

It's A Global Economy

Fidelity Investments reports that as of December, 2014, 75% of the world's publically-traded companies were headquartered outside the U.S. But perhaps more telling is the ranking of world economic GDP. The top ten economies are 1) United States, 2) China, 3) Japan, 4) Germany, 5) United Kingdom, 6) France, 7) Brazil, 8) Italy, 9) India, and 10) Russia. Close behind are Canada, Australia, and South Korea. More important is the growth of emerging and developing economies, which now account for 57% of total world growth, when differences in currencies are applied.

Where will investors find better valuations? Domestic stocks, as represented by the S&P 500 Index, have an average expected P/E of 17.5, according to data supplied by Morningstar. Developed international markets have an expected P/E of 15.2. By contrast, emerging market stocks come in at 11.3. That's a significant difference. The caveat, as always with emerging countries, is higher potential risk and volatility due to problems associated with currencies, politics, liquidity, and corporate governance.

PDS Planning New Brochures

A number of clients have said that it would be very helpful for them to have a brochure to give to referrals. We have listened to the requests and now have an attractive marketing piece for referrals. It has much the same look and feel of our web site. We also have personalized brochures that feature each of the company principals. Please feel free to take a few the next time you are in the office.

Coming Soon...PDS University

We receive numerous requests for basic investment and planning information and resources. In response, *PDSPlanning.com* will offer a series of short whiteboard videos on different topics. Kurt Brown is taking the lead on this project, and the plan is to make the initial batch of videos available in the first quarter of 2016. Stay tuned!

Link to Quarterly Investment Webcast

The following link will take you to our October webcast, where you can listen and view the complete presentation at your leisure.

<http://pdsplanning.com/webcast/3rd-quarter-investment-webcast-2/>

Continuing Education, Anyone?

Web site OpenCulture.com touts itself as *The Best Free Cultural & Educational Media on the Web*. 133 free philosophy courses, 85 free history courses, 120 free computer science courses, 71 free physics courses, and 55 free literature courses, just to scratch the surface. You can peruse sections covering astronomy, biology, business, chemistry, economics, engineering, math, political science, psychology, and religion. Good stuff!

Holiday Hours

- Thursday and Friday, November 26 & 27 – Office Closed
- Thursday, December 24 - Office Closes at Noon
- Friday, December 25, Office Closed
- Thursday, December 31, Office Closes at Noon
- Friday, January 1, Office Closed

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What's Happening at PDS?

Kurt Brown will attend the annual Schwab Impact Conference in Boston this November. The program includes nationally-known speakers and portfolio managers, investment sessions, business and financial planning topics, and time to meet with other Registered Investment Advisors from around the country.

Bob Cochran attended Litman Gregory's Masters Funds Forum in October. The meeting focused on international investing and alternative strategies for reducing risk.

PDS Planning's **Alyssa Anderson** ran the Nationwide Children's Hospital Columbus Marathon on October 19. This was her first full marathon race. Congratulations, Alyssa. We are proud of you!

PDS Planning held its semi-annual company meeting at Franklin Park Conservatory in October. When work was done, the staff was given a private tour of the conservatory and a glass blowing demonstration. Each staff member received a unique, hand-blown gift.

Recent and planned vacation destinations for PDS staff include Disney World for **Jamie Menges**, Myrtle Beach for **Laurie Licata**, Arizona for **Rita Itsell**, Europe for **Kurt Brown**, Portugal and Spain for **Jim Hamilton**, and Monterey for **Bob Cochran**.



PDS Staff at Franklin Park Conservatory. Left to right: Jim Hamilton, Deep Patel, Dean Schuler, Laurie Licata, Suzi Johnson, Trina Brown, Bob Cochran, Rita Itsell, Jamie Menges, Janelle Jackson, Kurt Brown, Bob Hamilton, Alyssa Anderson, Shannon Sauer

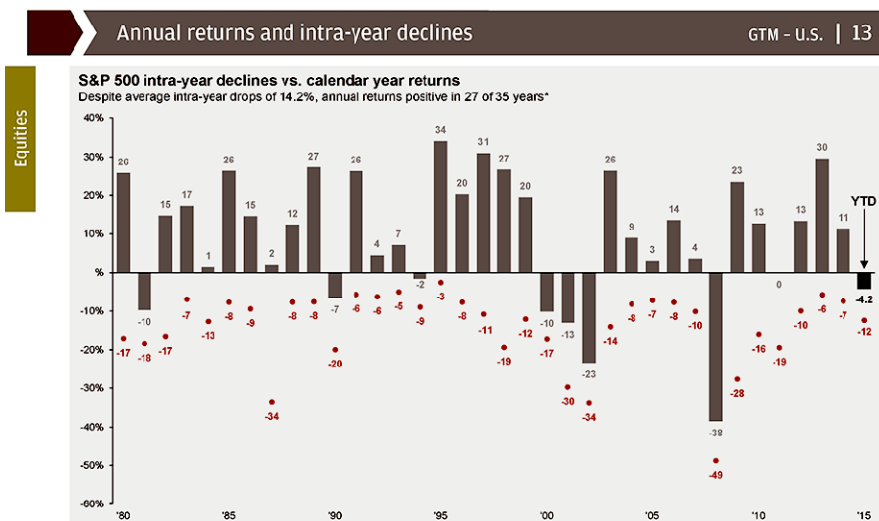
Austin Gibson has returned to PDS as our college intern, following a summer internship with PNC Bank in Pittsburgh. Congratulations to **Susi Johnson** on her daughter Brittany's wedding on October 10.

PDS Planning once again was ranked among the top fee-only financial planning companies in Central Ohio by Columbus Business First in its September 11 list. The credit goes to our great staff and to our loyal clients. Thanks!

