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FINANCIAL UPDATE

Here are selected rate of return numbers for the last two years and year to date as of 3/31/2018*

	2016 Return	2017 Return	2018 YTD Return
Dow Jones Industrials	+16.50%	+28.11%	-1.96%
S&P 500 Index	+11.96%	+21.83%	-0.76%
NASDAQ Composite	+8.87%	+29.64%	+2.59%
MSCI World (ex. U.S.) in U.S. dollars	+2.75%	+24.21%	-2.04%
Russell 2000	+21.31%	+14.65%	-0.08%
Russell 1000 Value Index	+17.34%	+13.66%	-2.83%
Russell 1000 Growth Index	+7.08%	+30.21%	+1.42%
Russell 3000 TR USD	+12.74%	+21.13%	-0.64%

Major Bond Indexes

Barcap Intermediate Treasury	+1.06%	+1.14%	-0.75%
Barcap Aggregate	+2.65%	+3.54%	-1.46%

Mutual Funds (Morningstar Categories)

Large-Cap Growth	+1.79%	+31.15%	+4.98%
Large-Cap Value	+18.91%	+15.09%	-3.13%
Small-Cap Growth	+9.61%	+23.77%	+3.41%
Small-Cap Value	+27.96%	+8.40%	-5.18%

(Source: Morningstar) *Inclusion of these indexes is for illustrative purposes only. Keep in mind that individuals cannot invest directly in any index, and index performance does not include transaction costs or other fees, which will affect actual investment performance. Individual investor's results may vary. Past performance does not guarantee future results.



7 LESSONS TO TEACH YOUR KIDS FOR FINANCIAL LITERACY MONTH

April is Financial Literacy Month and the perfect time to start teaching your kids how to manage money.

According to the Council for Economic Education, only a third of U.S. states require high school students to take a personal finance class in order to graduate. And one in five 15-year-olds in the U.S. lacked basic financial literacy in 2017, according to the Program for International Student Assessment, a global exam that measures knowledge in areas such as math, science and reading.

"You just don't luck into things as much as you'd like to think you do. You build step by step, whether it's friendships or opportunities."

- BARBARA BUSH



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With state-mandated personal finance programs few and far between, the task of teaching financial literacy falls largely to parents. And moms and dads shouldn't expect it to be a quick process either.



"There is not one conversation. There are many, many conversations," says Adrienne Penta, executive director of the Center for Women & Wealth within the national financial services firm Brown Brothers Harriman. "We don't want to wait until they are 18 and ready to go off to college."

Parents may feel unqualified to teach their children about money, but experts say no degree in finance or special knowledge is necessary. Instead, financial literacy starts by teaching the following seven basic lessons.

1. The difference between wants and needs. Good financial decisions start by being able to distinguish between what is necessary to have and what is nice to have.

"Preschoolers don't understand sophisticated topics, but they can understand needs versus wants," Penta says.

Families spend their money first on needs like food, shelter and medicine. Meanwhile, nice-to-have purchases, such as toys and vacations, should be bought only after needs have been met.

Older children and teens can further refine their understanding of what constitutes a need. For instance, while everyone needs clothing, designer jeans fall into the want category. Likewise, a home is a necessity, but a personal bathroom or even one's own bedroom can be characterized as a want, rather than a need.

2. Every purchase has an opportunity cost. Children also need to know money is finite, even for wealthy families. That means money used to purchase one item won't be available to purchase other items.

"Make them aware of trade-offs as soon as possible," says Peter Nigro, professor and chair of the finance department at Bryant University in Smithfield, Rhode Island.

An easy way to teach this lesson is to involve children in making everyday choices. The grocery store is a natural place for these lessons. Kids can be asked to decide between two items, such as two variety of cookies, with the explanation that money for both is not in the budget.

3. The repercussions of making a money mistake. Parents may be inclined to shield their children from making poor money decisions. Rich Ramassini, a certified financial planner and senior vice president with financial firm PNC Investments in Pittsburgh, experienced that firsthand when his son squandered birthday gift money in a week's time.



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However, rather than prohibit impulse buying, Ramassini stepped aside so his son could experience the disappointment of a poor purchase. "That's a much better mistake than a \$1,000 mistake or a \$10,000 mistake," Ramassini says. It was a lesson learned when his son later asked for advice on how to better manage some money received at Christmas.

Other parents should likewise be willing to stand by while a child makes a poor decision with his or her money. Don't swoop in and replace the ill-spent money either, or the lesson will be lost.

Ramassini suggests parents be open about their personal money mistakes as well. "It's difficult, but it's powerful," Ramassini says. "It allows you to lead by example."



4. How to delay gratification. Penta says one of the foundational financial lessons every child should learn is how to wait to make a purchase. Practicing delayed gratification creates the self-discipline needed to save money for retirement, college and other expenses in adulthood.

Parents can help children develop the skill by not purchasing every item they request. Even more powerful may be avoiding impulse purchases yourself and explaining to children while shopping that you're not buying something you might like because you don't need it at the moment.

When it comes to spending their own money, children should be encouraged to think through purchases themselves. "Do you have to have it now or can you have it later?" Penta suggests parents ask their kids.

5. How credit works. Most of the lessons children need to learn to become financially literate relate to values and behavior, not the technical aspects of how money works. One exception is credit. "That's your permanent transcript," Nigro says.

Children need to understand that credit means borrowing from others and comes at a cost. However, they also need to be taught that credit can be a valuable tool. That's something Nigro says many young adults seem to misunderstand nowadays. "They're all afraid of credit," he says. "They all think credit cards are bad."

