SUMMER 2016

HORIZONS

HUFFMAN-MAYER
WEALTH MANAGEMENT GROUP
of Wells Fargo Advisors

Shred It and Forget It serves the community

On May 21, a large, secure recycling truck pulled up to the offices of the Huffman-Mayer Wealth Management Group. From 9 a.m. to 12 noon, clients and community members safely tossed their old papers while maintaining identity protection. The free shredding service came with complimentary coffee and pastries.

The Huffman-Mayer Shred-It event:

- Collected 7,440 total pounds of shredded paper
- Saved 63 trees
- Filtered 3,794 pounds of pollutants from the air
- Saved 14,880 kilowatts of energy
- Avoided 11 cubic yards of landfill

Clients also donated nearly $3,000 in voluntary contributions to Country Neighbor Recreation Center food pantry services benefitting Ashtabula County.

“Sixty degrees and clear skies made for a great turnout,” said James Mayer, Managing Director – Investment Officer and Branch Manager. “As much as we hope the shredding service was of value to our clients, we value their choice to shred as it contributes to their financial safety and the local environment.”

Upcoming events

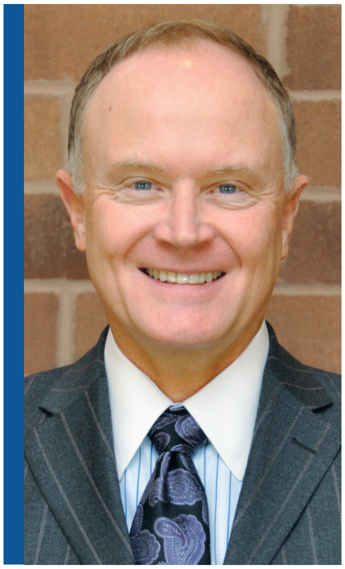
- **October 1, 2016**
  Heartwalk
  Huffman-Mayer Wealth Management Group is a supporter of the American Heart Association’s premier event to save lives from this country’s #1 and #5 killers, heart disease and stroke. We’re walking to help build better lives. Join us at the Kent State Ashtabula Campus!

- **November 12, 2016**
  Financial Fitness Fair
  We are participating in the third annual Ashtabula Financial Fitness Fair. Due to its growth, the Fair is moving from Lakeside High School to the Kent State Ashtabula Campus. The event provides local people the opportunity to attend educational seminars focused on various financial topics.

Change can promote creativity and growth

Daniel M. Huffman

CFP®, Managing Director – Investment Officer



Dan Huffman

Even in the recent past I have repeated the quote attributed to King Solomon that there is "nothing new under the sun" because I remain enamored by its truth. The full passage (Ecclesiastes 1:9) says this: "*What has been is what will be, and what has been done is what will be done, and there is nothing new under the sun.*"

I have always admired Thomas Sowell as both an economist and as a person. In a visit to Stanford University some time ago I picked up one of his books *(Basic Economics)* in their bookstore. (He is part of the Hoover Institute, an on-campus think tank.) I want to share with you a few of his historical illustrations that seem to support King Solomon's assertions.

Basic soft and hard goods retail competition in the early 20th century was dominated by Montgomery Ward, a huge catalog retailer. At the same time, another behemoth was evolving that eventually dominated the retail landscape in their day. Richard Sears, a railroad employee who had started his venture selling watches on the side, eventually built an empire based in Chicago (along with Mr. Roebuck, a watchmaker from Minneapolis) that included a three million square foot distribution facility. This Sears building was so massive that it could accommodate 30 different railroad companies' transports *within* its complex. Such facilities would not be materially different in scope than FedEx or UPS mega-shipping centers of today. Sears ultimately supplanted Montgomery Ward as the mail-order king during an era that prompted the *Chicago Tribune* to opine (in 1903) that "mail-order retailing would drive rural stores out of business." Does today's rapid growth in online retail represent the Sears or Montgomery Ward catalog business of old? Internet retail sales have grown by over 40 percent in recent years – is this new frontier representing another example of "nothing new under the sun?"

Coincidental to the growth of these retail giants, J.C. Penney had a different idea. James Cash Penney grew up in the late 19th century in worse poverty than any experienced in this country today. He struggled to purchase a one-third interest in a tiny store in a small Wyoming community. He recognized the need for local retail representation and was so successful advancing his idea that Sears, in order to remain competitive, shifted its emphasis in 1929 from its mail order shipping business to local store development. Ultimately, Sears's massive mail order shipping facility in Chicago was converted to a colossal U.S. Postal distribution facility that eventually became too expensive to maintain. Today it is largely abandoned. What has been is what will be?

