From Success to Significance:
Bricker & Eckler Senior Partner John Cook Answers Higher Calling
Dear Clients and Friends:

It’s now February – how are you coming on your 2012 dreams and goals?!

One of our goals in 2012 is to help our clients pursue significance in their lives, in addition to success.

Leadership expert Ken Blanchard shares that “many people measure life in terms of success: wealth, recognition, power and status. There’s nothing wrong with those, but if that’s all you’re focused on, you’re missing the boat. Using your time and talent to serve others — that’s when significance and true fulfillment begin to happen.”

If this resonates with you, check out our book review in this issue of Harvest. Halftime, by Bob Buford, is a great resource to help all of us transition our lives from success to significance. According to the Halftime website, more than 12,000 people turn 50 each day in America, and a Harvard-Met Life study indicates that more than half of those individuals want more meaning and significance in the second half of their lives. How about you?

And to further encourage our readers in making such a transition, each of our 2012 Harvest Magazine cover stories will feature a client who has or is making the leap: the “second half” leap from success to significance. In this issue enjoy learning how former Bricker and Eckler senior partner John Cook made the move from law to ministry and allow his story to inspire you!

Check out the rest of this Harvest issue as well. You’ll be inspired by our Giving Back article featuring A Kid Again, a very special not for profit serving children and their families in times of need. Mark provides an update on his work on the board of the Bureau of Workers’ Compensation, and Scott, Mary-Beth, Todd and Travis all provide their regular columns on finance and investing. It’s a full issue as usual – all written for your benefit and enjoyment.

Many of you have asked about our dad, Joe Palmer. Dad suffered a mild stroke in early January and is now recovering at Wesley Glen’s Health Center. We are so thankful for the great care he is receiving there and for the many prayers and expressions of thoughts that have come our way in the last few weeks. Please continue to keep dad in your prayers and know that you all are in ours.

In faith and hope,

Mark J. Palmer

[Signatures]
true wealth

Winter 2012 • Harvest Magazine

From Success to Significance

Editor’s Note: In July 2010 Joseph Group client John Cook left a lucrative 32 year practice of law at Bricker & Eckler to become Pastor for Adult Education at Vineyard Columbus, the largest Vineyard Church in North America. Joseph Group president Matt Palmer met with John recently to discuss his career change.

Bricker & Eckler Senior Partner John Cook Answers Higher Calling

Matt: John, before we discuss your call from law into ministry, share a bit of your background with our readers.

John: Sure. I was born in 1952 and grew up in Mansfield, Ohio, graduating from high school in 1970. I chose to attend Carleton College in Northfield, Minnesota, primarily because I wanted to see a different part of the country and I wanted to attend a highly ranked liberal arts college that did not have fraternities. That last factor narrowed the field considerably, to two! It was a good choice; I loved Carleton. And my Christian faith grew there as well. I had become a Christian in high school and at Carleton I became involved with Inter-Varsity Christian Fellowship. There were ten of us in the fellowship group my freshman year. By the time I graduated in 1974, there were 150 students in the group – remember this was the time of the Jesus Movement.

Matt: Wow. I know that law school was next – tell me about that.

John: I met Claudia while at Carleton and we were married shortly after graduation. We returned to Ohio and I entered OSU Law School. Claudia worked while I was a student. We became active in a small “house church” – a group of 11 that met once a week for worship, prayer and bible study. I led the Sunday worship every fourth Sunday. By the way, it was this home church along with two others like it in Columbus that joined together in the late ‘70s to become Vineyard Columbus – the church where I am now on staff.

In the summer of 1976, I clerked at Bricker & Eckler and really enjoyed it. When I graduated in 1978, they offered me a job and I said yes immediately! I joined the firm’s corporate department and with the exception of a one year hiatus in the litigation department, I was

Continued…
part of the firm’s corporate department for my entire career.

**Matt:** What did you like about your law practice?

**John:** I didn’t just like my law practice at Bricker & Eckler; I loved it! I focused on mergers and acquisitions work and loved solving real life problems for real life companies and their owners. Helping individuals buy or sell a company really meant helping them transition from one stage of life to the next and I found that immensely rewarding. I also enjoyed the clients. In most cases they were extremely bright executives and entrepreneurs who had become very successful but were ready to move on. I had particular expertise in the insurance industry. My clients included Westfield, Nationwide and State Auto. The opportunity to think outside the box, use my listening skills and get two sides of a deal to “yes” was exciting and fulfilling.

**Matt:** Those sound like talents and skills that might make you effective in ministry as well. How did you express your interest in ministry during the time you worked at Bricker & Eckler?

