

## The Roll of A Fiduciary and Why It's Important

**A**pril 10 is a significant date for the large commission-driven brokerage houses and banks. That is the date they must identify which of their customer accounts will no longer receive service and which will be charged a high ongoing fee to service them. The reason for this mandate is the retirement account *fiduciary rule* as issued by the Department of Labor. It is something the commission folks have been fighting to overturn or at least delay since the rule was announced last summer.

Why are the commission companies forced to make changes? The rule requires all people who offer advice on retirement accounts to be *fiduciaries*, meaning to *act in the client's best interests*. Before this ruling, there was no such requirement, and most big firms resisted all efforts to force them to adopt the practice. Why would they not want to act in their clients' best interests? The answer is that the fiduciary rule effectively prohibits companies from profiting on the sales of high-cost products. The rule is intended to protect individual investors from predatory sales practices.

PDS Planning has been a fiduciary since day one. We have always put the interest of our clients ahead of our own, so we welcomed this new rule even though it means some extra paperwork for us. The big firms, however, have been forced to segment their retirement client accounts, with smaller account owners finding they will no longer receive any services (except an 800 number), while larger, more profitable accounts will hereafter be charged a high ongoing fee. The DOL determined excessive commissions, excessive churning, and sales of inappropriate products only benefitted the companies, and the fiduciary rule is meant to rein in unacceptable practices with retirement accounts.

Ironically, the DOL can only address retirement accounts. It has no authority over personal, joint, trust and other non-retirement accounts. So some account owners will find their retirement accounts under the fiduciary umbrella, while their other accounts may still be charged high commissions and/or sold inappropriate investments.

## Special Spring Client Event May 2

We are anticipating a lot of interest in our spring client event. Former Congressman Zachary Space will discuss first-hand impressions of the realities of congressional policy making and politics, how government can work to fix what's broken with the political process, and the possible ripple effect of the

new administration's policies and actions on business and commerce, both nationally and in Ohio. You will be receiving invitations by email, so please respond quickly, as we expect a full house. And feel free to bring a friend you want to introduce to PDS.

### Upcoming Holiday Calendar

Please note the following holiday schedule.

**Friday, April 14** – Office Closed for Good Friday

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## Community Volunteer Award to Tom & Judy Skinner

When it comes to helping others, Tom and Judy Skinner are involved in a dizzying array of programs. "They have done so much for so many people through the years, and they don't thrive on recognition." That may be, but the Skinners were named Volunteers of the Year by the Clintonville Area Chamber of Commerce. A neighbor described them as bedrocks of the community and very deserving of the award. The organizations to which they donate their time and talents include the YWCA Family Center, the London Correctional Institute, the Ronald McDonald House, Kobacker House of Riverside Hospital, and their own North Broadway United Methodist Church. "We're surprised and humbled, and very appreciative of what we've been able to do" they said. Those of us who know Tom and Judy are not surprised at all. This award could not come to a nicer couple. Congratulations!

## Consumer Federation Report: Major Firms Misleading Consumers

Twenty five top U.S. brokerage firms and insurance companies present their employees as trusted advisors who put client interests first, even as company lobbyists argue in court that they are nothing more than commission-driven salespeople, according to a report from the Consumer Federation of America and Americans for Financial Reform. The report also dissects how brokerage firms and insurance companies are systematically misleading unwary consumers. Here is the link to the study:

[http://consumerfed.org/press\\_release/review-25-major-brokerage-firms-insurance-companies-find-posing-fiduciaries-misleading-consumers/](http://consumerfed.org/press_release/review-25-major-brokerage-firms-insurance-companies-find-posing-fiduciaries-misleading-consumers/)

## PDS Welcomes Luca Edward Brown



We are thrilled to announce the arrival of Luca Edward Brown, baby son of Megan and Kurt Brown, on February 27. Luca and his parents are doing fine. Golden retriever Benson is no doubt having a big adjustment to life in the Brown home. Congratulations, Megan and Kurt!

## What's Happening At PDS?

Staff winter getaways include Disney World for **Tom Ellison** and his family, as well as **Shannon Sauer** and her family, Kiawah Island for **Bob and Susan Cochran**, the British Virgin Islands for **Alyssa Anderson**, and St. Thomas for **Rita and Chris Itsell**.

## Link to Quarterly Investment Webcast

The following link will take you to our January webcast, where you can listen and view the complete presentation at your leisure. Topics included the November election, the impact of higher interest rates, why we believe dividend-growing stocks might be appropriate for some investors, and our expectations for the remainder of the year. Feel free to share the link with a friend!

<http://pdsplanning.com/webcast/4th-quarter-investment-webcast-2/>



We established PDS CARES in 2015 as a charitable fund with the Columbus Foundation. This includes a matching program for our employees, 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. The match is for individual donations as well as hours spent working with non-profit organizations. As the banner in our office says, "Sometimes the best thing to do with your money is give it away."



Your PDS Planning team, left to right: Jamie Menges, Dean Schuler, Bob Cochran, Trina Brown, Alyssa Anderson, Laurie Licata, Shannon Sauer, Rita Itsell, Ciera Frazier, Beth McCampbell, Kurt Brown, Tom Ellison. Not pictured: Jill Olding.

## Hindsight Is 20/20

We often hear "past performance is no indication of future returns." We have thought it good advice. It is interesting to look at market returns in hindsight, and the last four years are no exception. Here are a few examples:

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
S&P 500 Index	29.6%	11.4%	1.4%	11.9%
MSCI Emerging Markets	-2.6%	-2.2%	-14.9%	11.2%
S&P Health Care Stocks	41.5%	25.3%	6.9%	-2.7%
S&P Global Natural Resources	1.5%	-9.7%	-23.9%	32.3%

## From Our Past Newsletters

We see that our Spring 2002 newsletter noted the Dow Jones Industrial Average 15 years ago was at 10,353, and the NASDAQ was at 1,824. For those who are interested, numbers for March 1, 2017 are 21,115 for the Dow and 5,904 for the NASDAQ.

In that same issue we noted "5-year CD yields were "only 4.85%." As of February 27, 2017 we are lucky to get 2.4%

### How To Explain Taxes

"The best way to teach your kids about taxes is by eating 30-40% of their ice cream"

Bill Murray

### Words of Wisdom from Children

- No matter how hard you try, you can't baptize cats.
- When you Mom is mad at your Dad, don't let her brush your hair.
- You can't trust dogs to watch your food.



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### **Stat Bank - OMG!! Moments**

- \$19,704 – the average annual cost for Ohio colleges (tuition, fees, living costs), in-state students in 2016. Out-of state students pay an average of \$32,556.  
<http://www.collegetuitioncompare.com/state/?state=OH>
- \$68,300 – annual cost in 2016 for tuition, fees, room & board at Columbia University, the most expensive college in the country.
- 59% - percentage of millenials surveyed who didn't know how long it would take them to be debt free.
- Prudential Premier Retirement variable annuities (four versions) – the most sold annuity products in 2016, with sales of more than \$50 billion. Minimum annual fees as high as 2.47% and commissions as high as 6% with a 7-year surrender period.
- \$75,161 – expected 2018 average cost of a private room in a nursing home in Central Ohio. Annual assisted living costs are expected to be \$49,844. 2018 nursing home costs in Tampa, Florida area are expected to be \$105,266.
- 16.63% - the potential loss in a popular long-term U.S. Treasury bond fund if interest rates move higher by 1%.
- 62% - the percentage of American adults who do not have Power of Attorney documents, which gives another person power to make financial and health care decisions. Web site [www.legalzoom.com](http://www.legalzoom.com) suggests that POAs may be the most important documents every adult should have.