In the 1920s, the A&P Food Store chain was putting mom and pop local food stores out of business. The neighborhood grocer was being replaced by this volume dependent juggernaut to the degree that by 1929 over 15,000 locations bore its name....more locations than any other retailer in the world. But, a little known store clerk working for James Cash Penney, Sam Walton, had a better idea of merchandising and built the largest retailer in the world while A&P struggled to stay competitive and eventually filed for bankruptcy.

We sometimes find ourselves wringing our hands over change. But change and the pursuit of greater efficiency – and profit – is the core of capitalism. Free market capitalism (as opposed to the stifling philosophies of Socialism and Communism) is the reason that the United States of America remains the most powerful economic force in the world. It promotes creativity, greatness and change, whether or not there is really "nothing new under the sun."

Team recognized for local contributions

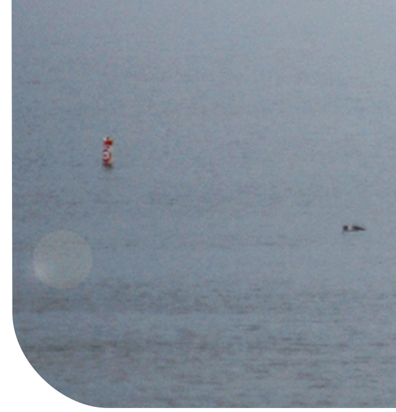
James Mayer and Financial Advisor **Ivan Cugel** attended the Civic Development Awards Campaign Success Celebration, where the team was recognized for generously supporting the Civic Development Corporation's 2015 Placemaking Campaign. The evening event took place on May 26 at the Lodge at Geneva-on-the-Lake.

L-R: James Mayer and Ivan Cugel

Dan Huffman (center) with his granddaughter (left) and son Michael (right)

Huffman attends commencement ceremony

Dan Huffman traveled to the east coast to attend the commencement ceremony for his son, **Michael**, who graduated from Princeton University with a Masters of Theology degree. Last year, Michael received his Masters of Divinity degree also from Princeton. Michael is headed for Istanbul, Turkey, where he has accepted a teaching position with a foreign mission group.



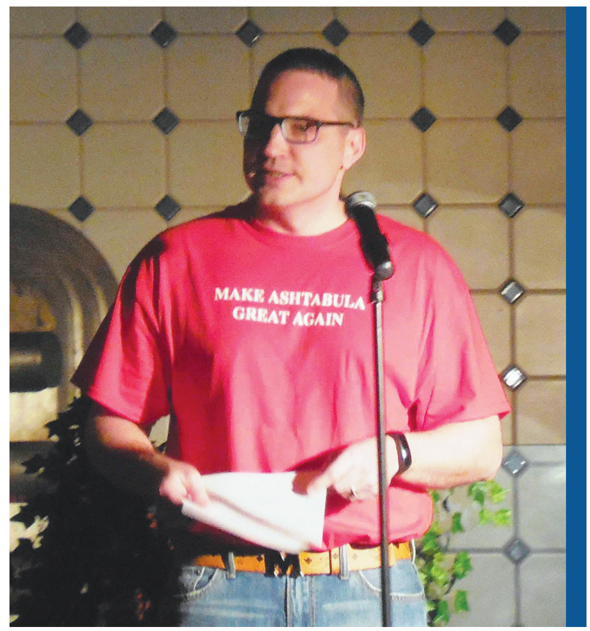
L-R: Tim Viands, Ryan Richards, Joel DiMare and Kevin Monroe

Giving back to the community AND having fun

Financial Consultant **Ryan Richards** approached the lane and sent pins flying at Bowl for Kid's Sake held in March at Lake Shore Lanes in Ashtabula. Ryan teamed with three friends to support the event, which is the official fundraiser for Big Brothers Big Sisters of Northeast Ohio.

Mayer performs to support downtown Ashtabula

Our own **James Mayer** presented his comic chops at the Ashtabula Downtown Development Association's "Downtown Laughs" benefit. Held at the Casa Capella restaurant, the evening featured local comedians and nationally touring comedian Kevin Downey, Jr. While James was a hit, he is not giving up his day job.