**John:** Well, I led a Friday lunch bible study at Bricker & Eckler for virtually the entire time I was there. Sometimes we had 2 or 3 attend and sometimes we had 15 or more – the vagaries of a busy law firm. My colleagues became very close friends too and, as a result, I was able to minister to them on a personal basis. Being there for more than 30 years meant that a number of my colleagues passed away, and in several instances I was asked by their families to preach at their memorial services.

I also continued to be active at Vineyard Church. From the late 1970s until 1987 I preached once a month and led our worship music ministry (I play the guitar). In the early 1990s I became more involved with the church’s teaching ministry and in 1996 I began teaching a weekly bible study at the church. For the first three years of that study, the turnout was relatively small. But in 1999 I announced that I would be leading a study of the book of Revelation and more than 100 church members showed up.

**Matt:** How did the call to full time ministry come about?

**John:** In late 2009 I seemed to sense the Lord saying “If you want to, you can leave the practice of law.” It wasn’t anything audible mind you, just a sense that I was free to pursue something I loved – ministry. I’ve always had this sense that God wants us to know and think His thoughts and that He’s called me to help people do that by helping them understand the bible. Do you remember Eric Liddell, the Scottish missionary and Olympic athlete whose life is the subject of the movie, Chariots of Fire? Eric said something that’s always stuck with me – “When I run, I feel His pleasure.” It’s the same for me when I teach God’s word – I feel His pleasure.

I also recognized that I had done just about everything I could do in the practice of law. For 6 years I was included in Best Lawyers in America and was on Business First’s list as one of the top merger and acquisitions lawyers in central Ohio. I had mentored younger lawyers, like Mark Pomeroy and David Martin, to mention just two. I had served for four years as administrative partner for the firm and had served for ten years on the firm’s executive committee. There wasn’t a lot more to prove at that point and I was ready to move on.

I remember a conversation with Rich Simpson, our managing partner at the time, as I was sharing with him my career plans. He said, “John, you’ll get calls at 11:00 at night from church members who need you right then. Do you really want that in your life?” I responded, “Rich, I get calls at 11:00 at night now, from clients of the firm who need me right then!” It was through conversations like that that I could tell I was ready to pursue my dream.

For many people, dreams are just out of reach. But once I sensed the Lord opening the door to full time ministry, I then had to make sure it was feasible. I shared it with Claudia and with our children (Emily, Paul and Margaret, and their spouses), and they were very
supportive. And then I called Mark and Todd at your
firm and they did the real number crunching to make
sure that it would work from a financial perspective. I
must tell you that The Joseph Group had a huge part in
this as you helped me realize that I could afford to do
it and you helped me quantify how much I would need
to earn in salary to supplement the rest of my financial
resources.

Matt: That's great to hear – that's exactly why we
exist – to help our clients pursue their most deeply
cherished dreams. OK, so, after prayer and thought
and some number crunching, you made the plunge
and began full time ministry in July of 2010, at the
age of 58. What exactly are you doing now and what
do you love about it?

John: My title is Pastor of Adult Education. Rich Nathan,
our senior pastor, and I agreed that it was the right title
for what I do. I have a teaching and training ministry
here at Vineyard Columbus, helping people see how
the Holy Spirit, through God’s word, can empower
them to live their lives. I now teach two nights a week.
On Mondays I’m leading about 75 people through the
Gospel of Mark. And on Wednesday nights I’m leading
another 40 people through the book of Ephesians. An
interesting fact: I’ve been teaching for so many years
now, I estimate that I will have taught through the
entire New Testament by 2014. That’s sort of become a
goal of mine and I’m looking forward to reaching it.

I also preach, perhaps twice a year. The last sermon
I gave was right after Thanksgiving, on the topic of
spiritual warfare. Even now, three months later, I
continue to have members of the church come up to
me and share how much that sermon helped them
with something they were dealing with in their life. It’s
those comments that remind me of how much I love
this work and what an impact I have on peoples’ lives,
not just for eternity but also in this life. We all know
that this life is not easy. In fact it’s very difficult much
of the time. But our faith reminds us that Christ walks
with us through our difficulties and that with Him we
can experience great joy in spite of the difficulties.
John 16:33 is one of my favorite scripture verses: “In
the world you will have tribulations, but fear not, I
have overcome the world.”

The church has witnessed incredible growth. When
we began in the mid 1970s, it was three small house
churches with a total of 30. We’re now the largest
Vineyard Church in the world with 9,000 people from
104 different nations coming through our doors each
weekend to worship.

Someday when people come to my funeral, I hope
they will say that I made a difference in their lives; that
I helped them grow closer to God.

