1/2 years. In June they too said "long overdue."

If you view the included chart showing the S&P 500 large company



index over the last 12 months, it's easy to see that pitch down and bounce back up. That's a correction, defined as a drop of at least 10%. That's why your brokerage and pension account statements looked terrible at the end of August and September. What causes a correction? Usually it's a market that's priced too optimistically, a market long overdue, and a market without a nice set of bullish factors going for it. This past summer, our market was priced above average, based on historical price-to-earnings. Corporate earnings have been flattish this year. We're several years into this business cycle, and it's difficult to see what will prod corporations to jumpstart the growth in earnings, even though the level of earnings is high. Interest rates have been at an all-time low for a long time. It's nearly impossible to see how interest rates could become even more favorable for corporations.

How do you know, when you're in it, that this is a correction and not a bear market?

Now that we have four Certified Financial Planners™ with investment experience at PWFS, I asked for some answers. Alex Jr. said he knew it was only a correction because "The media headlines of slowing economic growth in China and Europe gave investors a reason to sell in late August. I felt this was a needed pause... and investors' demand for real nominal returns will lead them back to buying equities." Jim knew because "With the low interest rates (don't fight the Fed) and as long as company earnings continue to increase (even at a slower pace)..." Alex III, president, knew because it was "not accompanied by a recession (negative GDP), which would have driven asset prices lower."

I concur with all of the above. I knew because there were no second and third follow-up punches. Remember the fall of 2007? Prices in the real estate markets had just started to turn down, and then we started getting more bad news every month: bad loans from interest-only mortgages, fudged credit ratings on CMOs, and worse.

This year we had a scare from slowing growth in China, but Barron's immediately quantified the direct impact on the U.S.; that was low single-digits, not bad. The remaining unknown for investors was the indirect cost; how much would we lose in revenues and earnings from Europe and the rest of the world if their sales to China slowed? Investors started to get a grasp on that too eventually, with Draghi's European Central Bank adding more stimulus and rhetoric. Combine that with China's government economic stimulus and Janet Yellen's Fed-Speak, and investors started feeling better. Absent any follow-up punches of bad news, the markets weathered a correction without tipping into a bear market.

As long-term investors, our clients are pretty comfortable riding out corrections and bear markets. Constructing portfolios which are diversified across asset classes helps weather those downturns by including some investments to mitigate losses. For those of us without a crystal ball, diversification and long-term investing has smoothed the ride.

Below are the year-to-date returns of various standard market indexes as of November 27, 2015:

<b>Asset Class</b>	<b>Index / Category</b>	<b>YTD as of 11/27/2015</b>
Cash & Cash Alternatives	Average 1-year CD rate	0.27% (annual yield)
U.S. Govt & Corp. Bonds	Barclays US Agg Bond TR Index	0.8
World Bonds	Morningstar World Bond Category	-3.4
U.S. Large-cap Stocks	S&P 500 TR Index	3.5
U.S. Small-cap Stocks	Russell 2000 TR Index	1.0
International Developed Stocks	MSCI EAFE NR USD	0.8
Emerging Market Stocks	MSCI Emerging Markets PR USD	-13.6
World Allocation	Morningstar World Allocation Category	-2.3
Diversified Commodities	Morningstar Long-Only Commodity Index	-21.4
Multi-Alternatives	Morningstar Multi-Alternative Category	-1.9

**Source: Morningstar.com, Bankrate.com**

*Inclusion of these indexes and other information herein is for illustrative purposes only and should not be considered indicative of future results. Individual investor's results will vary. Information included herein has been obtained from sources considered to be reliable, but we do not guarantee that such material is accurate or complete. Expressions of opinion are as of this date and are subject to change. Nothing contained herein should be considered an investment recommendation. You should consider any tax or legal matters with the appropriate professional.*

## Inside & Outside of PWFS

For the first edition of the combined firm's newsletter, we thought it would be a good idea to allow each team member a chance to say 'hello', so you get to know who is serving you.



*Alex Petrovic III*

What can I say? 2015 has been a fun, historic, busy year!

