



W E A L T H A D V I S O R Q U A R T E R L Y

YTD Returns Through June 30, 2016

Dow Jones Inds.	+4.31
S&P 500	+3.84
Barclays Aggregate Bond	+5.31
MSCI EAFE	-4.04
MSCI Emerging Mkts.	+6.60



WAG on the Move

Mark VanderHagen LPL Financial Private Wealth Symposium

Mark had the privilege of attending the LPL Financial Private Wealth Symposium this May at St. Regis Monarch Beach in Dana Point, CA. This invitation-only symposium brought together LPL's finest advisors serving affluent families and institutional clients to participate in a focused curriculum addressing advanced planning, practice management and investment topics specific to this client segment.

Wealth Advisors Group was very happy that Mark was able to represent our office at this exclusive event. The goal of the Private Wealth Symposium is to truly challenge the best advisors to strengthen and grow their practices by featuring an agenda which focuses on how to effectively serve today's investors.

Mark VanderHagen said, "The Private Wealth Symposium provided an outstanding mix of high caliber general sessions and purposefully curated breakout sessions, discussing the tools and tactics that will help to most effectively serve our clients' needs. The knowledge I gained at this gathering from industry-leader experts will certainly empower our team to better serve our clients." ■

Alex Budzon, CFP® Financial Advisor

Wealth Advisors Group would like to congratulate Alex Budzon on recently achieving the designation of CERTIFIED FINANCIAL PLANNER™ professional. Through hard work, determination, and a dedication to obtaining the highest standard of excellence in financial planning, Alex has finished his course work and all of the requirements to be known as a CFP® professional.

All four of the financial advisors, Mark VanderHagen, Joseph DeWald, Patrick O'Connell, and Alex Budzon, at Wealth Advisors Group are CFP® professionals. While becoming a CFP®

professional is the financial planning industry's standard of distinction, at WAG it's a long standing tradition of fiduciary excellence that we hold ourselves to. The following are the four E's of being a CFP® professional. They outline the high level of competency, ethics and professionalism required to hold this designation.

Education

CFP® professionals must develop their theoretical and practical knowledge by completing a comprehensive course of study at a college or university offering a financial planning curriculum approved by the CFP Board.

Examination

CFP® professionals must pass the comprehensive CFP® Certification Exam, which tests their abilities to apply financial planning knowledge to real-life situations. The exam covers the financial planning process, tax planning, employee benefits and retirement planning, estate planning, investment management and insurance. This comprehensive exam ensures that a CFP® professional is highly qualified to develop a plan for their client's finances.

Experience

CFP® professionals must complete several years of experience related to delivering financial planning services to their clients prior to earning the right to call themselves CFP® professionals. Hands-on experience guarantees that CFP® professionals have practical financial planning knowledge, so that their clients can count on them to help create a realistic financial plan that fits their individual needs.

Ethics

The CFP Board's Standards of Professional Conduct outlines the highest of standards when it comes to ethics and professional responsibility. This standard by which all CFP® professionals are held, requires them to uphold the principles of integrity, objectivity, competence, fairness, confidentiality, professionalism and diligence as outlined in the CFP Board's Code of Ethics. The Rules of Conduct require CFP® professionals to put their client's interests ahead of their own at all times and to provide their financial planning services as a "fiduciary" -acting in the best interest of their financial planning clients.

This accomplishment makes Alex one of the youngest financial planners in the country to obtain such a prestigious designation. We are very excited that Alex will continue to provide the fiduciary standard of excellence that our clients are accustomed to, under the strict regulations of the CFP Board. ■

DFA: Applied Investment Workshop

Several members of the WAG team made the short drive over to Toledo in the month of June to participate in a regional workshop with Dimensional Funds. The Applied Investment Workshop offered us the opportunity to hear directly from Regional Managers, Vice Presidents, and Portfolio Managers from Dimensional Funds. The day long workshop focused on the academia rooted at the base of Dimensional's investment philosophy, the factors of higher expected returns.