Matt: What a beautiful legacy you are creating, John.
Congratulations on your career transition and much
continued success in your full time ministry work.
The Wealth of Champions: 
March 1st Wealth Summit to feature Basketball Great Bill Hosket

Mark your calendar now and invite a friend to join you for our Thursday March 1st Wealth Summit. Our speaker that evening will be OSU basketball great Bill Hosket who will speak on The Wealth of Champions.

Bill’s accomplishments as a player are the stuff of legend. He was Ohio High School Player of the year in 1964 and MVP of the state tournament. At OSU he led the team in scoring and rebounding all three varsity seasons (a feat accomplished by only one other OSU player – Jerry Lucas) and was named All Big Ten and All American. He also was named All Big Ten Academic all three seasons and has the distinction of being OSU’s first Academic All-American.

In his senior year he was awarded the Big Ten’s Medal of Honor recognizing both his athletic and academic accomplishments. Upon graduation he was OSU’s fourth all time scorer and second all time rebounder.

But more than an outstanding basketball player, Bill was a true champion. He led Dayton Belmont to the state title in 1964 and OSU to a Big Ten championship and Final Four appearance in 1968. Upon graduation he was selected to the U.S. Olympic Men’s Basketball Team which won the gold medal in the 1968 Mexico City Games. And he was a member of the New York Knicks 1970 NBA Championship team. A high school, college, Olympic and professional champion – remarkable.

After retiring, Bill began a successful business career in the paper and insurance industries and currently is a partner in the Hosket and Ulen Insurance Agency. But he’s never totally left the sport he loved. He served three terms on the US Olympic Basketball Committee; co-founded and ran Buckeye Basketball Camp for over 25 years; and for many years was a game analyst on ESPN’s Big Ten televised game package.

Bill is a member of OSU’s Athletic Hall of Fame; was named in 1993 to the National Association of Basketball Coaches Silver Anniversary team; and was honored in 2002 by the Ohio High School Athletic Association with its highest honor: the Ethics and Integrity Award. In 1998, Bill was named president of the OHSAA Foundation. He and his wife Patty have three grown sons and reside in Columbus.

Don’t miss what we know will be a special evening of reflections and insights.

Thursday evening March 1st 6:30 – 8:30 p.m.
Nationwide & Ohio Farm Bureau 4-H Center
(2201 Fred Taylor Drive; Columbus, OH 43221)
Just west of The Schottenstein Center
Fee on-site parking: Off-site parking validated by The Joseph Group
Hors d’oeuvres provided by Two Caterers
RSVP by February 27 to events@josephgroup.com or (614) 228-4300, ext. 110

“Talent wins games, but teamwork and intelligence wins championships.”
— Michael Jordan
(American NBA basketball player widely considered to be the greatest player in the history of the game)
WealthNotes, our regular email, has taken the last few weeks to focus on various “2012 Market Predictions” from noted investment luminaries. Examples include:

- “Earnings for American corporations continue to move higher driving the S&P 500 above 1400 in 2012.” From Byron Wien – 10 Surprises for 2012
- “The U.S. stock market will approach its all-time high in 2012, representing a 20% gain from current levels.” From hedge fund manager Doug Kass – 15 Surprises for 2012
- “We have a target on the S&P 500 of 1250 for year-end 2012, not far from where it is now, but offering great value in the long-term.” From Goldman Sachs Global Investment Research – Ten Perspectives for 2012

New Year predictions can be a lot of fun, and we certainly get a lot of questions from clients regarding what The Joseph Group thinks will happen in 2012. However, when it comes to making prognostications we will once again paraphrase Steve Leuthold – “predictions are for show, but the changes we make throughout the year in client portfolios are for dough.”

This issue of MARKETalk will discuss how we are actually positioning client portfolios here in early 2012. Each of our Core Portfolios has a “policy benchmark” which represents a “neutral” allocation to the five asset categories that make up our portfolios. We actively “overweight” (allocate a higher percentage than the policy allocation) areas we think will perform well and “underweight” (allocate a lower percentage than the policy allocation) areas we think will perform not as well in an effort to outperform the policy benchmark. In the following discussion, we share where we are “overweighting” and “underweighting” each asset category along with the logic behind each decision. Please note the discussion mainly applies to our Harvest and Provision strategies, which are the portfolios most widely used by our clients.

High Quality Bonds – UNDERWEIGHT

High quality bonds, particularly Treasury bonds, performed well last year. Underweighting them was not a good move in 2011, but we think it will be in 2012. Bond prices move in the opposite direction of interest rates (think of a teeter-totter with interest rates at one end and bond prices on the other). The benchmark 10-year Treasury bond began 2011 paying an interest rate of 3.35%, and ended 2011 paying a rate of 1.87%. Investors who wanted to buy a new bond when market interest rates were 1.87% were willing to pay more for an older bond with a rate of 3.35%, so bond prices went up leading to strong returns.