My wife is due any day now with our first child, a baby boy. Thankfully, her pregnancy has been relatively easy up until the past couple of months. I am so proud of her, and we are enjoying the journey as best we can. As new parents we are admittedly a bit nervous, but we are primarily just excited! Just this past week we finalized the first name, but we have yet to negotiate the full name. We have plenty of time. ☺

The Royals pulled off comeback win after comeback win to top off an incredible post-season by claiming a team-earned World Series victory! My mother Marilyn and I headed down to the parade and realized too late that 500,000-plus of our closest friends were also coming... and therefore, we had no chance to meet up with the rest our family due to the challenged cell phone networks. Regardless, my mother and I staked out a spot towards the end of the parade route at Grand and Pershing. We could barely see my brother John, who arrived about 7AM to secure his prime location next to the parade barrier. His photos are much better than mine, seeing he didn't have 400 people in front of him! ☺

I am proud of our team and town, but I must admit a little secret... my enthusiasm for baseball has waned over the past 29 years. I've enjoyed the past few years and relished the victories, but I am most happy for my father Alex, brother John and all of the diehard Royals fans. Their passion growing up was baseball and the KC Royals. I am happy all of us can enjoy the 2015 World Series trophy, but the diehard fans really deserve this after 30 years of waiting!



*Alex Petrovic Jr.*

September and October were special months for me. Peggy and I traveled to Destin Florida over Labor Day weekend. We intended to meet the future in-laws of our daughter, Sarah Meeder. I have never been to the Florida Panhandle, so we were excited to make the trip. Our hosts were Kevin and Mary Beth McNamara, parents of Reed McNamara. We were invited to Destin to spend the holiday weekend getting to know the McNamara's and do a bit of sightseeing. We were surprised to learn on the afternoon of September 4<sup>th</sup> that Reed would propose marriage to Sarah later that day. We celebrated their engagement that evening over dinner at the Marlin Grill in Sandestin.

Peggy and I really enjoyed ourselves over the next few days as we explored the small communities of Grayton Beach, Watercolor, and Seaside. We are happy to announce we will revisit Seaside next September for Sarah and Reed's wedding. We were also so grateful for the McNamara's hospitality and for the start of a special friendship.

*Blue October* is not about sadness, it's about Royals madness! It had been a long wait, 29 years since we had our last World Series victory. I attended the playoff games against the Houston Astros and the Toronto Blue Jays. These were hard fought games, but the Royals prevailed, and we headed to the World Series.

Peggy and I attended both of the World Series games played in Kansas City. It was the longest Game 1 in World Series history. It started at Kansas City's Kauffman Stadium shortly after 8 p.m. Tuesday. Fourteen innings, 5 hours and 9 minutes later, Kansas City first

baseman Eric Hosmer put an end to the epic affair with a sacrifice fly that allowed shortstop Alcides Escobar to score the winning run about a quarter past 1 a.m. Wednesday morning.

This game had so much excitement. Escobar led off the game with a first pitch inside the park home run. Alex Gordon hit a ninth inning home run to tie the game and force extra innings. Eddie Volquez was the starting pitcher for the Royals. He was unaware of the tragic news his father had passed away earlier in the day. He later goes home to the Dominican Republic to attend his father's funeral.

We all know how the Series ended. We also know that Kansas City celebrated the victory with the largest parade and rally in Missouri history. It was estimated that one-half to three-quarters of a million people lined the parade route and the Union Station rally. I know I enjoyed the whole journey from April 6 to our final win on November 1<sup>st</sup>. The 2016 season opens in Kansas City on April 4<sup>th</sup> against the New York Mets. I'll see you that morning on the streets of Kansas City celebrating Greater Kansas City Day! Help the Kids, Buy a Paper!



*Sandi Weaver*

As many of you know, it's been a wretched year with crutches, surgery, and more.

Life perked up in August, and I recently started biking and playing tennis again. Yes!

I've been joining the usual KC Metro bike club rides, and recovered just in time to participate in the annual Halloween ride, in costume, through Prairie Village, the Plaza and Brookside. We had Spiderman, Batman, the Hulk, little Miss Muffet, Wonder Woman, Dr. Death with his skeleton bride on a tandem bike, and more in our entourage.



