

TILIA NEWS

INVESTMENT MANAGEMENT | FIDUCIARY ADVICE | RETIREMENT PLANNING

Stocks Losing Ground

“There’s little that’s as dangerous for investor health as insistence on extrapolating today’s events into the future.” - Howard Marks

As of this writing, the S&P 500 has been down 7 out of the last 8 days. The index is now flat for the year, mid-way through August. This did not happen suddenly. Markets have been deteriorating throughout the year, with less stocks reaching new highs, and more stocks sinking to new lows. Materials & energy companies have been the worst hit, with the price of nearly all commodities, including oil, natural gas, gold, copper & iron ore trending downward for months. Investors stepping in to purchase perceived bargains in these sectors have been burned badly. Some of the world’s largest mining companies, and plenty of smaller energy-related companies appear to be on the brink of bankruptcy.

While we paint what appears to be a dire portrait, this is not a time to panic or drastically alter your investment plan. The downward spiral in commodities will come to a close, without taking the world with it. Poorly-managed companies will

Tilia’s New Team Members



We are excited to welcome two new faces to the Tilia team. Eddie Carroll will be joining us in September as an Investment Advisor, and Chelsea Newell started at the beginning of August as a Business Analyst.

Eddie Carroll is a licensed Investment Advisor that is joining us after a stint at Retirement Resources Group, and Edward Jones prior to that. Eddie is a second-career investment advisor, after a successful tenure in the medical sales field where he worked for a subsidiary of Johnson & Johnson. His educational background includes two degrees from East Carolina University. Eddie’s undergraduate degree was in Biology, and he also earned a Master’s in Physician Assistant Studies. Rarely do we get a chance to hire someone that has a scientific background coupled with a proven record of success in business development - we jumped at the opportunity. Eddie is married to Dr. Nicole Carroll of Wilmington Health, and they have two young daughters.

Some of you have already met or spoken with Chelsea Newell. Chelsea started with us at the beginning of August, and brings a sharp analytical mind and plenty of fresh ideas to the company. Chelsea is a recent graduate of Cape Fear Community College with an Associate’s in Business & Finance. On top of her work at Tilia, she is also pursuing a Bachelor’s in Finance through Penn State’s World Campus. Chelsea and her husband, Dan reside in Wilmington with Belle & Johnny, their St. Bernard & special-needs cat. Dan is a Sergeant in the US Marine Corps, and is an Asst. Team Leader on a Force Recon Team, stationed at Camp Lejeune.

go out of business, and their assets will be acquired by the stronger players. Across-the-board production cuts by miners and oil producers will bring about an eventual bottom in prices. The US dollar's rise, which has hampered the price of oil & other commodities will not go on indefinitely. Rate hikes by the Federal Reserve (when they happen) will scare some investors, but the reason behind the hikes is a solid domestic economy here in the US of A.

The ebb and flow of markets will continue. Reactionary behavior on the part of some investors will yield plenty of opportunities for those with a level head, that aren't blindly aggressive or overly conservative.

At Tilia, we are continuing to do what we do. We're looking at broad trends and buying/holding the stocks of companies that are well-managed and positioned to capitalize on them. We continue to invest in corporate bonds ranging from 1 - 12 years before maturity that pay competitive interest rates. Depending on each investor's individual situation, we're making measured adjustments to what they own. For many of our investors that has meant trimming back the percentage of stocks they own in their portfolios.

Lowering stock ownership in accounts is simply a risk-management move, and isn't a function of our investment team becoming more negative on the market and economy. We're long-term optimists, and as the great Howard Marks says, we aren't extrapolating today's abundant negativity into the future. To do so would likely come at the expense of

Protecting a Legacy

An Interview with Matthew W. Thompson, Attorney at Law

A vital piece of every family's investment plan is having a cohesive estate plan in place. In order to shed a little light on some of the basics, we interviewed Matt Thompson, a local estate planning expert & attorney with Ward & Smith, P.A.

Q) What are the essential elements of all estate plans, regardless of net worth?

A) Documents that prepare for events in one's own lifetime, as well as end-of-life. Healthcare directives are extremely important. It is never a good situation if the courts are making decisions on the elements of your care or how any part of your life is lived. Healthcare directives take that risk off the table. When it comes to your will, it's important to really consider how you want the receiving individuals and entities to benefit, and plan accordingly. It's also important to make sure that beneficiary designations on all accounts work together and are kept up-to-date.

Q) How often should people revisit their estate plan?

A) I typically tell people to revisit their plan every five to seven years, but that is kind of an arbitrary answer. It's life & event driven. It's important to re-assess your family's circumstances on a regular basis and the maturity of all the people involved in the estate plan. Changes in those, and of course any major variations in personal wealth are reasons to take another look at your plan.

Q) Many individuals have most of their net worth tied up in closely-held businesses. For those owners that want the business to outlive them, what are some of the planning suggestions you make?

A) I strongly encourage people in this situation to plan many years ahead. Regardless of whether the business is being taken over by family members or an heir-apparent within the company, the further you plan ahead and train the successor, the better. The plan for ownership transfer needs to be clear, including the funding mechanism. For family businesses, this could mean a life insurance trust to cover potential estate taxes triggered by the business value, & for non-family transitions you need a buy-sell agreement in place with funded life insurance to cover any lump-sum portion of the transaction.

Q) This is a tough subject, but for an estate planning client that has just lost their spouse, what advice do you have for them in the aftermath?

future wealth accumulation for our client base & the next generation.

Investor caution today actually gives us much comfort. All long-lasting and truly destructive periods in financial markets have come on the heels of prolonged euphoria, greed & most importantly, gross amounts of speculative debt. That day will come again, but it certainly isn't here now.

Continue to save & invest. Take measures to protect your privacy and keep your financial information secure. Make sure you have an estate plan in place & take care of your health so that you can enjoy the fruits of your labor and play a part in the lives of future generations to come.

A) In the immediate aftermath, the best advice I can give is to not rush anything. Related to the estate plan, nothing is an emergency, and you will do no harm to anyone by taking a step back from decisions for a few weeks and allowing yourself and your family some time to be together and mourn. People often make mistakes when they rush to get things done early on... nothing bad comes from waiting.

Q) On the legislative front, what changes are potentially in the works that might affect our clients?

A) One good change that is being talked about is new "529" style plans for people that are disabled, or children of disabled people. These plans would allow for a benefactor to contribute money into an account for the person's care, that wouldn't disqualify them from gaining access to medicaid. That's a big deal and could positively impact a lot of people.



Matt Thompson is an attorney with Ward & Smith, P.A., and focuses on estate planning as well as estate & trust administration issues. Additionally, Matt works with owners of closely-held business on a variety of issues including succession & tax planning. Matt is also the

current board chair of the Good Shepherd Center, which helps shelter & feed the local homeless population. Matt is truly an expert in the estate planning field, and we recommend him to anyone that needs to start planning their legacy or update an old estate plan. He can be reached at (910) 794-4837 or at mwt@wardandsmith.com. For more information on the Good Shepherd Center, please visit goodshepherdwilmington.org.

Many thanks to Mr. Thompson for his time!