PLANCORP®
Your Financial Life Advocate.

Quarterly Newsletter
Financial IQ - July 2017

540 Maryville Centre Drive, Suite 105 • St. Louis, Missouri 63141 • plancorp.com
Phone: 636.532.7824 • Toll Free: 1.888.220.1163 • Email: info@plancorp.com

In this Newsletter

A Note from the President

By now, you've likely seen media coverage regarding Plancorp's recent strategic partnership with Silicon Valley-based Prumentum Group, as well as read our communications around the partnership.

As I've noted in these communications, the Prumentum partnership reflects our long-term belief that our clients deserve a best-in-class digital experience.

Whether they're on their laptops or phones, we want clients to be able so see their entire financial life on one screen, while having access to their advisor and additional tools in real time. I believe this new digital offering will be a great value add to our clients, and I look forward to delivering it to them.

The strength of both Prumentum and Plancorp truly resides in the excellence of our people. Our strategic partnership allows Plancorp to continue to focus on what we're best at— financial planning and investment solutions—while allowing Prumentum's team to tackle the technology side.

Combining the best of both our teams for the benefit of our clients has been a truly exciting process, and we look forward to keeping you updated as the platform progresses.

Sincerely,

Chris Kerckhoff, AIF®, CFP®
President

Q2 Market Update: Plan, Don't Predict

Peter Lazaroff, CFA®, CFP®, Co-Chief Investment Officer

In 2017, global stocks recorded one the best first-half rallies in the past two decades. International stocks[1] beat U.S. stocks[2] in the first six months of 2017 with gains of 14.10% and 8.93%, respectively. Meanwhile, bonds[3] managed modest gains of 2.27% while reducing overall volatility in portfolios.

Despite this great start to the year, we still hear some people voicing concerns. They usually sound a little something like this:

"I'm worried about __________ and think the market is going to crash. I want to reduce my exposure to stocks or make portfolio changes to prepare."

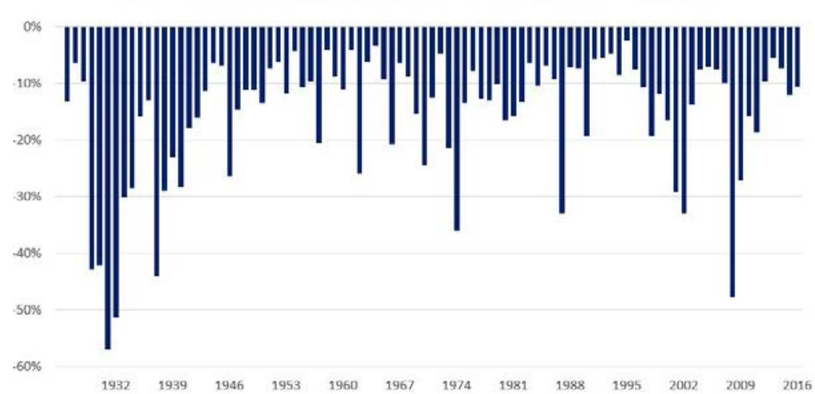
That blank space is different for everyone. Whether it's valuations, new market highs, politics, national debt, the dollar, entitlement system, war, China, Eurozone, and so on, many investors feel increasingly anxious as the market continues to make new highs.

Losses Are Normal

We never know when or why the next correction or bear market will happen. What we do know is that market downturns happen on a regular basis. Rather than trying to predict the timing or cause of the next downturn, plan based on historical levels of volatility instead of trying to make impossible predictions about what the market will do next.

The chart below details the worst drawdowns for the S&P 500[4] every year dating back to 1926. Double digit losses occur in 65% of calendar years and nearly a quarter of the time losses are greater than 20%.

S&P 500 Worst Drawdowns: 1926 - 2016



This shows us that investors must be willing to lose money on occasion to earn the average long-term return that attracts most people to stocks in the first place. The good news is that you can reduce your chances of losing by staying invested over a long period of time.

Markets are highly uncertain in the short-term. But in the long-term, the range of outcomes narrow. You can see this by comparing one, three, and ten-year real returns (blue lines) to the average ten-year real return (red lines) on the total U.S. stock market[5]. Stock returns greatly deviate from the average return over one-year periods, but returns tend to smooth out over time. The long-term feels like an eternity to live through in the moment, but those that maintain discipline will be rewarded over time.

Volatility Is Not the Enemy

There is always something to worry about in the market, but it's impossible to predict when and why the next downturn will occur. However, we can reasonably expect downturns to continue occurring with a similar degree of frequency and magnitude in the future. That means we can plan for them.

At Plancorp, we do this using a Monte Carlo analysis that runs the various details of your financial life through a thousand different scenarios, each time drawing on a different sequence of returns that incorporates the historical levels of volatility and frequency of downturns.

