ARS WEALTH ADVISORS

Volume 11, Issue 4 October 2015

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2015 Q3 Market Returns (through 9/30/2015)

Index	
S&P 500	-5.3%
Dow Jones Ind Avg	-5.4%
Russell 2000	-7.7%
MSCI EAFE (Int'l Stock Index)	-5.3%
Cohen & Steers Real Estate Index	-1.9%
Emerging Market Stock Index	-15.5%
Barclays Bond Aggregate Index	1.3%
Dow Jones UBS Commodity Index	-15.8%

An Eventful 3rd Quarter

Market Review & Strategy Update

The third quarter was more eventful than many of us had hoped as macro concerns weighed heavily on both equity and bond markets. The fear of a slowdown in China, anticipation of the U.S. Federal Reserve raising interest rates, and continued weakness in the Energy sector all contributed to the worst quarter for stocks in five years. The weakness was broad based across every sector of the stock market except Utilities, which saw a slight rise. Even the generally stable bond market saw an increase in volatility as the Federal Reserve decided not to increase interest rates in September, as was widely expected by many market participants. Investors interpreted this decision as a signal that the market was not healthy enough to support even a modest rise in interest rates.

At the beginning of an economic recovery, as we experienced in 2009, it is best to have broad market exposure, with an emphasis on the lower quality and more cyclical sectors of the market as these areas tend to have more room for improvement and superior upside. As you near the end of an economic cycle, when uncertainty in the economy and market increase, it is often a good time to reduce broad market exposure and concentrate your holdings on high quality, blue-chip stocks within the defensive sectors (such as Consumer Staples & Healthcare).

An Eventful 3rd Quarter (continued from page 1)

It is our belief that we are in the latter stages of this economic cycle and that the uncertainty around global growth and central bank policies will keep volatility elevated. As such, we have begun to reduce some of our broad market exposure with select blue-chip equities with an emphasis toward larger market cap, higher quality stocks with strong balance sheets, free cash flow, growing dividend yields, trading at attractive valuations.

Recent Trades; Risk Tolerance; Stop-Loss Orders:

We made a few changes during the quarter to help reduce the risk in the portfolios. In Kurt's section below, he explains why we chose to sell our high-yield bond exposure (STHTX) and why we continue to maintain our investment in Master Limited Partnerships (MLP's).

In the article below titled "Find Your Comfort Zone", Mike outlines how we are utilizing a new software program called Riskalyze to help pin-point our clients' risk tolerance. The program is also capable of measuring the level of risk being taken for accounts we manage, as well as for outside accounts. This tool is invaluable for making sure that portfolios are properly positioned to help clients stay the course during turbulent times.

Also, it's during periods of heightened volatility, like the one we just experienced in the third quarter, when clients often ask if using "stop-loss" orders will help protect their portfolios. Unfortunately, stop-loss orders don't always work as planned. If you are interested in learning more about how stop-loss orders work, please take a moment to read Drew's write-up below.

Social Security Maximization:

Social Security is an increasingly critical part of most retirees' retirement income. As with most government run programs though, it is not always easy determining the optimal strategy for taking Social Security. The decision of when to start taking Social Security in order to maximize your benefits can have a material impact on the amount of income you receive in retirement. We've invested in a program that will allow us to determine the best strategy to help you maximize your Social Security benefits. If you have not begun receiving Social Security, please take a moment to read Jennifer's section below on the topic.

We are very grateful and thankful for our clients. Our number one focus is on doing everything in our power to help you reach your goals and to protect your wealth. Please contact our office if you would like to schedule a review meeting or if you have any questions. Also, if you have any suggestions or feedback on our services or how we can improve please feel free to contact me directly at 727-322-7681 or tony.anderson@arswealth.com. On behalf of everyone at ARS Wealth Advisors, thank you for being a valued client.

