

the BENCHMARK

Newsletter



04

BCS Wealth Gives Back: United Way Week of Caring at the Salvation Army

Together with our friends from Blackburn, Childers & Steagall and First Covenant Trust, we were happy to volunteer at the Salvation Army

in Johnson City, cleaning up the landscaping and parking lots. We enjoy giving back to our local communities in which we live, work and play!

06



The Intersection of Health and Wealth

Philip Bachman examines the correlation between money management and healthy lifestyle choices.



02

Paul Hoilman Earns MDRT Membership

MDRT membership is recognized internationally as a standard of excellence in the life insurance and financial services business.



Paul Hoilman Earns Million Dollar Round Table Membership

By Nick Clay

One of the three core areas of our wealth management business is risk management. We manage our clients' exposure to risk by providing in-house, independent insurance services. We would like to congratulate Paul Hoilman, Insurance and Employee Benefits Manager, on his recognition as a 2018 member of the Million Dollar Round Table (MDRT). MDRT membership is recognized internationally as a standard of excellence in the life insurance and financial services business.

MDRT members demonstrate exceptional professional knowledge, strict ethical conduct, and outstanding client service. Paul's MDRT membership is evidence of his passion for helping others learn why obtaining appropriate insurance coverage is a crucial piece of good financial stewardship.

MDRT motivates the best in the business to share innovative ideas, concepts, and techniques with each other. This helps members to better guide their clients to beneficial solutions and provide the greatest service.

I believe two critical things set us apart from other insurance providers. One is our independence; we are not tied to any one particular insurance company or product. We focus on what best fits a client's individual needs. The second item that sets us apart is our service. For example, we don't simply "sell" you an insurance policy and send you on your way. We have a service plan in place where we monitor and review your policy on a specific cycle, depending on the type of policy, to make sure it continues to be appropriate for you. Rest assured that if you are purchasing any type of

insurance from us that it has been well thought out, many times in conjunction with your CPA and/or attorney, and is a fit to your overall financial situation.

All of us at BCS Wealth Management congratulate Paul for his achievement! For a preliminary appointment to discuss life insurance, disability insurance, long-term care insurance, group health insurance for your business, or simply to have your current policy reviewed, please contact Paul at 423-283-9821 or phoilman@bcsworld.com.

Million Dollar Round Table applicants must meet various requirements, including production minimums, adherence to the MDRT Code of Ethics, and a professional association membership, in order to qualify. For more information, please visit mdrt.org.



BCSWM Spotlight: Lauren Olander

Lauren Olander is the Chief Compliance Officer and also works in operations. She started at BCS Wealth in April 2014 and became full time in October 2014.

Lauren graduated *magna cum laude* from the University of Georgia in 2007 with a Bachelor of Business

Administration in Finance and in 2009 with a Master of Science in Consumer Economics with a focus on Family Financial Planning.

Lauren and her husband, Jonathan, have a twenty month old daughter, Claire. They reside in Unicoi.



SEP IRAs

By Myra O'Dell

A simplified employee pension plan IRA (SEP IRA) is one of the easiest small business retirement plans to set up and maintain. For example, there are no annual IRS reports to file, non-discrimination testing is not required, and annual funding is very flexible. While a SEP IRA is a retirement plan for small businesses with any number of employees, they are often opened by self-employed individuals with no employees. A SEP IRA is available to sole proprietors, partnerships, corporations including sub-chapter S corporations, non-profits, and government agencies.

Unlike most employer-sponsored retirement plans, SEP IRAs can be established anytime up to the tax-filing deadline of the business (April 15th, plus extensions) in order to contribute for that tax year. This is also the deadline for annual contributions. One of the key benefits to SEP IRAs is that annual contributions are not required, and the employer can set aside a different percentage of income each year, allowing flexibility to fund the plan more or less as cash flow allows.

One of the features that is often cited as a negative to SEP IRAs is that they are only funded by employer contributions. Employees cannot fund their accounts through payroll deductions as is the case in many other types of retirement plans. Also, contribution percentages must be the same for each eligible employee, i.e. an employer cannot pay himself or herself a higher percentage than any employee. All employees who are eligible must be included. Exceptions may include

employees who have worked for the company for less than three of the past five years, those under 21 years old and those who have been paid less than \$600 in compensation.

For 2018, contributions can be made in an amount up to 25% of a participant's salary, capping out at \$55,000 as a maximum. Employers receive a tax deduction for contributions, and earnings grow tax-deferred until they are withdrawn. Participants are 100% vested immediately.

