



July 31, 2017

**Please enjoy our 2017 2nd quarter newsletter, including:**

- “Avoiding Financial Scams that Target Seniors”, part four in our series on “Aging and Finances”
- “Phillips Financial in the Community” highlighting a Phillips Associate and his or her community involvement. This issue we focus on Kelly Clevenger and his work with Turnstone.

**2nd Quarter Market Recap**

Overall, the second quarter of 2017 continued to reflect strong market performance across a diversified range of fixed income and equity investments as well as in both domestic and international markets. Of particular note has been the leading performance of developed and emerging international markets over the first six months of the year. Exposure to international equities does help diversify and can enhance portfolio performance over time. However, due to the possibility of international crises or other unpredictable events, international returns can be more volatile. It is always prudent to take a long-term balanced approach to an investment plan and consult with your financial adviser about concerns or changes.

The following table shows the total return performance (price movement plus dividends) over various time periods. See end of newsletter for definitions and disclosures.

Index	% Last Quarter Return 04/01/17 – 06/30/17	% Year-to-Date Return 1/01/17 – 06/30/17	% Cumulative 1 Year Avg. 7/01/16 – 06/30/17	% Cumulative 3 Year Avg. 7/01/14 – 06/30/17	% Cumulative 5 Year Avg. 7/01/12 – 06/31/17	% Cumulative 10 Year Avg. 7/01/07 – 06/30/17
Barclays Aggregate Bond Index	1.45	2.27	-0.31	2.48	2.21	4.48
S&P 500 Index	3.09	9.34	17.90	<b>9.61</b>	14.63	7.18
S&P 500 Value Index	1.51	4.85	15.86	7.79	13.82	5.25
S&P Mid Cap 400 Index	1.97	5.99	18.57	8.53	14.92	<b>8.56</b>
S&P Small Cap Index	1.71	2.79	22.47	9.32	<b>15.47</b>	8.44
S&P Small Cap 600 Value Index	1.29	0.86	21.79	8.37	15.44	7.59
MSCI EAFE Index	6.12	13.81	20.27	1.15	8.69	1.03
MSCI Emerging Markets Index	<b>6.27</b>	<b>18.43</b>	<b>23.75</b>	1.07	3.96	1.91
Wilshire REIT Index	1.78	1.82	-1.71	8.30	9.35	5.63
S&P GSCI Commodities Index	<b>-5.46</b>	<b>-10.24</b>	<b>-9.01</b>	<b>-24.82</b>	<b>-13.70</b>	<b>-9.67</b>

Source: Standard & Poor’s, Bloomberg, Morgan Stanley Capital International, Wilshire Associates, Fidelity Investments, BlackRock, Inc.

Green = best performing asset class

Red = worst performing asset class

**Aging and Finances: Article No. 4 in a Series**

**Avoiding Financial Scams**

The National Council on Aging <https://www.ncoa.org> says: “Financial scams targeting seniors have become so prevalent that they’re now considered ‘the crime of the 21st century.’”

In this issue of our newsletter, we wrap up our series on aging and finances with a look at these types of financial scams. (Earlier articles in this series were: “[A Most Important Conversation](#)”, “[Essential Legal Documents](#)”, and “[Financial Accounts: Share Information to be Prepared for the Future](#)”.)

As more of the nation’s wealth is controlled by seniors, financial fraud crimes targeting them specifically are on the rise. Unfortunately, in our business we have heard of many of these scams being attempted against our own clients, or their older parents or relatives. The potential for scamming is an important conversation to have with those you care about — whether you are parents wishing to include your grown children in financial discussions, or adult children concerned about your elderly parents’ finances. To encourage conversation, we’ve identified some of the most common scams and provide suggestions for how to avoid them.

**Common Financial Scams Targeting Seniors**

**Telephone scams**

- An “IRS” representative calls demanding payment for back taxes. In reality, official IRS communications are almost always in writing and come via US mail, not by phone.
- A “Medicare” or other healthcare representative calls requesting to verify personal and/or payment information.
- Funeral scammers read obituaries, then call the grieving family to claim that outstanding debts need to be paid.



- A fake accident (a.k.a., “the Grandparent Scam”) in which a caller, claiming to be a grandchild or other relative, calls in a panic claiming an unexpected financial difficulty (e.g. a car accident, or a trip to the hospital) and asking that money be wired to him or her right away. The perpetrator may beg the grandparent not to tell his or her parents because “they will kill me if they find out!”
- Fake charities — “First responders”, “Veterans”, “State Troopers”, and “Breast Cancer Survivors” are frequent “causes” — soliciting donations by credit card over the phone.
- Gift card scams in which the caller claims they are offering a “buy one, get one free” deal and requesting credit card payment before the cards will be mailed (the gift cards never show up).

### Internet/email scams

- Prescription drugs for sale at greatly reduced prices. The drugs may be counterfeit — being costly not only to your wallet, but potentially harmful to your body.
- Pop-up browser windows appearing to be legitimate virus-scanning software, resulting in the victim purchasing an expensive and ineffective anti-virus program — one that may even introduce an virus to his or her computer to provide personal information to scammers.
- A company, institution, or the “IRS” email requesting you “update” or “verify” personal or payment information at the links provided.

### Tips for Avoiding Scams

First and foremost, don’t “hit the panic button” when an alarming phone call or email arrives. Scammers have perfected their language to frighten their targets. An unexpected request — whether by text, phone, or email — should never require you to give personal information or send money immediately.