Sincerely, Tony Anderson

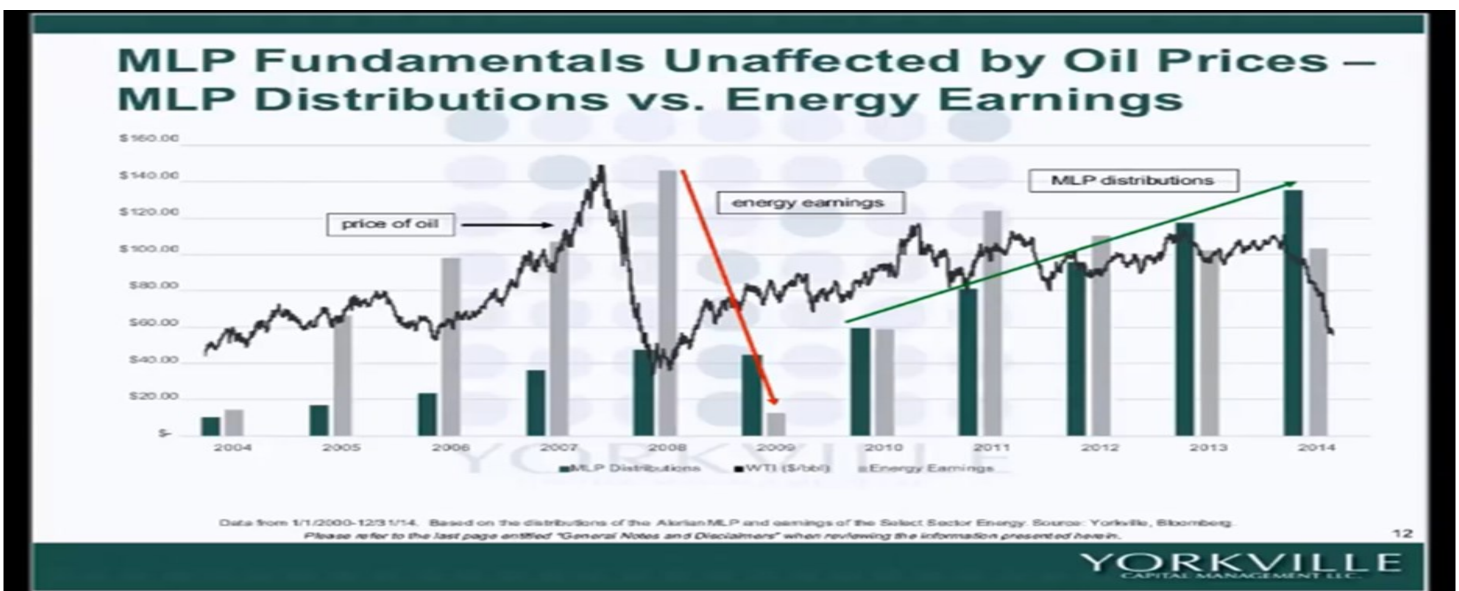
Risk Management

Risk management is becoming increasingly important. Why?… The current bull market is the third longest over the past 100 years. The major reason for its longevity is due to the extremely low interest-rate environment initiated by the Federal Reserve since the 2008-2009 financial crisis. The recession that occurred was one of the deepest our country has experienced since the 1930s and the subsequent recovery has been one of the slowest despite the massive amount of stimulus by the Federal Reserve (Fed). Not only has this quasi-government agency printed trillions of dollars to stimulate economic growth it has also been responsible for establishing the lowest interest rates on record.

Due to such low rates investors have been forced to leave the safety of CDs to seek higher returns. In addition this easy money policy has encouraged speculation and malinvestment (investments with questionable economics). Much of this speculative money has fueled “over-investment” leading to excess capacity in the energy space and pushing the price of crude oil down over 50% the past 18 months. As oil prices have fallen stock prices of most energy-related companies have also fallen, including Master Limited Partnerships (MLPs).

At ARS we have been invested in MLPs since 2008. Most MLPs operate pipelines and natural gas infrastructure. These pipeline companies are essentially utilities that transport natural gas and other forms of energy. Their revenues are secured by long-term contracts with most of the pricing fixed. This arrangement makes their businesses much less sensitive to the economy and helps lock in their growth rates and cash flow. In addition the majority of their cash flow is returned to investors in the form of distributions. These distributions have tended to grow more quickly than inflation making them very attractive income investments .

