



FINANCIAL
ADVISORS, INC.

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Points of Interest:

- Join us Oct. 17th, Walk To End Alzheimer's
- Problems that can derail retirement
- Volatile markets
- App to tour San Francisco
- Follow us on Twitter!

WALK WITH US TO END ALZHEIMER'S

HC Financial Advisors has formed a team to participate in the upcoming "Walk to End Alzheimer's" in Walnut Creek on Saturday, October 17th at 10 a.m. The walk begins and ends at Heather Farms Park and all the money raised will be used to help fund care, support and research efforts of the Alzheimer's Association. We have certainly seen the importance of having a strong support network when a family member is diagnosed with Alzheimer's and we fully support all the work the Alzheimer's Association does to help patients and families. We also look forward to the day when research, funded by organizations like the Alzheimer's Association, produces a cure for this disease.



If you would like to join our team and walk with us, please contact Karla McAvoy (kmcavoy@hcfinancial.com) to sign up. Registration begins at 8:30 a.m. and the walk has a 1 mile or 3 mile option. HC Financial will be making a donation to the Alzheimer's Association on behalf of the team. There is no cost to you to sign up or donate (although you are welcome to do so). You can find out more about the walk and the Alzheimer's Association at www.alz.org.

WHAT CAUSES A FAILED RETIREMENT?

Recently, Financial Advisor Magazine (June 1, 2015 issue) wrote an interesting article on how people "fail" in retirement. Although many might assume investment performance is the most common reason someone might lose their financial independence, this is rarely the cause. One advisor suggested that it is "the things you own or maintain responsibility for that are over 50lbs that constantly need to be fed." In that category he placed adult children and large animals (with horses being the worst). In general, however, these are the areas that cause the most problems in retirement:

Divorce— Unfortunately, divorce is clearly on the rise for couples in their 50s and older. Between 1990-2010, divorce among couples over 50 has doubled. When the assets are split 50/50 for a divorced couple and expenses increase, it is very difficult to maintain the same lifestyle the couple had prior to a divorce. This is especially true for retired couples, who have little chance to make up the assets after the divorce.

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WEATHERING MARKET DECLINES

This summer has produced one of the most volatile stock markets in the past 3 years. Although market declines are a natural part of a market cycle, they can be upsetting and unsettling, causing investors to flee at exactly the wrong time. Warren Buffet, one of the most successful investors in history, has said, “The market is the most efficient mechanism anywhere in the world for transferring wealth from impatient people to patient people.” He reminds us that keeping these events in perspective is very important.

To help manage emotions during these times, it’s important to remember that we invest for the long term and base our investments on the following items:

- Your goals and cash flow needs
- Your tolerance for risk
- Your investment time horizon

We design portfolios knowing there will be both good and turbulent stock markets. We believe trying to time the market is a fool’s errand and prefer to ride out times of volatility through diversified investment selection and value-oriented security pricing. History continues to show that staying the course leads to superior performance in the long run.

We are always happy to discuss your investments and to reevaluate your goals and risk tolerance at any time. Please do not hesitate to contact us if you have any questions or concerns.

WALKING SAN FRANCISCO

Although this is not a typical financial planning topic, we thought it would be fun to share a favorite activity of ours – walking tours of San Francisco. Many of us at HC Financial have enjoyed a variety of walking tours of San Francisco. As fall approaches, this is a perfect time to walk the city. It’s not only great exercise, but you will be amazed at how much there is to learn about “The City by the Bay.”



We have a couple of clients who are tour guides for San Francisco City Guides. With the San Francisco Public Library as their primary sponsor, San Francisco City Guides’ mission is to “preserve and perpetuate the history and folklore of San Francisco and to celebrate its rich history of cultural diversity.” San Francisco City Guides has walking tours all over the city, covering behind the scenes areas including the Financial District, Nob Hill, Russian Hill Stairways, City Scapes and Public Places, and many more. The walks are free, although donations are accepted. If you have a large group of 8 or more, you can book a private tour. If you are going by yourself or with just a few others, you can just join a public tour. They also offer educational field trips for schools (grades 4-12). If you would like to learn more about San Francisco City Guides and see the tours they offer, go to their website, www.sfcityguides.org.

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WHAT CAUSES A FAILED RETIREMENT (CONTINUED)

Second Homes – Buying a second home may seem reasonable when a person or couple is working and earning a high wage. However, when income drops in retirement, the cash flow needed to maintain two homes can be a bigger burden, causing these cash flow problems to be magnified. If a downturn in the real estate market occurs, second homes in vacation areas become especially vulnerable to loss of value and can be difficult to sell when cash is needed most.