In addition, our Safety Net Analysis projects how long you can live off your cash and portfolio income before needing to touch your equities during a downturn. The average bear market lasts less than two years, but our goal is for our clients to have several additional years of protection.

Source: Bloomberg (all graphs)

If you are nervous about the market, you are better off reviewing the underlying assumptions in your financial plan than making changes to your portfolio. A thoughtfully-crafted financial plan accounts for periods of poor performance and eliminates futile market predictions.

By emphasizing planning over predicting, you can focus on more important things such as savings and withdrawal rates, asset allocation, taxes, and investment costs.

Congrats, Dr. Bob!

Please join us in congratulating Dr. Bob Tucker on receiving the 2017 Spirit of Maryville "Dean's Award."

The award honors Dr. Bob for the value he brings to the business world from his two successful careers—one as an orthopedic hand surgeon, the other as a vice president and wealth manager at Plancorp.

To view his recognition video, visit plancorp.com/deans-award. Congratulations, Dr. Bob!

Have You Met Amy?

In anticipation of our projected growth, Plancorp welcomed Amy Jones in March as our Chief Talent Officer. Amy will continue to work closely with Wes Garton, our Chief Operating Officer, as we grow and take on new opportunities and challenges as an organization.

Amy considers Human Resources "the business of people." Throughout her career, she's had the opportunity to solve complex business challenges in a variety of settings, from public to privately held companies, and from start-up stage to global organizations. At Plancorp, she will focus on training and development, recruiting, hiring and benefits for our employees.

A St. Louis native, Amy graduated magna cum laude from Missouri State University with a Bachelor's in Communication and minors in International Management and Spanish. Her 16+ years in HR have been concentrated in the professional services space.

Although Amy's work is often of a serious nature, she doesn't take herself too seriously. She says her years in the HR field have made her a believer that sometimes the most difficult thing is the right thing— and that sequins are ok for daytime. When she's not wearing her HR shoes, she enjoys spending time with her husband, son and daughter. Please join us in welcoming Amy to the team.

Plancorp Celebrates 10 Years of CEFEX Certification

As one of the first firms in the nation—and the first in our state—to become certified by the Centre for Fiduciary Excellence (CEFEX), we were honored to receive a 10-year recognition of our certification at Fi360's annual conference in Nashville in May.

As Jeff Buckner, our Founder and Chairman, put it: "We were acting as fiduciaries before we knew what it legally meant." Jeff founded the firm based on values he learned from his father and grandfather, and that adherence to integrity and morals has driven the development of Plancorp's culture as it stands today.

We believe in putting our clients' needs first and keeping their best interests at heart—and we do our best to make sure our actions speak just as loudly as our words.

(L-R) Joe Patane, Kyle Attarian, Jeff Buckner, Susan Conrad and Carlos Panksep (CEFEX) accept Plancorp's 10-year recognition.

Retirement Plans: What New Grads Should Know

Becky Bone, Retirement Plan Advisors Relationship Manager

Most of us know a recent college graduate—and the uncertainty that comes with facing the "real world." Between landing a new job, adjusting to an 8:00-to-5:00 schedule and navigating office culture, graduates are dealing with a lot of change all at once.

I regularly work with employees enrolled in the retirement plans we advise, so I see firsthand the questions new employees have. Based on their feedback, these are the top takeaways I'd encourage you to share with your recent grad.

1. Understand your options.

It's important for new employees to ask:

- When am I eligible to enroll to start saving?
- Are there employer contributions?
- If so, how much is the employer contribution, and is it a match? When is the employer contribution deposited?

(Need help interpreting "retirement plan speak"? Reference the glossary on the next page.)

There are typically eligibility requirements and enrollment periods for retirement plans. For example, you may become eligible after six months of employment and be able to enroll in the plan monthly, quarterly or semi-annually. When you enroll, your contribution will be deducted from your paycheck and deposited to your account.

Some employers also make contributions to their employees' accounts. Some deposit a certain amount with each payroll, while others submit their contributions quarterly or annually.

2. Never leave money on the table.

Be sure you are deferring enough from your paycheck to get the full employer match if one is offered.

For example, if your employer matches dollar-for-dollar up to 3% of compensation plus 50 cents on the dollar for the next 2% of compensation deferred, be sure you are deferring at least 5% from your paycheck to get the full 4% employer match.

Other plans have a Safe Harbor Non-Elective Plan design which requires your employer to contribute 3% of compensation into your account, regardless of what you contribute.

"Be sure you fully understand the employer contributions you are eligible to receive and take full advantage of the 'money on the table.'"

3. Save now with retirement in mind.

The goal is to save enough during your working years to replace your income when you retire. With increased longevity, this often means working for 40 years to replace income for as much as 30+ years!