That may be because of the popularity of personal finance experts such as Dave Ramsey, who eschew almost all use of credit in favor of using cash. According to these experts, the use of credit can lead to overspending and quickly lead to significant interest expenses. However, credit in and of itself is not bad so long as it is used responsibly, and children need to be taught how to use credit to their advantage.

Teaching young kids about credit can be tricky since it's an abstract topic, but tweens and teens should be able to grasp the concepts and can use online debt calculators to see how interest adds up on a loan.



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6. Time helps money grow. Nigro says parents should also stress that money has a time value. In other words, thanks to compounding interest, money saved or invested over a long period of time has the potential to grow significantly.

When savings accounts earned higher interest rates, this lesson could be taught by having children track the growth of money in their bank account. Now, with interest rates hovering close to zero at many institutions, money might need to be invested to see any meaningful growth over a period of time. Though investing money comes with the risk of losses in a down market, companies like Stockpile offer a way to invest with as little as \$5.



7. How money works in the real world. Children often lack perspective when it comes to money. "Kids might think \$1,000 is all the money in the world," Ramassini says. Parents need to teach their children a more realistic vision of how much money is needed to run a household.

If you don't want to tell your kids specific numbers, it can be beneficial to speak in percentages. For instance, share that you choose to give 10 percent of your money to charity or that you spend 40 percent of your income on the family home. This information makes money, particularly large sums, seem less abstract and more tangible. If you're comfortable sharing specific numbers, ask your teen to help balance your checkbook to let them see exactly how the family budget works.

Teaching smart money management isn't about a single conversation had at the kitchen table. Instead, it's all the small comments you make and questions you answer throughout the days, weeks and years. Even if you don't think you're teaching, your kids are always watching and learning.

Source: U.S. News & World Report

Images: iStock

MARCEL'S MASTERMIND

*"Nothing else
matters right now
but the belly rub."*





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BY THE NUMBERS

BIG MONEY — Patrick Reed pocketed \$1.98 million for winning the 2018 Masters. Arnold Palmer won \$1.86 million during his 62-win PGA career (source: PGA).

HOME ON THE RANGE — There are 2.1 million American farms today, down from 5.4 million farms in 1950. The average American farm today feeds 165 people each year in the US and abroad (source: American Farm Bureau Federation).

TOP FIVE AND THE REST — The top 5% of US taxpayers (based upon adjusted gross income) paid more federal income tax (\$866 billion) during tax year 2015 (the latest year that tax information has been released) than the federal income tax paid (\$588 billion) by the bottom 95% of taxpayers. 141 million tax returns were filed for tax year 2015 (source: Internal Revenue Service).

EXPENSIVE — Healthcare spending makes up 18% of the \$20 trillion US economy, equal to \$11,000 per year for each of our nation's 327 million citizens (source: Centers for Medicare & Medicaid Services).

DEMOGRAPHIC SHIFT — By the year 2035, the projected number of Americans seniors aged 65 and up (78.0 million) will exceed the number of American children under the age of 18 (76.4 million), the first time in US history that will have occurred (source: Census Bureau).

STAFF NEWS

Kathleen will be attending the Barron's Top Independent Women Advisors Summit in Florida in May. This conference provides highly detailed and thought-provoking perspectives from other top advisors on managing investments and practices.



Kathleen will also be attending the board meeting for the Women's Leadership Alliance in Washington, D.C. Kathleen is one of the founding members and on the board of the recently formed WLA, which seeks to attract, develop and engage the most promising women leaders in order to grow and strengthen the financial advisory profession and better represent the diverse clients we serve.

David looks forward to going to the Morningstar Investor conference in June. This will be a great opportunity to meet with many of the top portfolio managers and investment strategists in the industry as well as various Nobel Prize winning speakers.

David also looks forward to moving into the house that he and his wife purchased in Lynnwood. They also recently traveled to Thailand for vacation.



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We are excited to welcome Nik Weiler as the newest member of our Miller Advisors Team! Nik joined us at the end of January. His role as Client Service Associate will have him working closely with Kathleen and Nicole updating financial plans, preparing for client meetings and assisting with client requests, as well as processing needed paperwork to service accounts.

Nik has worked in the financial industry for over 6 years most recently as a Client Service Coordinator at Brighton Jones. Nik's passion for working in the financial services industry has been influenced in large part by his desire to help people. To this end, Nik is a true millennial in that the changes in technology that are infiltrating this industry in leaps and bounds are just another tool in the arsenal for Nik. Miller Advisors began integrating MAP, our new online planning tool last year, and with Nik's familiarity and aptitude with technology we see the use of this tool as an enormous asset for both our clients and ourselves.

Nik is a Spokane native who moved to Kirkland with his wife and young son, John, in 2014. Nik and his wife welcomed another son, Archie, to the family in 2015. In addition to staying busy as a young dad, he also enjoys boating on Lake Washington and restoring old furniture, as well as an avid Seattle Seahawks fan. Please stop in and say hello when you are in the office next.

We would like to remind you that in the event you are unable to speak with someone at our office, you can contact Raymond James Client Services directly for assistance with your accounts at (800) 647-7378.

We would like to thank those of you have referred your associates, clients, family members and friends to us. Your referrals are personally and professionally the most satisfying way for our practice to grow.

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If you have any questions or feedback regarding the newsletter, please contact the office and let us know how we can improve our communication with you.

Please contact us at 425.822.8122 or by email.
Be sure to include more than one email address to ensure a prompt response.

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