Adult Children – Unfortunately, adult children who never grow up or become financially independent are a common cause for an individual or couple to quickly consume their assets in retirement. While helping an adult child through college or through a rough patch is certainly admirable, the problem starts when handouts become an annuity. While family dynamics factor into this type of failure, adult children may sometimes prey on an older parent. It's as if the children "don't think Mom or Dad needs all that money" and so will begin asking for increasing handouts. A more sensible answer is to teach children about money and the best ways to manage their own finances early. It's also increasingly important to learn to say "No" to adult children.

Starting a business – All of us have heard and seen the retiree who begins to grow bored in retirement. After the initial excitement, he/she finds himself/herself wanting to do something more than play golf. Since re-entering the job market may not be possible, some will attempt to rekindle their passions by starting a new business. If the business is capital intensive and the individual does not have the business acumen to buy and run a business, this investment can lead to failure, jeopardizing future retirement plans. A better strategy is to find consulting or service work that doesn't require a large capital outlay using retirement funds. Before retiring, it is important to think about what retirement looks like and how you will find meaning. There's a great book by Mitch Anthony, entitled, [The New Retirementality: Planning Your Life and Living Your Dreams at Any Age You Want](#), that addresses ways to find new meaning in this retirement phase of life. It is "filled with engaging anecdotes and inspirational suggestions, [and is a] book that will motivate readers to rethink the way they retire."



Overspending – Unfortunately, a pattern of overspending that begins before retirement will often carry through into retirement. Overspending is one of the most difficult habits to break. The very wealthy are particularly vulnerable. They feel "rich" and entitled to spend lavishly and can eventually outspend their assets. Even overdoing gifting or philanthropy can be troublesome. While they may enjoy the benevolent feelings gifting to a favorite charity provides, it is important to gift within their means and according to a gifting plan.

Fraud – We have written numerous articles about fraud; the surge in fraud, and particularly senior fraud, is becoming an epidemic. Seniors need to be alert to offers of sweepstakes and unsuitable, illiquid investments offering a quick path to riches. Seniors should also be skeptical of random calls from a person pretending to be a family member needing immediate financial help. If anyone ever asks to wire money to them, please be particularly concerned they are trying to steal from you. Another recent story of fraud involves a senior receiving a call from the IRS accusing him/her they haven't paid their taxes and they need to contact them immediately or face stiff penalties and fines. The IRS never initially calls a taxpayer; by law, they are required to notify a taxpayer in writing of any tax delinquencies or discrepancies. So please be aware of this ruse and simply hang up the phone.

We continue to counsel our clients and prepare them for sustainable spending in retirement. We welcome any questions or concerns you may have. Please do not hesitate to contact us.



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*Helping You
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ABOUT HC FINANCIAL ADVISORS, INC.

HC Financial Advisors, Inc. is a fee-only investment advisory firm offering full financial management services to individuals and their families. We offer ongoing investment management and financial planning services for an annual fee based on assets managed.

Our current minimum annual fee for investment management clients is \$10,000 (\$1,000,000 under management). This fee includes the management of all assets as well as financial planning services.

We welcome your referrals to our firm. There is no charge for a preliminary, one hour informational meeting to find out more about our services, investment philosophy, and backgrounds. You can also find us at our website www.hcfinancial.com.

WALKING SAN FRANCISCO (CONTINUED)



If you cannot join a public tour or want to venture off on your own, Lafayette resident, Gloria Lenhart, has recently released the smartphone app, "City Explorer San Francisco," that lets you take a tour at your own pace. Lenhart is an author and history buff and was able to turn her storytelling passion into an app that anyone can use. Currently, three of the tours on the app are free and three are \$1.99 to download. Gloria is, however, donating \$1 from each downloaded tour to *826 Valencia*, a nonprofit in San Francisco dedicated to helping students close academic gaps.

The free tours on the app are Victorians of Lafayette Park, Chinatown and North Beach-Washington Square. The paid tours are Sunken Ships/Hidden Treasure, Art Walk: Urban Gardens SOMA, and Art Walk: Mission Murals. Lenhart plans to release more tours soon. If you would like to find out about these walks, you can go to her website: www.cityexplorersf.com or search for the tours at the Apple app store or at Google Play.



HC Financial Advisors recently began tweeting.
You can follow us at @HCFinancialTeam
<https://twitter.com/HCFinancialTeam>