We doubt the strong performance for high quality bonds will repeat itself in 2012:

- First, interest rates are starting the year from a lower level. In order to replicate 2011’s performance, we estimate the rate for 10-year Treasury bonds would need to fall from current levels to about 0.60%.
- Second, we don’t believe bonds at 1.87% will help our clients meet their long-term return goals. At recent presentations I have asked, “how many people want to trust their retirement to loaning money to the U.S. Government for 10 years at 1.87%?” Not a single hand in the room went up.
- Third, there are better opportunities for clients to earn income. The bars in the chart below show average stock dividend rates in various global markets. The blue diamond in the chart represents the 10-year government bond rate in those countries. The conclusion: an investor seeking income can earn more from stock dividends than he can from buying government bonds in almost any country around the world.

For the allocations we are making to high quality bonds, our keywords are “corporate” and “short-term.” Bonds issued by investment-grade corporations are paying average interest rates 2.2% above similar maturity Treasury bonds, leading to total interest rates which stand a better chance of moving our clients closer to their goals. We prefer “short-term” bonds because the
teeter-totter analogy works in both directions. If market interest rates rise, bond prices will fall, but shorter-term bonds will provide more defense.

Credit Sensitive (Junk Bonds) - OVERWEIGHT

Credit sensitive bonds often are called “high yield bonds” in a good economy and “junk bonds” in a bad economy. With economic data getting stronger, we are going with the moniker of “high yield bonds,” and with interest rates of 7-9%, “high yield” is an accurate term.

The “Credit” component of client portfolios consists of bonds in which price changes are driven less by changes in interest rates and more by the financial condition of the companies issuing the bonds. The primary risk with high yield bonds is not rising interest rates, but the chance bond issuers are downgraded or default (not make their payments/bankruptcy). According to Fitch Ratings, the U.S. high yield default rate is expected to average 2.5% to 3.0% in 2012, which is meaningfully below the 30-year average of 5.1%. In other words, high yield fundamentals are strong.

We know the high yield bond funds we are holding in client portfolios will pay interest of about 8% in 2012. If the economy weakens, the prices of these bonds will go down, but the price needs to fall by more than 8% before clients would realize negative total returns. On the other hand, if economic data continues to improve, the prices of high yield bonds are likely to rise, leading to total returns over and above 8%. Given the current economic and fundamental backdrop, an overweight to Credit makes sense.

Stocks – NEUTRAL

The outlook for stocks seems to generate the most spirited discussion in our weekly Investment Committee meetings:

- On one hand, economic data has been improving with unemployment falling and consumer confidence on the rise. In addition, stock valuations are generally below their historical average across the world. Isn’t that an environment where you should put more money into stocks?
- On the other hand, volatility (as measured by the percentage of time stocks move by more than 1% in a day) was double its historical average in 2011 and the number of times virtually all the stocks on the NYSE moved in the same direction (referred to on CNBC as “risk-on, risk-off”) was at its highest level going back at least a decade. Furthermore, analysis shows volatility in the stock market is more correlated with political announcements (i.e., Europe or the U.S. Congress) than it is data regarding corporate profits. In a market showing such extreme volatility, especially in such a tenuous political environment, less exposure to stocks could make sense.

From our perspective, if we ignored the strong fundamentals in the stock market and let fear trump our logic, we would not be doing our job as money managers. On the other hand, if we ignored the political turmoil in the U.S. and Europe and the potential for a negative outcome, we would not be doing our job as risk managers. We believe a neutral starting point for stocks makes sense for 2012 as it allows us to maintain current stock exposure while keeping enough dry powder to take advantage of opportunities.

“Neutral” does not mean we are avoiding making active decisions regarding our stock market exposure in client accounts. On the contrary, we have targeted our stock exposure in four key areas:

- **Large-cap growth stocks.** In a slow growth economy history shows investors are willing to pay up for stocks which are growing faster than the overall economy, which means large-cap growth stocks could outperform. In addition, many studies show “large-cap growth” as a “cheap” stock market style relative to other styles such as “small-cap value,” meaning valuations are attractive.
- **Large dividend stocks.** With the dividend income yield on the S&P 500 higher than the interest rate on the 10-year Treasury bond, we like the potential for investors to seek dividends as a way to get income.
- **Emerging markets.** Emerging markets (EM) such as Brazil, India, and Indonesia are among the fastest growing countries in the world. EM stocks struggled last year with the MSCI Emerging Market Index falling by over 20%, but with valuations cheaper than their historical average and high growth rates, we think emerging market stocks represent one of the best opportunities for investors with a long time horizon.
- **Developed large-cap foreign stocks (Europe).** Stocks in developed foreign countries like France, Germany, and Italy have taken a beating with the political turmoil happening in Europe. The result is stocks in those countries now are the cheapest in the world on a price/earnings basis. As investors, we know some of the best opportunities happen when investors overreact to bad news. The chart below shows the historical valuation of developed foreign stocks going back to the 1970’s – not only are such
stocks cheap compared to stocks in other areas of the world, they are also extremely cheap relative to their own historical average. We are buying European stocks but in order to participate in these markets in a risk-centric way, we own a fund which focuses on industrial and technology stocks and is avoiding foreign banks.