A "dimension" is a factor that explains differences in returns, demonstrates persistence through time and pervasiveness across markets, and is cost-effective to capture in diversified portfolios. These characteristics increase our confidence that returns observed in historical data may appear in the future. Dimensions point to systematic differences in expected returns. Portfolios can be structured around these dimensions, which are sensible, backed by capital market data, and cost-effective to capture in real portfolios.

Dimensions of Expected Return in the Equity Markets

- Market – Equity Premium. Stocks > Bonds
- Company Size – Small Cap Premium. Small vs. large companies
- Relative Price – Value Premium. Value vs. growth companies
- Profitability – Profitability premium. High vs. low profitability companies

Dimensions of Expected Return in Fixed Income

- Term – Term premium. Longer vs. shorter term maturity bonds
- Credit – Credit Premium. Lower vs. higher credit quality bond ■

Did You Know

The most famous protest of taxation by the American colonies was the Boston Tea Party, which was anything but a relaxing afternoon. On Dec. 16, 1773, colonists dumped 342 chests of tea in the Boston Harbor, flavoring the water with Earl Grey.

Tax and Legislation Corner

Understanding the Department of Labor (DOL) Rule

On April 6, 2016, the U.S. Department of Labor (DOL) released its final fiduciary rule, which broadens the definition of “fiduciary” to include advice provided to brokerage retirement accounts.

What is a fiduciary? Being a fiduciary means that the financial advisor must work in the best interest of their clients. The rule makes the standard for any advisor and financial institution, when providing investment advice to a retirement investor, to provide investment advice that is in the best interest of the retirement investor. The DOL rule extends from their current standard of requiring advisors working with retirement advisory accounts to act under fiduciary standards, to include advisors working with brokerage retirement accounts, which in the past have not been included.

Wealth Advisors Group has been a fiduciary firm for 25 years. Between being a RIA (Registered Investment Advisor) and our financial advisors being CFP professionals, we are under the requirements to keep a standard of fiduciary at all times and for all clients. Therefore, while there will be some minor changes to what the DOL rule may require us to provide our clients, our standard of service and our level of care will not change. We will always do what is in the best interest of our clients. ■

Tax Planning – Looking back to move forward

It's July already and we are more than half-way through the 2016 tax year. This is an excellent time to see how the 1st half of the year can provide guidance on what to expect for the rest of the year.

- Review your income: Look to make sure you are withholding enough taxes so that you don't have to pay a large lump sum or incur penalties for under withholding. Conversely, why give the government a free loan.
- Defer some of your income into a retirement plan: Deferring the maximum amount for your plan or at least the amount that your company matches, will help by reducing your taxable income.

- Spouse doesn't work, but you want to save more money: You may be able to contribute to a deductible or non-deductible IRA depending on your income level and age.
- Qualified Charitable Deductions (QCDs): The charitable-giving deduction effectively operates as a federal matching program: make a charitable donation and receive a tax break. If you are over 70.5 years old and are charitably inclined, consider making a charitable donation directly from your IRA.
- 529 – State of Indiana Credit*: Contributing to a College Choice 529 could provide you with a 20% tax credit, on up to \$5,000 per year in contributions, to an Indiana 529 plan (maximum yearly credit is \$1,000). In most cases the credit can be claimed against Indiana income tax, if you are an Indiana resident.

*Prior to investing in a 529 Plan investors should consider whether the investor's or designated beneficiary's home state offers any state tax or other benefits that are only available for investments in such state's qualified tuition program. Withdrawals used for qualified expenses are federally tax free. Tax treatment at the state level may vary. Please consult with your tax advisor before investing.

In any of these cases, please contact your financial advisor to see if you are eligible to take advantage of these tax savings ideas**.

**This information is not intended to be a substitute for specific individualized tax advice. We suggest that you discuss your specific tax issues with a qualified tax advisor. ■

Client Spotlight

Bill Frederick

We thought it would be fun to highlight one of our clients each quarter. We found that many of our clients have interesting hobbies, careers, or stories to tell. This month the spotlight is on Bill Frederick, a retiree who found a new passion and love for photography.