Other actions to take:

- Use your caller-ID feature. Don’t pick up if you don’t recognize the number.
- Hang up on recorded sales pitches. Don’t press 1 to speak to a representative — even asking to be removed from their list will likely only lead to more calls.
- Don’t do business with door-to-door or telephone sales callers.
- Only provide your insurance/Medicare information to your medical service providers.
- Ask for written materials from a charity, the IRS or other entity contacting you. Don’t make any contributions or payments until you have received written materials.
- Don’t wire money; credit cards are safer forms of payment because they include fraud protection.
- Don’t follow links from an email requesting personal or financial information. If it appears to be from an institution or organization with which you do business, call the official customer service number and ask if the email is legitimately from them. If so, arrange for an alternate method of providing the requested information for them to verify *to you* what information they have.
- If you care for an elderly relative, ask about his or her phone conversations, charitable donations, and financial interactions — sharing or discussing this article can be a good introduction to the topic.
- **Talk to someone else** — a trusted friend or family member, **or your financial adviser** — if anything about a request seems suspicious.

### The Importance of Conversation

As financial advisers, we are well aware of the constant threat of hacking and financial scams. We encourage conversations with our clients at all times, but especially when an unusual circumstance arises. For example, we always confirm by conversation any requests to transfer money to another individual. Discussing finances with a professional — or a trusted friend or family member — is the best way to be mindful of financial scams and to thwart these types of crimes before they impact you or your loved ones.

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## Phillips Financial in the Community

### Kelly Clevenger and Turnstone

Kelly joined Phillips Financial in June 2011, after retiring from thirty-five years with Lincoln National Corporation. He works with our individual clients in managing their investment portfolios. Kelly has been involved with Turnstone since joining its board in 2002. “Turnstone is the only not-for-profit organization in the region that provides a full range of rehabilitative, athletic, and recreational programs and facilities to persons with disabilities. I was immediately impressed with its mission and its leadership. Turnstone’s mission is to enhance the lives of people with disabilities and help them achieve their highest potential. It provides comprehensive services and programs for people with disabilities and their families. Nobody is turned away for a lack of ability to pay for services.”

In the 15 years Kelly has been involved with Turnstone, he is proud of the significant growth in programming, facilities, and clients served. “Several capital campaigns have had generous support from foundations, and corporate and individual contributors. The most recent and significant of these helped fund the Plassman Athletic Center and the new fitness center and pool.”

Turnstone is also home to the US Men's Paralympic Goalball Team. A residence for the team opened on the Turnstone campus in 2017. What is goalball? Turnstone explains: “Goalball is open to athletes with visual impairments. Two teams of three blindfolded athletes attempt to throw a ball with bells inside into their opponent's goal net. This fast-paced game requires strength to throw the 2.75-pound ball and speed to defend the goal. Athletes play both offense and defense. The team represents the United States in the Paralympic Games, which are held every four years following the Olympic Games.” After taking home the silver medal at the 2016 games in Rio, the team is now training hard here in Fort Wayne to go for the gold at the 2020 Paralympic Games in Tokyo, Japan.

And why is it called Turnstone? From its [website](http://www.turnstone.org): “The name is inspired by the Ruddy Turnstone bird, which is a fitting symbol for the agency. The Ruddy Turnstone finds food by moving heavy stones with nearly any part of its body. When a stone is too heavy for a bird to move alone, other Ruddy Turnstones gather to assist. The characteristics of Ruddy Turnstones speak to the spirit of the agency, the children and adults we serve, and the community.”

For more information about the organization and how you can get involved visit [www.turnstone.org](http://www.turnstone.org).

### Definitions and Disclosures:

- **Bloomberg Barclays Aggregate Bond Index.** An index managed by Bloomberg to track the general performance of the domestic taxable investment grade bond market.
- **S&P 500 Index.** An index that measures the large-capitalization sector including roughly 500 leading companies representing over 80% of the largest market capitalization in the U.S. equity markets. It is a capitalization-weighted index from a range of securities chosen by Standard & Poor's for liquidity and industry group representation.
- **S&P 500 Value Index.** Contains those securities from the S&P 500 Index with lower-than-average sales and growth rates and that generally reflect lower price-to-earnings and price-to-book ratios.
- **S&P MidCap 400 Index.** An index that measures the mid-capitalization sector including roughly 400 leading companies representing about 7% of the U.S. equity market. It is a capitalization weighted index from a range of securities chosen by Standard & Poor's for liquidity and industry group representation.
- **S&P SmallCap 600 Index.** An index that measures the small-capitalization sector including roughly 600 leading companies representing about 3% of the U.S. equity market. It is a capitalization-weighted index from a range of securities chosen by Standard & Poor's for liquidity and industry group representation.
- **S&P SmallCap 600 Value Index.** Contains those securities from the S&P SmallCap 600 Index with lower-than-average sales and earnings growth rates and that generally reflect lower price-to-earnings and price-to-book ratios.
- **MSCI EAFE Index.** An index developed by Morgan Stanley Capital International Inc. as an equity benchmark for performance of publicly traded securities in developed international markets.
- **MSCI Emerging Markets Index.** An index developed by Morgan Stanley Capital international Inc. as an equity benchmark for performance of publicly traded securities in emerging markets.
- **Wilshire REIT Index.** An index developed by Wilshire Associates to track the general performance of Real Estate Investment Trusts (REITs) traded on domestic equity markets.
- **The S&P GSCI Commodities Index.** An index developed by Standard & Poor's and Goldman Sachs that is based on a production-weighted basket of principal physical commodities that reflects the level of commodities prices at a given time and is designed to be a measure of the performance over time of the market for these commodities.

*Index returns are for illustrative purposes only, and do not reflect any management fees, transaction costs or expenses. The performance of an unmanaged index is not indicative of the performance of any particular investment. It is not possible to invest directly in any index.*

*Past performance is no guarantee of future results.*

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