James Mayer tries out his comic timing

Huffman-Mayer sponsors Grand River Academy Gala

This May, the Huffman-Mayer Wealth Management Group was the signature sponsor for an evening of philanthropy for the Grand River Academy's Blue & White Fund. The event aids in the funding of scholarships, facility maintenance and faculty development.

Legacy Planning with Retirement Accounts

The popularity and accessibility of retirement plans has resulted in Americans holding a significant portion of their assets in 401(k)s or other employer-sponsored retirement plans and IRAs. For many, these accounts represent the largest portion of their wealth outside of their homes. If you're like the majority of individuals you will likely need income from these accounts during retirement, or you may have accumulated sufficient other assets to sustain your lifestyle and wish to preserve your retirement assets for your heirs.

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An important first step in preserving these assets is to understand the rules regarding retirement plan and IRA beneficiaries to ensure your wishes are fulfilled. The rules affect who inherits the assets, how quickly they are paid out, and the tax consequences. While you should consult with your tax and legal advisor for advice regarding your specific circumstances, the following provides an overview to help you get started.

First, inventory all of your retirement accounts and make sure the beneficiary information is up to date. It's also a good practice to designate both primary and contingent beneficiaries. A contingent beneficiary will inherit assets only if you have no surviving primary beneficiaries at the time of your death or if they disclaim or refuse the inheritance. Additionally, you can name more than one primary or contingent beneficiary and specify which percentage of the account they should receive.

It's also a good practice to review your beneficiary designations periodically. Situations affecting designations include death of a beneficiary, divorce, marriage, or the birth of a child or grandchild. Remember, a will does not supersede your beneficiary designations on retirement accounts.

Common beneficiary designation options include naming your spouse, a nonspouse, or an entity such as your trust, estate, or a charity. Whenever possible, you may want to avoid naming an estate as your beneficiary as this requires your assets to enter the probate process.

For married couples naming a spouse may be the natural choice, but there are other reasons why this makes sense. When an IRA passes directly to a spouse, it avoids probate and qualifies for the unlimited marital deduction. Additionally, your spouse has the option to move the assets into an inherited IRA or roll the assets into an IRA in his or her own name. Which option is better depends on the ages of the deceased and surviving spouse and when the surviving spouse may need to take money from the IRA. This ability to roll the assets into his or her IRA is available only for spouse beneficiaries. Both spouses and nonspouses can move the assets into an Inherited IRA.

While it is typical practice for most IRA owners to name a spouse as the primary IRA beneficiary and their children as the contingent beneficiaries, this may require the surviving spouse to take more taxable income from the IRA than he or she really needs. If income needs are not an issue for the spouse and children, then naming younger beneficiaries

(continued on page 6)

Legacy Planning with Retirment Acounts *(continued from page 5)*

(such as grandchildren or great-grandchildren) allows you to stretch the value of the IRA out over one or perhaps two generations. A stretch IRA is not a specific type of IRA, it is simply a wealth transfer method that attempts to maximize the tax-advantaged potential of IRA assets by leaving them in the IRA for as long as the law permits. Stretching an IRA simply refers to the ability to take required minimum distributions (RMDs) over the beneficiary's single life expectancy (term-certain).

Another important point is to understand the difference between the "standard" and "per stirpes" beneficiary designation. Most IRA contracts have a standard designation where your beneficiary must be alive upon your death to inherit his or her share. Some IRA contracts offer a per stirpes designation – in the event a beneficiary predeceases you or refuses the inheritance, then his or her share would pass to their descendants, usually their children. For example, you have designated that your two children are to equally share your IRA assets. If one of your children dies before you do and you have not updated your beneficiary form, without the per stirpes designation, your surviving child would receive 100 percent of the assets.

While this information offers you education and guidance to get started, you should keep in mind how your retirement accounts fit into your overall retirement income and estate plan. We recommend that you meet with your financial and tax advisor to receive personalized recommendations and create a plan for distributing your retirement assets that suits you and your legacy.

Wells Fargo Advisors is not a legal or tax advisor. However, its Financial Advisors will be glad to work with you, your accountant, tax advisor and or lawyer to help you meet your financial goals. This article was written by Wells Fargo Advisors and provided courtesy of Huffman Mayer Wealth Management Group in Ashtabula at (440) 992-1515.

Share us with a friend

If you are satisfied with our service to you, let us know if we can be a sounding board or provide a second opinion for anyone that's important to you. If you have a friend or relative who is getting ready to retire, we can help them manage their retirement income strategy. Perhaps they should consider meeting with us to see if we can help them better realize their life and financial goals.

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