PDS Not Surprised by Market Correction In Third Quarter

Anyone who has been reading our client communications, such as our Monthly Market Summary and Viewpoints, is well aware that we have discussed the potential for a market correction for more than three years. So when it happened this past quarter, very few of our clients called us. They may not have liked it, but they were mentally prepared for it. The chart below from J.P. Morgan is one we use for all of our quarterly investment webcasts. The takeaway is clear: intra-year market drops are common, with the average peak-to-trough loss of about 14% occurring each year. Yet despite this, 77% of the last 35 years have ended with positive returns. Corrections are normal events. They just happen. It is clear from the last 2-3 years of low volatility that we were overdue for a correction.

So when will it happen again? We don't know when, but we do know that it will happen.



Source: FactSet, Standard & Poor's, J.P. Morgan Asset Management. Returns are based on price index only and do not include dividends. Intra-year drops refers to the largest market drops from a peak to a trough during the year. For illustrative purposes only. *Returns shown are calendar year returns from 1980 to 2014 excluding 2015 which is year-to-date. Guide to the Markets - U.S. Data as of August 31, 2015.



As we announced in our last newsletter, PDS Planning established PDS CARES, a charitable fund with the Columbus Foundation, effective January 1 of this year. As part of the effort, we have created an Associate Matching Program, designed to match the personal philanthropy of our employees, to forge a partnership of giving, and to invest in the well-being of the communities where our employees live.

In celebration of PDS' 30 years in business, beginning June 1st and ending December 21st, PDS CARES will make a charitable gift in the local community each week. 30 years, 30 gifts. To date, we have made gifts to Habitat for Humanity, the Lupus Foundation of America, the Ronald McDonald House, Neighborhood Services, Inc., AIDS Resource Center

Ohio, CATCO-Phoenix, Inc, Flyer Horse Farms, Free to Smile Foundation, Lettuce Work Foundation, Logan Elm McDowell Middle School Library, Columbus Symphony Orchestra's Education Programs, Scholarship Opportunities for Success, Serious Fun Children's Network, Lutheran Social Services Food Pantry, Make a Wish Ohio, Lifeline of Ohio, the James Cancer Center, Children's Champions of Nationwide Children's Hospital, Animal Cruelty Task Force of Ohio, and Cat Welfare Association, all local organizations.

PDS CARES exists because our clients and friends let us share in their success. We want to support the causes that mean the most to you. Please send your nominations to pds30gifts@pdsplanning.com, or call us with your nominations.

Higher Medicare Part B Premiums

For the majority of Medicare recipients, 2016 will be much the same as 2015. Those who are already receiving social security benefits and having Medicare premiums deducted at the lowest monthly premium of \$104.90 will remain unchanged. But for the other roughly 30% of Medicare recipients, (about 7 million Americans), premiums could increase as much as 52% per month.

The reason for this is the "hold harmless" provision in the law that addresses cost-of-living adjustments for Social Security benefits that currently does not apply to this 30%. That law limits the dollar increase in the premium to the dollar increase in a person's Social Security benefits only when COLA increases are applicable. Because of very low inflation, it's likely that Social Security recipients will not see an increase in

their benefit. That's the case for 70% of Medicare recipients who are collecting Social Security and do not also pay an income-related Medicare Part B premium. For the remaining 30% of recipients, they have to cover the difference, and their Part B premiums will be raised enough to offset premiums not increased for others.

The excluded groups include individuals who enroll in Part B for the first time in 2016, enrollees who do not receive Social Security benefits, Medicare recipients who are directly billed for the Part B premium, current enrollees who pay an income-related premium higher than the \$104.90, and dual Medicare-Medicaid recipients whose premiums are paid by state Medicaid programs. Notices of Part B premiums should be in the mail soon.

Be Aware Of FREE Dinner Offers

The invitation arrives in a slickly-produced format, with "You're Invited!" on one side and "Special Event" on the other. Upon opening, it is clearly an invitation to a "free" dinner at a very nice restaurant following a "Wealth Advantage" workshop. A note says the event is strictly for people whose investment portfolios have values of \$500,000 or more. The very small print discloses the speaker is a commissioned

salesperson. A broker background check includes a history of client complaints about being sold annuities that were unsuitable. "There is undeniable correlation between conducting (free meals) and a higher incidence of problematic (broker) behavior", a spokesperson for the SEC says. Please remember, there is no free lunch, or dinner.



Registered Investment Adviser
2200 West 5th Ave., Suite 200
Columbus, Ohio 43215
(614) 481-8449 or 888-942-1400
e-mail: info@pdsplanning.com

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Stat Bank

- 74 million – the number of millennials (people born between 1980 and 2000) nationwide, making them the largest generation alive today.
- One third – the number of millennials who have a college degree or higher, making them the best-educated cohort of young adults in American history.
- 29,848 – the cost of the average American wedding in 2014.
- 55% - the amount of American adults who do not have a will in place.
- 62% - the amount of American adults who do not have a healthcare power of attorney.
- Two thirds – the number of Americans on the verge of retirement who have saved less than one year's income
- One third – the number of Americans on the verge of retirement who have zero savings.
- July 26, 2015 – the 25th anniversary of the Americans With Disability Act, signed into law by President George H.W. Bush.
- August 1, 1935 – the 80th anniversary of Social Security.

Continue to Like Us On Facebook

Social media outlets like *Facebook* give us an opportunity to communicate with our clients and offer them a glimpse of our non-business lives. We have heard from many clients that they enjoy the pictures and informational content we share and that this provides another way for them to introduce the PDS team to people who might benefit from our services. We encourage all clients and friends to *Like Us!* We add material to our *Facebook* page frequently.

We also have a corporate *LinkedIn* page, as well as videos on *Vimeo*. Help us spread the word!