Over the past year MLPs have experienced the second largest decline in their 30 year history. The only pull-back more severe occurred during the 2008 financial crisis. Prices have fallen in sympathy to the price of oil. However, as evidenced by the chart below, MLP’s businesses are only slightly impacted by the price of oil which is why we’ve chosen to remain invested in this space and look forward to participating in



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Risk Management (continued from page 3)

this opportunity in the months/years ahead.

When MLP's yield 6% or more than the ten year US Treasury bond (which is the current case), 100% of the time MLP's have a positive return in the following twelve months. The average distribution growth for infrastructure MLP's (which is primarily what MLPI represents) was a positive 11% year over year thus far in 2015.

Another recent risk management decision was to reduce exposure to high yield corporate bonds. This area performed well coming out of the last recession but risks have greatly increased due to exposure to energy companies which have issued a huge amount of high yield debt the past several years. These companies (unlike MLP's) are heavily impacted by energy prices and may default on their obligations if oil prices remain subdued. As a result of this increased risk ARS has liquidated its exposure to Ridgeworth High Income Fund (Symbol: STHTX).

Finally, we are becoming more risk averse as this bull market ages and the next economic slowdown approaches. We will continue to monitor the markets looking for potential opportunities and challenges. Attempting to pick market tops is an exercise in futility which is why it is important to remain invested. However, during times like these we do make risk management decisions in order to lessen exposure to the most volatile areas of the market helping to smooth out returns over the entire market cycle.

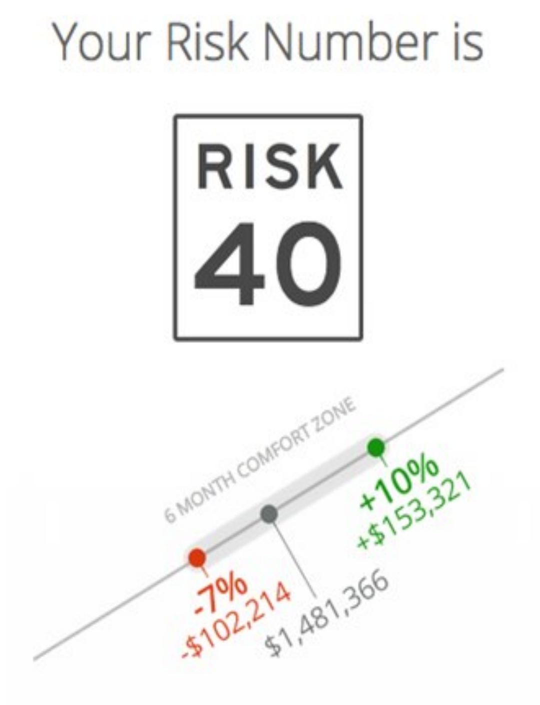
Kurt Ulrich, CFA

Find Your Comfort Zone

Market pullbacks are difficult on individual investors, nobody likes to see their account balance go down. That is why it is important to have a plan in place. You don't want to make rash decisions when the market goes down that could prevent you from achieving your investment goals. There have been many studies done that show retail investors typically underperform the market by a wide margin. Most of this underperformance can be attributed to selling after the market has gone down, and not getting back in until the market has returned to new highs. Our job is to build portfolios that will not only help our clients achieve their investment goals but also allows them to sleep comfortably at night.

Having the right mix of assets in a portfolio is crucial because it will have a significant impact on the volatility of the account. In the second quarter of this year we started using a powerful software program called Riskalyze, to help us determine the right amount of risk for our clients. The software produces a Risk Number that is based on your individual goals and risk tolerance. The first step is to fill out a short risk questionnaire. It helps determine your comfort zone; the amount of downside risk you are comfortable taking for potential gains. We use the Risk Number to ensure your portfolio aligns with your personal preferences and priorities, allowing you to feel comfortable with your expected outcomes.

Find Your Comfort Zone (continued from page 4)



There is no way to avoid having some fluctuation in your investment portfolio, the key is building one that stays within your comfort zone.

