



FINANCIAL  
ADVISORS, INC.

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WHO PAYS FOR COLLEGE? ARE THEY GETTING THEIR MONEY’S WORTH?

According to the Student Loan Marketing Association (more commonly known as Sallie Mae Bank), the average tuition, room and board at a private college comes to \$43,921. Public tuition for in-state students at state colleges amounts to \$19,548, with out-of-state students paying an average of \$34,031.



How are parents and students finding the cash to afford this expense?

Sallie Mae breaks it down as follows: 34% from scholarships and grants that don’t have to be paid back, coming from the college itself or the state

or federal government, often based on need and academic performance.

Parents typically pay 29% of the total bill (an average of \$7,000) out of savings or income, and other family members (think: grandparents) are paying another 5%.

The students themselves are paying for 12% of the cost, on average.

The rest, roughly 20% of the total, is made up of loans.

The federal government’s low-interest loan program offers up to \$5,500 a year for freshmen, \$6,500 during the sophomore year, and \$7,500 for the junior and senior years. If that doesn’t cover

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HC FINANCIAL ADVISORS TURNS 30!

HC Financial Advisors officially incorporated in July 1986 and is celebrating its 30th anniversary. While we have changed and evolved over these 30 years, HC Financial Advisors has always been committed to being an advocate for and partner with our clients. From the beginning, we have embraced the fee-only model of planning and investment management and stayed committed to acting as a fiduciary to our clients, and continue to work closely with our clients to customize a financial plan that helps meet their goals. The values that were in place 30 years ago remain today.

We could not have celebrated our 30<sup>th</sup> anniversary without the wonderful employees that have joined us on this journey, including our founders: Jim Hotchkiss and Peggy Cabaniss. Most importantly, we certainly could not have made it this far without the full support of our terrific clients. We cherish our clients and know that the faith they place in us is the key to our past and future success. Thank you so much for supporting us for these first 30 years. We are looking forward to serving you for many more!



# HISTORICAL LOOK AT THE STOCK MARKET AND ELECTIONS

Many clients have asked over the past six months, “What will happen to the stock market if (insert your favorite presidential candidate) wins?”. The best answer is that we don’t know. If history is any clue, however, elections typically have little effect on the stock market.

*MarketWatch* recently published an article with election year data going back to 1960. The data shows that, excluding 2008, the average S&P 500 return during election years was 9.1% versus 8.8% for all years.

Looking back a bit further to 1948, the data shows similar trends. According to S&P Capital IQ, the S&P has gained during 76% of election years versus 71% during all years since 1948. Not surprisingly, researchers found that recessions have been responsible for underperformance during election years while strong performance has come in election years when the previous year had above average economic growth. So it appears that stock market returns are much more influenced by the economic environment in an election year than they are by the candidates.

Figure 212: Ex 2008, S&P performance in presidential election years is in line with other years

Year	President	Senate	House	S&P 500 Performance			
				Feb - Aug	Sep - Oct	Nov - Jan	Whole Year
1960	Democrat	Democrat	Democrat	2.4%	-6.3%	15.7%	-3.0%
1964	Democrat	Democrat	Democrat	6.2%	3.7%	3.2%	13.0%
1968	Republican	Democrat	Democrat	7.2%	4.6%	-0.4%	7.7%
1972	Republican	Democrat	Democrat	6.9%	0.4%	4.0%	15.6%
1976	Democrat	Democrat	Democrat	2.0%	0.0%	-0.8%	19.1%
1980	Republican	Republican	Democrat	7.2%	4.2%	1.6%	25.8%
1984	Republican	Republican	Democrat	2.0%	-0.4%	8.2%	1.4%
1988	Republican	Democrat	Democrat	1.7%	6.7%	6.6%	12.4%
1992	Democrat	Democrat	Democrat	1.3%	1.1%	4.8%	4.5%
1994 ( <i>mid-term</i> )	<i>Democrat</i>	<i>Republican</i>	<i>Republican</i>	<i>-1.3%</i>	<i>-0.7%</i>	<i>-0.4%</i>	<i>-1.5%</i>
1996	Democrat	Republican	Republican	2.5%	8.2%	11.5%	20.3%
2000	Republican	Democrat	Republican	8.8%	-5.8%	-4.4%	-10.1%
2004	Republican	Republican	Republican	-2.4%	2.4%	4.5%	9.0%
2008	Democrat	Democrat	Democrat	-6.9%	-24.5%	-14.7%	-38.5%
2012	Democrat	Democrat	Republican	7.2%	0.4%	6.1%	13.4%
Election years ex 2008 (avg)				3.7%	1.3%	4.3%	9.1%
All years ex 2008 (avg)				3.3%	0.8%	4.6%	8.8%