Real Assets – UNDERWEIGHT

Our Director of Research, Scott Mizer, likes to say Real Assets are investments which would hurt if you dropped them on your foot – things like gold, real estate and barrels of oil. As we start 2012, we are “underweight” real assets, but would add to exposure later in the year if such assets became cheaper. Here are our thoughts about various areas of the real asset marketplace:

- Commodities have long-term ties to inflation and virtually all of the data we look at shows current inflation falling during the first half of this year. According to Goldman Sachs Global Investment Research, “core prices appear to be at the top of the hill with an easier trajectory moving forward. High unemployment and spare capacity should result in renewed disinflation.”

- Real estate performed well in 2011, which helped our accounts as we took profits in real estate investment trust (REIT) funds in early 2011. However, strong performance has made REIT valuations look expensive. In addition, we are cognizant many businesses operate on 5-year leases, which means leases renegotiated this year were those signed in 2007 – the top of the market. We are concerned less favorable lease terms for property owners could hurt profits and ultimately REIT returns.

- Gold. We have gold exposure in most client accounts and are getting that exposure through a mutual fund which owns both gold bullion and gold mining stocks. As we enter 2012, we are particularly interested in gold mining stocks. Mining stocks have recently underperformed physical gold, leading to one of the largest valuation gaps between the two, in history. If valuations “regress to the mean,” gold mining stocks could perform quite well.

Dynamic Allocation – OVERWEIGHT

Dynamic Allocation funds use alternative investment strategies which have the potential to “zig when the market zags.” Such funds include strategies such as “global macro” which can invest anywhere in the world, and “long-short” which focus on individual stock selection and can make money when certain stocks go up or down. Large institutional investors often access these types of strategies through hedge funds; however, by using “mutual funds with hedge fund strategies”, we can achieve the same portfolio benefits in a package that is transparent, liquid and low cost.

We are entering 2012 with an overweight position in dynamic allocation funds. For now, these funds are largely providing additional stock exposure to our portfolios, but if market conditions deteriorate these funds are not locked into an allocation and can quickly shift to reduce their risk exposures. Over the long-term, we like the fact dynamic funds are uncorrelated (i.e., move differently) than stocks and bonds. In the short-term, we like the fact dynamic funds add flexibility to our own process in a volatile market.

While we are not making any 2012 predictions, investors can infer we are positioning portfolios with optimism as we enter 2012. We are underweight in defensive areas (like high quality bonds) and are neutral or overweight in areas which will benefit from stronger growth and a higher stock market (stocks and credit). Politics in the U.S. and Europe WILL impact markets in 2012. With dynamic allocation funds and offense through “credit,” we are moving forward, but have a seat belt for what could be a rough ride. We look forward to talking with clients about their Wealth Allocation in the months ahead. Along the way, we will be using email, our website, and WealthNotes to keep clients updated regarding our thoughts on the markets.
Core Portfolio Allocations
as of January, 2012

**Conservation**
Objective: Minimal risk and modest income, consistent with preserving principal over time periods of one year or more.
Volatility: 0 to 3%

**Provision**
Objective: Sustain wealth by focusing on current income and low principal volatility.
Volatility: 3 to 8%

**Harvest**
Objective: Risk-managed growth through a multi-asset strategy to achieve long-term dreams and goals.
Volatility: 8 to 15%

**Abundance**
Objective: Aggressive, concentrated portfolio that seeks to outperform major market averages.
Volatility: 15 to 24%
“When should I take my Social Security benefit?” That is easily the most common Social Security question we hear from people, and rightfully so. Social Security is an important part of many wealth plans. So, for 2012, we are dedicating this column to addressing the most important Social Security issues. This Harvest will focus on the question above, but first we need to examine the root of the question.