Riskalyze does more than just capture a Risk Number. It includes a powerful retirement planner, and also allows us to stress-test portfolios using various market scenarios. We can also analyze assets that we are not currently managing, including investments held in an employer sponsored plan. If you haven't already filled out the questionnaire, we encourage you to fill it out. The link is available on our website, www.arswealth.com, under the "Client Tools" tab, or by clicking on the "Free Portfolio Risk Analysis" button, or if you prefer we can send a link directly to your email. If you have any questions or would like to discuss this further please call the office.

Mike Murray, CFA

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Why We Don't Use Stop-Loss Orders

From time to time we have been asked whether or not ARS uses stop-loss orders to protect accounts from losses. The answer is we use them only when clients require us to do so.

What is a stop-loss order? A stop-loss order is a mechanism to automatically sell a stock when certain price parameters are met. There are two types of stop-loss orders; a market order and a limit order.

Assume you own a stock that is selling at $100 per share and you want to sell it if it falls to $94 (down 6% from $100).

You can enter:

- A stop-loss as a market order: as soon as the stock trades at $94 or less, your shares will be offered for sale at the prevailing price.
- A stop-limit order: you are setting a price limit for your shares (in this case $94) so if enough shares trade at this price to accommodate your order, then your shares will be sold at $94 and only $94.

What can go wrong? In normal trading days these things generally work perfectly. However, in both cases, unfortunately, plenty can go wrong on days when the market is stressed. In the first example, if you have a day like August 24, when the Dow Jones Industrial average opened down 1,000 points and a stock gaps down say 10% or more (which many stocks did that day), then your shares get sold at the first price the stock trades. In the above example if your $100.00 stock opens down 15% or at $85, then you get $85, not the $94 you wanted because your order was a market order and you get the market price.

In the second example, your shares do not trade at all. Because you have a limit placed on what you will accept for your shares and if the stock opens at $85, then you continue to own the stock. If the stock gaps down to $85 and then works its way back up to $94, then your shares will sell.

August 24th was a very volatile day: some stocks that gapped down 20% (JP Morgan and CVS for example) sharply reversed and climbed back for a gain intraday and then closed at a modest loss. Had you entered a market stop-loss order at a price 6% below the prior day's close, then your shares sold down 20%. Needless to say it is not fun to watch them ultimately close 4% below their prior day's close – a price at which you were comfortable still owning them. If you entered a stop-limit order, the sell order executes as the stock climbs its way back up through the down 6% mark on the way to closing down 4%.

In both of these cases neither stop-loss order achieves the desired goal.

Drew Swenson

Social Security Planning

Planning for retirement is a topic we hear a lot about and for most it means putting pen to paper and calculating out a monthly budget to maintain our lifestyle during retirement. One commonly overlooked area in the process is social security planning. The conventional approach has been to take social security once it becomes available and utilize that benefit over your lifetime. However, with average lifespans stretching into the late eighties and interest rates hovering at all-time lows, social security benefit maximization has become an integral part of the retirement planning picture. Social Security benefits grow an average of about 7% a year between ages 62 and 70, not including cost-of-living adjustments. That means you're earning a bigger return by delaying Social Security benefits than you are on your safe investments. And the inflation-adjusted "annuity" you're getting from Social Security is considerably better than any annuity you can buy on the commercial market during this low-interest-rate environment.

If you are nearing retirement or beginning to think about taking social security benefits, now is a great time to review your individual situation and determine the most appropriate strategy for you. Each scenario is unique and that is why we work with our clients to review all available alternatives and assist with selection of the best one. Here is a typical situation: A married couple, ages 62 and 60, both retired this year are looking for assistance with determining the optimal strategy for funding their retirement. Neither has a pension or annuity and wonders if they should begin social security now or utilize their retirement assets and hold off until full retirement age.