While monies in SEP IRAs are meant for retirement, participants may withdraw funds at any time. The distributed amount will be subject to ordinary income tax and, if under age 59 ½, it may be subject to a 10% federal tax penalty. State tax penalties may also apply. Participants must begin taking required minimum distributions annually, beginning the year in which the participant turns age 70 ½. Participants who do not fulfill the annual distribution requirement risk being assessed a 50% IRS penalty on the undistributed amount.

There are some exceptions to the 10% penalty the IRS imposes on withdrawals before age 59 ½. Those include substantial equal periodic payments, some higher education expenses, qualified first-time home purchases, withdrawals due to disability or death, non-reimbursed medical expenses exceeding 7.5% of adjusted gross income, and qualified reservist distributions. If you think your early distribution may qualify for one of these exceptions, you should consult your investment advisor or tax advisor.

If you are a small business owner or have self-employment income and are looking to set aside money for retirement, a SEP IRA plan may be a good option. With less paperwork than other types of plans and minimal administrative costs, SEP IRAs offer a low-hassle way to stash some tax advantaged monies away for your future as well as provide a benefit to your employees. If you think a SEP IRA may be a good fit for you, one of our advisors would be happy to meet with you and answer any questions you may have about them.

Myra is a 2017 recipient of the prestigious Professional Excellence Award from Milligan College for outstanding accomplishments in finance and bringing distinction to Milligan through her professional achievements.



United Way Week of Caring: BCS Wealth at the Salvation Army

On June 21, BCS Wealth Management teamed up with members of Blackburn, Childers & Steagall and First Covenant Trust to volunteer for United Way's Week of Caring. This year, we volunteered at the Salvation Army of Johnson City. We cleaned the parking lot, stripped the cracks and filled them in, and repainted the lines. We also pulled and sprayed for weeds, trimmed flowers and hedges, pruned trees, and spread 90 bags of mulch. Thanks to all who participated and to the folks who stayed back at the office to hold the fort down.





6th Annual Paul Hoilman Baseball Camp

The 6th Annual Paul Hoilman Baseball Camp was held in June in Johnson City. In addition to being a valuable member of our team, Paul operates RBI Tri-Cities, a baseball/softball training facility, and hosts an annual summer camp for local youth players.





The Intersection of Health and Wealth

By Philip Bachman

Call me odd. An all-American breakfast of eggs and bacon isn't my favorite. I'll have a baked good instead. Big, fluffy blueberry muffins are my favorite. Cinnamon rolls or old-fashioned cake doughnuts do just fine too.

But I must take it easy on the bakery's creations. They're loaded with refined carbohydrates and sugar that, if eaten daily for an extended period, affect glucose levels and cause health ailments. (There are other unhealthy foods, of course – many of them as bad as baked goods – but I mention pastries here.)

I've had to learn to walk past the fresh muffins in the store and the doughnuts that sporadically appear in the office kitchen. Instead, I unexcitedly nestle up to a bowl of oatmeal and fruit most mornings. I want to keep myself healthy for the long run, and I figure that avoiding bad carbs (usually!) is one step in that direction.

Why do I mention food in a financial planning article? Because it may serve our finances well to be healthy, and it may serve our bodies well to be financially astute. There are links between making healthy lifestyle choices and having good

personal financial management.

Research continues to draw connections between a person's overall approach to life and their financial habits. In a recent article entitled "Does How You Manage Your Life Affect How You Manage Your Money?" Carrie Schwab-Pomerantz explains:

"Past studies such as the 2014 Healthy, Wealthy, and Wise by Timothy Gubler and Lamar Pierce found a direct connection between retirement planning

and employee health improvement. A 2016 Gallup survey went so far as to see a correlation between having enough money to do what you want and following healthy eating habits. And the recent results of the 2018 Schwab Modern Wealth Index survey saw an even greater connection between a person's approach to money and their overall approach to life."

Such studies illustrate the connections between our daily decision-making processes and our ability to reach long-term



"It's not how much money you make, but how much money you keep, how hard it works for you, and how many generations you keep it for." ~ Robert Kiyosaki

Market Returns

Major Stock Indexes	2nd Quarter 2018	YTD
DJIA	0.7%	-1.8%
Nasdaq Composite	6.3%	8.8%
S&P 500	2.9%	1.7%
Russell 2000	7.4%	7.0%
Global Dow	-1.5%	-3.5%
Japan: Nikkei 225	4.0%	-2.0%
Stoxx Europe 600	2.4%	-2.4%
UK: FTSE 100	8.2%	-0.7%
Major Bond Index	2nd Quarter 2018	YTD
Bloomberg Barclays US Aggregate (Total Return)	-0.2%	-1.6%

continued from page 6

goals. They underscore the benefits of having a plan and learning to have the fortitude to stick to it – either for our body's sake, our mind's sake, or our wallet's sake.