Every year people who have paid into the Social Security system receive a statement detailing their potential future benefits for three ages:

- **Age 62** – this benefit is 70%-75% of the full retirement age benefit
- **Full retirement age** (66 for those retiring this year) – the age at which full benefits can be received without being reduced due to a person’s wages
- **Age 70** – this benefit is 124%-132% of the full retirement age benefit

When a person asks, “When should I take my benefit?” they are really asking, “Which of these ages, or anywhere in between, makes the most sense for me?” The key here is “for me,” as the answer is very specific to the individual. Factors to be considered include a person’s health, marital status, expected retirement age, cash flow needs, tax situation, and belief about the viability of the Social Security system.

In spite of the personal nature of this decision, we can provide some general guidance that is best discussed within the context of a person’s marital status.

**Single Individuals:** The decision for individuals who are single and have never been in a marriage for longer than 10 years is relatively straightforward. Typically, we recommend these individuals start claiming benefits as soon as they can do so without a reduction in benefits due to earnings (i.e. no later than full retirement age). Though the delayed credits available are enticing, the risk of a premature death and subsequent loss of benefits outweighs the benefit of the credits in many situations. There was a time when most people claimed benefits early because they believed they could earn more with their money than the government could provide. That theory is still a good one to consider for single people.

**Married Couples:** Married couples have the greatest opportunity for Social Security benefits planning due to “spousal benefits.” A spouse is allowed to receive benefits based on the earnings record of his or her husband or wife (the “worker”) when the worker has reached full retirement age. The benefit is 50% of the worker’s full benefit if the spouse claims benefits at full retirement age. A reduced amount is available at age 62. There are no delayed credits to age 70 for spousal benefits; however, the worker can still receive delayed credits for his/her own benefit to age 70 even if spousal benefits are claimed. The worker or spouse cannot receive his/her own benefit and a spousal benefit at the same time.

As you can see, married couples can coordinate benefits. We like to recommend the higher earning worker delay benefits (up to age 70) and the spouse claim benefits as early as possible in situations where it makes sense. In many cases, though, this is not the best strategy and there might be a better planning opportunity. In our next issue of Harvest we will discuss some of these strategies.

**Widowed Individuals:** To receive survivor benefits the marriage must have lasted at least 9 months and the survivor must be at least 60 years old and not have remarried before 60. A widow(er) does have her/his own benefit available as early as age 62, but cannot claim both benefits simultaneously.

**Divorced Individuals:** If they were married for at least 10 years and have not remarried, divorced spouses are entitled to the same spousal benefits as if they were still married. However, prior to full retirement age, the Social Security Administration will always pay a person’s own benefit first if it is higher than the ex-spouse’s benefit.

Planning for widowed or divorced individuals combines some of the planning strategies of married couples and individuals. The opportunity to coordinate benefits exists, but it should be done considering the same premature death risk as a single person. Extreme care must be taken when coordinating benefits.

So, when should you take your Social Security benefit? The answer really depends upon the specifics of your situation, but in all cases planning is essential. Call us if you would like our help identifying your planning opportunities.
March 1994 marked the advent of target date funds, which are also referred to as lifecycle funds. The initial purpose was to accomplish what 401(k) participants were not doing for themselves, creating a diversified investment strategy that shifts its allocation to become more conservative as one gets closer to retirement.

Target date funds are balanced stock and bond portfolios which reset their asset mix according to a selected time frame which is appropriate for a particular investor. Target date funds are typically offered as a suite of funds with each having a different “target date” corresponding to different timeframes for retirement. The reallocation over a predetermined period to reflect investors' changing tolerance for risk is known as the target date fund’s “glide path”. The glide path sets the fund’s allocation among various asset classes over time, adjusting the mix from more aggressive investments early in the life of the fund to more conservative investments as investors approach their target retirement date.

The “to retirement” glide path approach is just one of the reasons The Joseph Group chose American Century LIVESTRONG Portfolios for the POWER Plan's target date investment option. The LIVESTRONG target date series comprises eight funds with retirement dates ranging from 2015 to 2055. The LIVESTRONG Portfolios also provide investors diversification through broad asset class coverage, and disciplined, active management. The LIVESTRONG Portfolios aim to help investors stay on course even as economic and market conditions change. It is also worth noting performance and risk control for the LIVESTRONG funds are ranked at the top of the target date fund peer group.

According to a study by Brightscope/Target Date Analytics, target date funds account for 10% of total invested assets in retirement plans, a figure that is expected to hit over 28% by 2020. The study also finds that 40% of target date funds are now using a “to retirement versus through retirement” approach to glide path, up from 30% as recently as 2007. This reiterates the evidence that the “to retirement” glide path, which suggests more conservative exposure in the years leading up to the target date, and a flat glide path during retirement. Critics of a “through retirement” glide path say it tends to be too aggressive in the years just before and immediately after retirement and too conservative during retirement.