Social Security Maximization

Social Security Maximization for Recommended

Social Security Strategy	Selected Strategy	As Soon As Possible	At Retirement	At FRA	At Age 70	John begins at age 70 and Jane begins at FRA	John files / suspends, Jane restricted application	Jane files / suspends, John restricted application	Maximized Benefit
Start age									
John	66	62	62	66	70	70	70	70	70
Jane	66	62	62	66	70	66	70	70	70
First year benefit in current dollars									
John	$24,500	$19,192	$19,192	$24,500	$32,340	$32,340	$0	$9,750	$0
Jane	$19,500	$14,463	$14,463	$19,500	$25,480	$19,500	$12,250	$0	$12,250
Maximization Based on Cash Received									
Total lifetime benefit in current dollars	$1,198,000	$1,052,738	$1,052,738	$1,198,000	$1,343,580	$1,296,000	$1,392,580	$1,363,080	$1,392,580
Break Even Point									
John	77	N/A	N/A	77	79	78	78	79	78
Jane	75	N/A	N/A	75	77	76	76	77	76

In this table, we see that the maximized benefit can be achieved by utilizing a strategy where at full retirement age, John files and then suspends his benefit and Jane begins a restricted benefit (spousal benefit) against his application. Jane then turns on her own benefit at age 70.

Social Security Planning (continued from Page 7)

If they follow this strategy, they will receive a total lifetime benefit of close to $1,400,000 dollars almost $400,000 more than if they elected to take social security at age 62. (Assuming life expectancy of 92). This strategy is still beneficial if one spouse passes early, as the surviving spouse will claim against the higher of the two benefits. Below is a closer look at the recommended strategy:

Year	Ages/Event	John	Jane
2019	66 / 64		
2020	67 / 65		
2021	68 / 66		$14,206
2022	69 / 67		$14,561
2023	70 / 68	$39,403	$14,925
2024	71 / 69	$40,388	$15,299
2025	72 / 70	$41,398	$32,617
2026	73 / 71	$42,433	$33,432
2027	74 / 72	$43,494	$34,268
2028	75 / 73	$44,581	$35,124
2029	76 / 74	$45,696	$36,003
2030	77 / 75	$46,838	$36,903
2031	78 / 76	$48,009	$37,825
2032	79 / 77	$49,209	$38,771
2033	80 / 78	$50,439	$39,740
2034	81 / 79	$51,700	$40,734
2035	82 / 80	$52,993	$41,752

Year	Ages/Event	John	Jane
2036	83 / 81	$54,318	$42,796
2037	84 / 82	$55,676	$43,866
2038	85 / 83	$57,068	$44,962
2039	86 / 84	$58,494	$46,086
2040	87 / 85	$59,957	$47,238
2041	88 / 86	$61,455	$48,419
2042	89 / 87	$62,992	$49,630
2043	90 / 88	$64,567	$50,871
2044	91 / 89	$66,181	$52,142
2045	John's Plan Ends	$67,835	$53,446
2046	- / 91		$69,531
2047	Jane's Plan Ends		$71,269

Notes

Assumption for Cost of Living Adjustment (COLA) is 2.50% annually.

Strategy Information

John files and suspends his application at 66 in 2019, then begins taking benefits at 70 in 2023.

Jane files a restricted application at 66 Years, 2 Months in 2021, then switches to her own benefits at 70 in 2025.

Using this strategy, your household's total lifetime benefits would be $1,392,580 in today's dollars.

There are many factors to consider when selecting the best strategy for your situation including your health, other assets, longevity in the family and lifestyle expectations. As your financial advisor, we are happy to assist you in considering all options and evaluate the pros and cons of each. If you have not already discussed this with your portfolio manager, give us a call so we can set up a time to work with you on your social security planning.

Jennifer Facini, CFP®

2015 TOP 100 FEE-ONLY WEALTH MANAGERS

FT FINANCIAL TIMES | Top Financial Advisers 2015

FT 300 Ranking June 2015

Mission Statement

To focus solely on meeting the unique needs of our clients and to help them prepare for life's most important financial decisions, by providing objective advice, free from conflicts of interest, based on time-tested, proven strategies. To give our clients peace of mind by placing their best interest first and always acting in a fiduciary capacity.

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