It's hard to know exactly how much to save to cover this period of time. Most studies say 10-15% savings per year is a good start, but the portion of your income you need to replace depends on your vision for retirement. If you plan to travel the world, you'll need to replace about 90% of your income. However, if you plan to spend your days gardening and taking your grandchildren to the park, you may only need to replace 70-80%.

Each plan is unique, so make sure you understand your options and how they translate to success. Don't be afraid to ask questions, whether to your new employer or our Plancorp team. We're here to help!

Latest Awards

Plancorp is pleased to announce that we were recently named to both Financial Times' annual "FT 300" and Financial Advisor Magazine's "2017 RIA Ranking" lists[6]. For more information on these awards, please visit plancorp.com/awards-recognitions.

Retirement Plan Glossary

- **Asset Allocation:** The breakdown between equities, bonds etc. in your account.
- **Financial Independence:** Saving enough to allow you to live comfortably through retirement.
- **Income Replacement:** How much money you need in retirement to replace your income.
- **Plan Participant:** An employee who contributes and/or is eligible to receive benefits from an employer sponsored retirement plan.
- **Plan Sponsor:** The employer that sponsors a retirement plan for employees.
- **Rebalance:** Bringing the asset allocation back to the original percentages.
- **Safe Harbor Match:** A match formula decided upon annually by the sponsoring employer.
- **Safe Harbor Non-Elective Contribution:** 3% of compensation contributed to participant accounts regardless of the amount they defer into the plan.

Fresh Faces

It's our pleasure to welcome new members to the Plancorp team as our firm grows. Meet our newest hires.

Jacob Malina, Planning Associate

Originally from the Chicago area, Jacob joined Plancorp in 2017 after graduating from Indiana University with a Bachelor's in Finance and minor in Political Science. Jacob's passion for helping clients find the best financial solutions for their personal situations makes him a natural fit for Plancorp. In his free time, Jacob enjoys, golf, snowboarding, photography and travel.

Ben Tesson, Planning Associate

Ben joined the Plancorp team in 2017 after graduating from the University of Missouri with his Bachelor's in Statistics with a focus in Finance. During his time at the university, he volunteered for a number of organizations—including AmeriCorps and youth tutoring programs—and also played on the football team. He still enjoys working out and helping others achieve their fitness goals.

FOOTNOTES & DISCLOSURES

1 MSCI All Country World ex-U.S. Index® captures large, mid and small cap representation across 22 of 23 Developed Markets countries (excluding the United States) and 23 Emerging Markets countries. With 6,161 constituents, the index covers approximately 99% of the global equity opportunity set outside the U.S.

2 Russell 3000 Index® measures the performance of 3,000 publicly held U.S. companies based on total market capitalization, which represents approximately 98% of the investable U.S. market.

3 The Barclays U.S. Aggregate Bond Index® covers the USD denominated, investment-grade, fixed-rate, and taxable areas of the bond market. This is the broadest measure of the taxable U.S. bond market, including most Treasury, agency, corporate, mortgage-backed, asset-backed, and international dollar-denominated issues, all with maturities of 1 year or more.

4 The S&P 500® Index is an unmanaged index comprised of the stock prices of the 500 stocks with the largest market capitalizations traded in the United States.

5 CRSP U.S. Total Market Index includes nearly 4,000 constituents across mega, large, small and micro capitalizations, representing nearly 100% of the U.S. investable equity market.

6 The formula the FT uses to grade advisors includes AUM, asset growth, the company's age, industry certifications of key employees, SEC compliance record, and online accessibility (details and the full list can be found at https://www.ft.com/content/37bd6974-31b9-11e6-ad39-3fee5ffe5b5b).

The formula Financial Advisor Magazine uses to rank advisors includes AUM, asset growth, assets/client, percent growth/client and percent change in number of clients. Details and the full list can be found at http://www.fa-mag.com/news/ria-survey---ranking-2017-33401.html?section=133).

Awards are not indicative of future performance. Awards should not be interpreted as a guarantee or suggestion that a client or prospective client will experience a certain level of results if our firm is engaged, or continues to be engaged, to provide investment advisory services, or as an endorsement of our firm by any past or present client. None of the sponsoring publications or organizations are affiliated with our firm, none of the Awards are based on client evaluations of our firm, and we have not made any payments for or in anticipation of any award. We encourage you to contact the sponsoring publications or organizations if you would like additional information regarding their processes or methodologies.

PAST PERFORMANCE IS NO GUARANTEE OF FUTURE RESULTS.
Investing involves risk. It should not be assumed that recommendations made in the future will be profitable or will equal the performance shown. Investment returns and principal value of an investment will fluctuate and losses may occur. Diversification does not ensure a profit or guarantee against a loss.