Brightscope and Target Date Analytics 2011, Popping the Hood, IV, an independent study of 34 target date fund families gives American Century LIVESTRONG Series the top spot and highest ranking among the target date fund families. The study evaluates and grades target date funds on five criteria and then assigns an overall score and letter grade. The criteria and respective weightings are parent company and organization (10%), strategy (15%), performance (30%), risk (25%), and fees (20%). American Century LIVESTRONG series’ top ranking gives it sole possession of the top spot after having shared the top grade in the 2007 survey with Vanguard’s Target Retirement Series. “When you think about how to structure a target date fund, you can try and maximize return or you can consider risk and, in particular, the risk of running out of money in retirement,” says Scott Wittman, a portfolio manager for the American Century funds. “Some competitors are designed for good markets but don’t hold up in volatile or down markets. Our funds tend to hold up well in all kinds of markets.”
Meet the Westcore Plus Bond Fund Managers

by B. Scott Mizer, Client Advisor & Director, Investment Research

Mark McKissick and Lisa Snyder are our guests for this edition of Harvest Magazine. They are portfolio managers for the Westcore Plus Bond Fund, a key holding in our Harvest and Provision strategies. Our thanks to Mark, Lisa and the Westcore team for their time and insights.

A lot of money has flowed into bonds the past several years and there seems to be a feeling out there by many investors that bonds are safe – what do you say to that?

Bonds have attributes that make their return somewhat more predictable than stocks, and this can give some investors a feeling of safety. Specifically, a typical bond that does not default and that you choose to hold to its maturity will have predictable coupons and par amount at its maturity. Contrast this with stocks that may or may not pay a dividend and that have no stated redemption value: you receive whatever the price may be whenever you may decide to sell it. However, it is important to keep in mind that bond mutual funds are constantly adding new bonds as existing ones mature and are prepaid, so a bond fund does not have a “maturity” in the sense that the bonds comprising the fund do.

Interest rates hover near historic lows; where do you see interest rates in 12 to 18 months and how does this affect the positioning of the Westcore Plus Bond Fund?

Based upon our analysis, we still believe that it is unlikely that interest rates will make a very significant and sustained move higher in that time frame. The deleveraging process needed across economic levels from households to governments worldwide will likely continue, stimulus is rolling off and government spending is being reduced, and uncertainty about economic growth rates in Europe and China continues to make higher quality U.S. bonds attractive to investors seeking more of a safe haven. This does not mean that interest rates won’t spike higher at some point along the way, but we still don’t see them sustaining such a rise.

What important investment lesson could you share with our clients?

Don’t lose your focus: Though nowadays information is rapidly and easily available, it is not always valuable. It is easy to be distracted with the latest headlines, so we need to keep our long-term goals and core principles in mind as we sift through news items for signs that indicate emerging trends or developing risks.

When the market is being general, be specific, and when the market is being specific, be general. If the market is penalizing all banking industry companies, there are probably a few solid actors in that mix that represent very promising long-term investments. Likewise, if the market seems to believe that one or a few companies have rewritten the way business is done and other companies are not following, be wary.

Rebalance! Finding a reputable financial advisor like The Joseph Group to help with rebalancing the asset classes in their portfolio as the market gyrates should be beneficial. This goes hand in hand with taking a long-term view. Spending the time with your advisor who will establish the right portfolio risk profile and asset class composition for their circumstances is time well spent.

Important Disclosure Information

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My Appointment as a Director of the BWC – A Year In Retrospect

by Mark Palmer, CEO The Joseph Group

It has been a year since I accepted Governor John Kasich’s invitation to serve the people of Ohio as a member of the Bureau of Workers Compensation (BWC) Board of Directors. I’m taking this opportunity to look back over the past year and share with our readers what this assignment has been like.

The board was created by Ohio law: Its primary areas of focus are to establish the overall administrative policy of the BWC; review the progress of the BWC in meeting its cost and quality objectives; and provide advice and consent regarding actions proposed by the BWC Administrator who oversees management of the agency’s day-to-day operations.

The board consists of eleven (11) members. By statute one member shall be a representative of employees; two members shall be representatives of employee organizations; three members shall be representatives of employers (with one of the three representing self-insuring employers); two members shall be investments and securities experts; one member shall be a certified public accountant; one member shall be an actuary; and one member shall represent the public. I serve as one of the two “investments and securities experts.”

You will note that board composition is very diverse. Each member has been appointed in either a “representative” capacity or as an expert in some field related to the work of the board. And of course, each member has their own political persuasion. But each understands that their overriding role is that of a fiduciary for the benefit of the BWC. Board members are obligated by law to adhere to the highest standards of judgment and care when making decisions or taking actions that may affect the financial integrity and soundness of the workers’ compensation funds.