Bill served in Germany for 2 years between 1966 – 1968. When he got out of the army, he worked as an Industrial Engineer for 5 years. He went on to get his master's degree and PhD in Mathematics from Purdue University. Bill was a Math professor at IPFW for 31 years. In 2010, when Bill retired, his son gave him a Canon DSLR camera as a gift. He started taking photographs and became hooked. It wasn't long before he wore the camera out and bought a new one. His interest in photography started to peak so he began an acrylics class at the Community Center to learn more about color. He also took classes online to learn Photoshop in order to develop his pictures.

Then, Bill started showing his photographs in exhibitions. Most recently, his work was on display at Artlink in downtown Fort

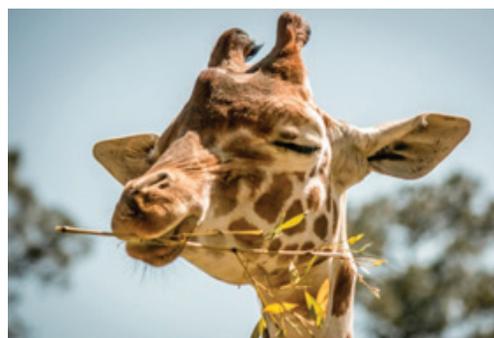
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Wayne. He enjoys walking around talking to observers and answering questions about his photographs. Bill describes himself as a “mathematician among artists – a stranger in a strange land kind of thing”. The title of his exhibition was “Vox Lucis” which means “Voice of Light” in Latin. The title came from Bill’s ability to find his creative voice in the art.

Bill’s main subjects are animals, scenery, and architecture. However, he does not stop to wait for animals when he shoots, he photographs them how he sees them. Bill describes his photography style as “point and shoot – like a quick draw” when he takes a picture. He says one of his favorite subjects to photograph is flowers because he finds them intriguing.

Recently, Bill was named by Artlink’s Artists’ Panel as one of 200 influential artists in Indiana to participate in the Indiana Bicentennial Exhibit at Artlink, September 9 - October 12, 2016. The exhibit has been endorsed by the Indiana Bicentennial Committee. Congratulations Bill!

At the end of June, Bill moved with his wife to Durango, Colorado where his daughter currently resides. He fell in love with the beautiful scenery and mountains of the Centennial State where there are over 300 days of sunlight a year. He will find no shortage of subjects to photograph there. Best wishes on your new adventure, Bill! ■



Photographs provided by: Bill Frederick

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The Dow Jones Industrial Average is comprised of 30 stocks that are major factors in their industries, and widely held by individuals and institutional investors.

The Standard & Poor's 500 Stock Index (S&P 500) is an unmanaged capitalization weighted index of 500 stocks designed to measure performance of the broad domestic economy through changes in the aggregate market value of 500 stocks representing all major industries.

The Barclays Capital U.S. Aggregate Bond Index provides a measure of performance of the U.S. investment grade bonds market, which includes investment grade U.S. Government bonds, investment grade corporate bonds, mortgage pass-through securities and asset-backed securities that are publicly offered for sale in the United States. The securities in the Index must have at least 1 year remaining to maturity. In addition, the securities must be denominated in US Dollars and must be fixed rate, nonconvertible, and taxable.

The Morgan Stanley Capital International ('MSCI') Europe, Australia, Far East Index ('EAFE') is an unmanaged index of over 900 companies, and is a generally accepted benchmark for major overseas markets. Index weightings represent the relative capitalizations of the major overseas markets included in the index on a U.S. dollar adjusted basis. The index is calculated separately: without dividends, with gross dividends reinvested and estimated tax withheld, and with gross dividends reinvested, in both U.S. dollars and local currency.

The Morgan Stanley Capital International ('MSCI') Emerging Markets Index adjusts the market capitalization of index constituents for free float and targets for index inclusion 85% of free float-adjusted market capitalization in each industry group, in global emerging markets countries. As of June 2007, the MSCI Emerging Markets Index consisted of the following 25 emerging market country indexes: Argentina, Brazil, Chile, China, Colombia, Czech Republic, Egypt, Hungary, India, Indonesia, Israel, Jordan, Korea, Malaysia, Mexico, Morocco, Pakistan, Peru, Philippines, Poland, Russia, South Africa, Taiwan, Thailand, and Turkey.