*Jim Stoutenborough*

This summer my children and I spent a lot of time at Theis Park across from the Nelson Atkins Art Museum. We enjoyed the "Big Picnic" getting the chance for my daughter and me to get our first ever eats from some local food trucks.

The park gave my son and me a perfect view of the Blue Angels at the Kansas City air show as they flew several times in tight formation just above the shuttlecocks at the Nelson. We also had a perfect view of the "blood moon" this summer. I also enjoyed watching three hot air balloons fill up as I walked our dog Ginger in the park on a brisk October morning before dawn. And it goes without saying - watching as much Royals baseball as our schedules would allow.



*Marsy Gordon*

People who know me well know that one of the greatest joys in my life is my family. My husband, Chuck, and I are life-long residents of the Kansas City area. He grew up in Leavenworth, and I grew up on a farm in the far northwest corner of Wyandotte county, Kansas. We've lived in Merriam, Kansas for many years and raised our three children there. All of the kids are grown, and we have four grandchildren, currently ages one through four.

Our children and their families live in Denver, San Diego, and Lawrence. In April I traveled to San Diego to spend some time with our son and his daughter. In May I traveled to Denver for the first birthday party for our daughter's little boy. Our Lawrence daughter's two-year-old son and four-year-old daughter spent their first joint overnight with us a few weeks ago. Over the summer, we were able to spend quality time with all of them when they visited us. Trips to the zoo and to the lake were highlights. Much of my extended family lives in the area as well, so we were able to spend time with them quite often.

Besides family and some activities at our church, much of the rest of my time lately has involved the transition and merger of FSA and PFS. It's been busy and has been quite an adventure, but the resulting PWFS looks to be well worth the effort. It's an exciting time.



*Martha Fitzsimmons*

During my summer vacation in June, my husband and I drove to the Florida Panhandle and rented a house on St. George Island. It is a barrier island off the coast of Florida that is between Panama City, FL and Tallahassee, FL. We have been visiting there for several years due to the lack of commercialization and the beach is never crowded – it is just paradise. Our days were filled with swimming, relaxing in the sun, shell collecting, reading, snacking and eating fresh seafood. The mornings were spent at the beach, and the afternoons were spent at the house pool on an inflatable lounge chair. This area is known for its Grouper fish and oysters. My husband loves the Grouper, and I love oysters.

After we came back from vacation, it was time to gear up for the merger. However, my husband and I found time to go to Chicago over Labor Day weekend to visit my daughter and spend a weekend in October visiting friends in New York from the Czech Republic, who come to the States to shop outlet malls.



*LaDonna Parker*

This summer I bought a brand new 2016 fire engine red car. I am really enjoying that new car smell!

I also enjoy an intense, eight and one-half month Bible Study through Bible Study Fellowship that I started a couple months ago. We are studying *Revelations*, a book I have always had difficulty understanding.

In September, I dressed up as a shopkeeper and spent a day at the Renaissance Festival “helping” my sister. Connie has a shop with beautiful stain glass art that she creates. It was a beautiful sunny day, so I took my toy Australian Sheppard and pretended to help her. It was really just an excuse to spend time with my much-loved sister.



You can only put off home repair and maintenance for so long, so this was the summer we HAD to paint our house. Being married to an architect, all of our projects are DIY. The experience of being three stories up on the roof confirmed that I am afraid of heights. Scooting up and down the shingles wore a hole in the seat of my work clothes. Now that the outside is done, it is time to start the inside.

As the newest member of the PWFS team, I look forward to getting to know you all of you through our emails, phone calls and office visits.

*Jeannine Shaffer*

In closing, thank you for allowing us to serve you. All of us are lucky to have such great clients.

We hope you and your loved ones had a relaxing Thanksgiving and Happy Holidays!

A handwritten signature in black ink that reads "Alex".

Alex Petrovic, CFP®  
Senior Advisor

A handwritten signature in black ink that reads "Alex Petrovic III".

Alex Petrovic III, CFP®  
President

A handwritten signature in black ink that reads "Sandi Weaver".

Sandi Weaver, CPA, CFP, CFA  
Senior Advisor