The board meets monthly, with committee meetings taking up a full day followed by a formal board meeting the following day. As with most boards, the real work is done within the committees. I serve as chair of the Board’s Governance Committee, vice-chair of the Board’s Investment Committee, and as a member of the Board’s Medical Services and Safety Committee.

My knowledge of the workings of the BWC prior to my appointment was very limited. But Administrator Steve Buehrer and his staff have done a great job of educating me and other board members on the various issues confronting the BWC. The issues all revolve around the goal of providing for the medical, rehabilitation and income needs of employees who are injured in the work place. Of course the ultimate goal is returning the worker to meaningful employment as soon as possible. But of course, the funding to pay for the expenses associated with returning the worker to the workplace comes from employers. In addition to their interest in seeing their employees return to work, Ohio employers want to know that the workers’ compensation premiums they pay are being invested and spent prudently.

A few of the accomplishments of the BWC over the past year are:

- Saved Ohio employers more than $165 million by reducing base rate premiums and reducing the BWC’s budget by 12%.
- Improved worker safety by expanding and/or creating workplace programs which reward employers for reducing workplace accidents.
- Helped start-up businesses in Ohio with a program that cuts their workers’ compensation rates up to 53%.
- Made great strides in better managing the prescriptions of injured workers. Too often, prescriptions that are intended to help return a worker to the job site instead result in addiction. Unethical physicians who over prescribe are being pursued, and a pharmacy formulary has been adopted which will allow the BWC to better understand the role prescriptions play in a worker’s treatment.

The past year of service on the BWC Board has given me an opportunity to see the BWC from the “inside”. The scope of work performed by the BWC is enormous and the challenges are significant. But I have been impressed with the competence and commitment of every BWC employee with whom I have had contact. The people of Ohio are being well served by Administrator Buehrer and his staff. I will continue to do my best to serve the BWC as a member of its Board of Directors.
New Intern joins The Joseph Group

We welcome our new intern, Bo Schrattenecker, who will be providing support services in various functions of the company. Bo was born and raised in Columbus and graduated from Centennial High School. He is a senior at The Ohio State University and will graduate this June with a degree in Financial Planning. His next goal is to pursue a CFP designation sometime next year.

Bo’s previous work experience includes teller work at Fifth-Third Bank and internships with wealth management firm this past summer in Baltimore, MD and this past fall in Columbus.

He has played for the OSU Club Basketball Team, which played a regional schedule for its games and tournaments. In addition to his love for sports, Bo enjoys spending his spare time with friends and family.

Giving Back

A Kid Again

by Emi Brack, Event Planner and Client Service Assistant

A Kid Again was the recipient of our company’s 2011 Christmas gift in honor of clients and friends. The Joseph Group team members recently met with A Kid Again CEO, Jeffery Damron, and A Kid Again Board Member and The Joseph Group client, Victoria Bonner, to learn more about this remarkable not for profit.

Located in Worthington, A Kid Again’s mission is to enrich the lives of children with life threatening illnesses, and their families, by providing healing times of respite through fun-filled group activities and destination events. Bottom line, they’re in the adventure business: in 2011, A Kid Again and its volunteers provided over 40 memorable adventures in Ohio, each providing a day of fun and laughter for children and their families. From a trip to King’s Island or Cedar Point, to a day with Jack Hanna at the Columbus Zoo, to an opportunity to meet a favorite college athlete and attend a game, A Kid Again made dreams come true for some of the hundreds of children it serves.

And for these children who live daily with life threatening illnesses, the biggest dream is simply to be a kid again.”

A Kid Again gets no funding from federal or local government and the adventures are made possible through the dedication of their volunteer network (1,300 strong) and the generosity of donors.

The Joseph Group, through The Columbus Foundation’s Big Give Program, is honored to have made our 2011 Christmas donation to A Kid Again. We share their dream: to one day see that every child in America with a life threatening illness is able to be a kid again. For additional information, check out their website www.AkidAgain.org.
Halftime is the powerful story of Bob Buford’s own quest to move from personal and business success to real significance in the lives of others. Let his process of discovery and transition guide you on a similar journey!

Here is what some of America’s top business leaders are saying about Halftime:

This inspiring book comes out of the mind and heart of a truly remarkable individual and addresses an enormous need in our society – how to find meaning and fulfillment in the second half of our lives. In short how to move from success to significance!  
(Stephen Covey, Covey Leadership Center)

“This book is for successful individuals who want more fulfillment in their lives and realize it won’t come from the next victory, the next sale, the next conquest, or significant increase in their bottom line. Let Bob Buford be your guide to make sure that your best years are ahead of you.” (Ken Blanchard, One Minute Manager)

Let your dreams guide you to the best life – the life you were truly made to live!