Top performers on the Wealth Index have a common characteristic: they're all diligent planners. Schwab-Pomerantz writes, "Planning, whether it's an exercise plan or a financial plan, is the key to achieving any goal... When you plan, you set goals. When you have goals, you work toward them and, consequently, you make better choices that further your success. What's the result? Ideally, you'll feel great – financially, emotionally, and hopefully even physically."

It's worth pursuing a lifestyle where our bodies, minds, and finances follow a balanced approach to betterment. Working in this field daily, we financial advisors often initially compute wealth as financial stability. However, true wealth encompasses more. It is not just dollar-denominated. Wealth also comes from intangibles, including relationships, a sense of purpose, and health.

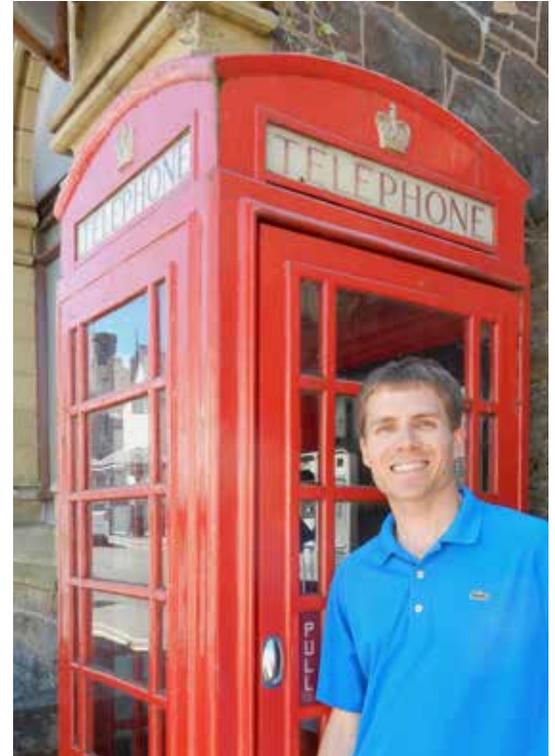
And for my health, muffins should stay an "intangible."

Survey Reveals a Balanced Definition of Wealth

Schwab's 2018 Modern Wealth Index Survey asked people for their personal definition of wealth. Two of the top three descriptors were not about money.

28%	"Living stress-free/peace of mind"
18%	"Being able to afford anything I want"
17%	"Loving relationships with family and friends"

On a recent trip to England, Philip found one of the iconic British symbols: the currant red, crown-topped telephone booth. The result of a design competition in 1924, these boxes can be found throughout Great Britain and current and former British colonies. Although sparingly used as actual phone booths, they are now being converted to mini libraries, art galleries, and defibrillator stations.



An Enjoyable Evening at Tupelo Honey



BCS Wealth Management hosted our second annual after-hours at Tupelo Honey on June 14. We were blessed with good, warm weather as we mingled outside on the patio. The social provided a great opportunity to catch up with clients and friends. Thank you to everyone who participated. We will continue to host an assortment of client appreciation events in the upcoming months, and we will make you aware of them as the summer and fall progress.

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BCS Wealth Management is an independent financial planning firm in Johnson City, TN. We help individuals, families, and businesses reach goals important to their financial wellbeing. We provide investments and financial planning, insurance, and group benefits.



BCS Wealth Recognized in Accounting Today Magazine

By Philip Bachman

BCS Wealth Management has been acknowledged in *Accounting Today* magazine for a fourth consecutive year. The 2018 *Accounting Today* "Wealth Magnets" article ranks the top 150 wealth management firms which are affiliated with CPA firms. BCS Wealth Management is proud to be recognized as third in Tennessee and 79th in the country based on assets under management.

In 2015, the first year BCS Wealth Management was on the list, our firm was ranked fourth in the state and 96th nationally. We have since improved our spot on the list both state-wide and nationally, most notably due to the trust our clients place in us and their willingness to recommend us to their family, friends, and colleagues.

While awards and recognition are not our goal, it is nice to see our hard work and strategy recognized when compared to other leaders in our industry. We thank our

clients and friends who provide us the opportunity to be of service. We look forward to continued growth alongside our clients in the future.

Accounting Today is a leading provider of print and online business news for the tax and accounting community. *Accounting Today's* "The Top 150 Firms by AUM (2018)" ranking was assembled using data from Audit Analytics. Submissions were received from over 200 firms. In most cases, firm names are those of the financial planning/advisory subsidiary, not the CPA Firm. Firms were ranked by their total assets under management ("AUM"). The AUM figures were for a variety of dates, but none earlier than year-end 2017. Rankings are not indicative of a firm's future performance nor do they evaluate the quality of services provided to clients. BCS Wealth Management did not pay a fee to participate in this ranking.

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