Election years in recessions are shaded

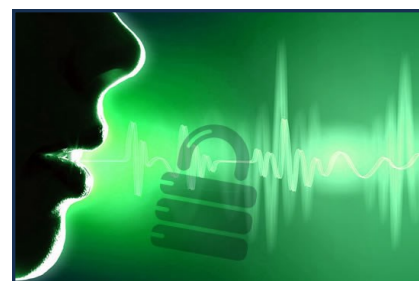
Election years with power shift from Democrat to Republican are boxed

1994 midterm election with congress power shift from Democrat to Republican is marked in Italic

Source: S&P/Haver Analytics, Deutsche Bank

## NEW SECURITY ENHANCEMENTS AT SCHWAB

Schwab has recently implemented the option of using voice recognition as a means of identification when you call Schwab Alliance. Previously, when you have called Schwab Alliance, you have been required to provide a PIN or answer personal questions in order to be properly identified. Now, when you call Schwab Alliance you can ask that your voice be your password.



### How does this work?

Schwab has developed voice recognition technology known as Voice ID. When you ask to use Voice ID, Schwab will store a digital representation of your voice using a proprietary algorithm. After that, each time you call, the algorithm will be used to determine if your voice matches.

Like a fingerprint, a person's voice (or voiceprint) is unique. Each person's voice has hundreds of characteristics that can uniquely identify it. Schwab has verified that the Voice ID will work whether you have a cold or are in a location with background noise.

The service uses noise cancelling technology to help authenticate your voice. After extensive testing, Schwab has found the technology to be very reliable. However, if you ever do have problems authenticating your access with Voice ID, you can still answer the typical security questions to complete your call.

If you are interested in adding Voice ID to your accounts, please call Schwab Alliance at (800)515-2157, and let them know you'd like to use voice recognition to verify access to your accounts.

While you are on the phone with Schwab Alliance, it may also be a good idea to ask about getting a security key fob to help secure your online access. We have mentioned this security fob before, but in case you missed it, this security fob provides an extra layer of security when you log on to Schwab to access your accounts online.

In addition to submitting your password, the security fob will randomly generate a unique and different 6-digit number each time you log in. You will add the number after entering your password and the combination will allow you access to your Schwab investment account information. We cannot emphasize enough how important it is to keep your online access safe and secure and this additional security tool provides an extra level of security to your accounts. If you'd like to receive this security key fob, please contact Schwab Alliance at (800) 515-2157.



## CONGRATULATIONS GABRIEL!

We have always placed a great emphasis on the training and education of our employees and would like to congratulate Gabriel Walters for recently being awarded the Chartered Retirement Planning Counselor designation through the College of Financial Planning. To earn this designation, Gabe had to complete a series of courses and take a multi-hour exam. His knowledge will help him grow in his role as a Client Service Representative. Gabe currently assists our planners, Karla, Andy and Katie, as they prepare for meetings, processes the majority of our clients' IRA distributions throughout the year, and is taking on more responsibility in assisting clients with forms and money transfers they may need at Schwab.





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*Helping You  
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to receive our  
newsletter, please  
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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.hcfincial.com](http://www.hcfincial.com).

## WHO PAYS FOR COLLEGE? (CONTINUED)

the remaining cost, then students and parents will borrow from private lenders. The average breakdown is students borrowing 13% of their total tuition costs and parents borrowing the other 7%.

Is the cost worth it? The Federal Reserve Bank of New York recently published a report on the labor market for college graduates. The conclusion, in graphical format, is that younger workers have experienced much higher unemployment rates than their college graduate peers—the figures currently are 9.5% unemployment for all young workers, vs. just 4.2% for recent college graduates. Overall, the unemployment rate for people who have graduated with a 4-year degree is 2.6%, and even during the height of the Great Recession, it never went over 5%.

And income is higher as well. The average worker with a bachelor's degree earns \$43,000, vs. \$25,000 for people with a high school diploma only. The highest average incomes are reported for people with pharmacy degrees (\$110,000 mid-career average), computer engineering (\$100,000), electrical engineering (\$95,000), chemical engineering (\$94,000), mechanical engineering (\$91,000) and aerospace engineering (\$90,000).

Lowest average mid-career incomes: social services (\$40,000), early childhood education (\$40,000), elementary education (\$42,000), special education (\$43,000) and general education (\$44,000).

Among the lowest unemployment rates: miscellaneous education (1.0%), agriculture (1.8%), construction services (1.8%) and nursing (2.0%).

Yes, there are some themes here, and of course people in every career can fall above or below these averages. Nor does everybody who graduates with a particular degree end up in a career that tracks that degree. The point is that despite the cost, a college degree does seem to provide significantly better odds of getting a job, and getting paid more for the job you do get.

Sources: *A Bob Veres article*, [money.cnn.com](http://money.cnn.com), [www.newyorkfed.org](http://www.newyorkfed.org)