MARKET INSIGHTS
How long can this positive environment continue?
see page 2

ESTATE PLANNING WEBINAR
Register for our upcoming webinar, Estate Planning for 2018 and Beyond — What You Need to Know.
see page 3

SPRING CLIENT MEETINGS
Mark your calendar for our upcoming Spring Client Meetings.
see page 4

ADVANCE CAPITAL MANAGEMENT

FINANCIAL LIVING

volume Q1 2018

A QUARTERLY NEWSLETTER FOR THE CLIENTS AND FRIENDS OF ADVANCE CAPITAL MANAGEMENT

Managing Your Financial Assets to Avoid Probate Court

When you choose to leave a legacy, your hope is to leave something to help enrich the lives of your loved ones. No one wants to leave legal bills, wasted time and unnecessary stress. That's why many people take steps to help their families avoid probate court.

Probate court is the legal process that deals with the assets and debts left behind after someone dies. Each year, millions of dollars are spent on attorney and court fees associated with probate proceedings.

There are ways to ensure your financial assets are in the hands of those who matter most to you – and not the government. Here are options for ensuring that your heirs can avoid probate court.

CREATE A LIVING TRUST

Most people already understand they should have a will, but it's also important to consider setting up a living trust. A living trust is created while you are alive with instructions on how your assets are to be managed and then distributed by a trustee upon your death. Any asset you own can be placed in a trust, including investments, banks accounts, real estate and vehicles.

Trusts generally cost more to create than wills. But, a will may have to go through the probate process while trusts pass outside of it, saving your heirs time and money. Be sure to seek the counsel of an estate attorney who can help set up a trust that's appropriate for your situation.

NAME BENEFICIARIES TO YOUR ASSETS

All the benefits you have earned and accumulated — pension plan, life insurance, 401(k) and IRA accounts, etc. — can be passed on to a beneficiary after you pass away. Beneficiary designations are particularly useful in probate avoidance. In fact, they even override your will. That's why it's important to keep them up to date. Naming the wrong person(s) or failing to update your documents can create a mess for your heirs and leave your wishes unfulfilled.

For non-retirement investments accounts, you can register them in transfer-on-death (TOD) form. Not to be confused with TOD deeds, but they work the same way in that the

(Continued on page 3.)

Market Insights: Q4 2017

Two key questions loom large with respect to the economy and capital markets. As the U.S. expansion enters its ninth year – the third-longest since World War II -- the obvious question is: How long can this positive environment continue?

Meanwhile, the domestic stock market, as represented by the S&P 500 Index, is up almost 300 percent from the credit-crisis low in early 2009, with very little recent volatility. Investors want to know: Will this bull market last another few years, or should they prepare for an inevitable market sell-off?

Economic expansion faces few hurdles

From an economic perspective, there isn't much evidence to suggest the nine-year expansion will end anytime soon. For 2017's third quarter, the U.S. economy expanded at the fastest pace in three years on strong business investment and government spending. Two consecutive quarters of greater than 3 percent growth is quite impressive, given the lackluster results since the end of the last recession. Driving this growth has been an up-tick in consumer spending and a business sector more willing to invest in major projects and inventory.

Further, corporate profits rose 4.3 percent in the third quarter. This is a critical driver of private-sector hiring and investment decisions, which should bode well for the economy over the next few quarters. Currently, the labor market environment remains one of the best in several decades. The nation's unemployment rate is 4.1 percent, which is the lowest in 17 years. The pace of wage growth, however, is stubbornly muted at around 2.5 percent annually. Still, this robust employment picture appears here to stay.

Historically, two kinds of triggers have caused the demise of U.S. expansions: inflation and financial instability. Today, core inflation remains below the Federal Reserve's target. This isn't expected to change, as the central bank's cautious and gradual approach to monetary policy normalization is likely to continue under the Fed's new leadership. Financial instability is more difficult to predict. Nonetheless, the U.S. in general is not an overly leveraged economy and the traditional signs of stress, including an inverted yield curve and elevated corporate bankruptcies, are not yet present.

Market party keeps going, but cost of entry continues to rise

Considering this relatively calm environment, the spotlight remains on equity markets, where record highs seem to post every week. By the numbers, large stocks have tended to outpace small- and mid-capitalized stocks for the year. The S&P 500 Index returned 21.83 percent for 2017, while the Dow Jones Industrial Average gained 28.11 percent. In foreign markets, the returns were equally impressive. The MSCI Emerging Market Index returned 34.24 percent, while the MSCI EAFE Index was up 25.04 percent. Returns were more muted in fixed-income markets, with government heavy sectors posting around a 4 percent return and riskier areas generally returning between 6 and 8 percent.

Although these heady returns are appreciated by investors, there is no hiding the fact that domestic equity and bond valuations appear stretched. Many traditional equity valuation measures today rival those at the height of prior stock market peaks of 1929 and 2000. Further, in the past 12 months we've seen one of the most profound and prolonged declines in stock market volatility on record. However, corporate earnings growth and low interest rates give some credence to these lofty valuations. Still, there appears little room for error in any area of the economy, including global monetary policies, geopolitics and economic growth. At these heightened equity valuations, the near-term return prospects appear muted at best and vulnerable to a pullback at the very least. At a yield-to-maturity of around 2.4 percent on the 10-year U.S. Treasury bond, fixed-income return prospects do not appear much better. The Fed's massive monetary "experiment" over the past several years has squeezed nearly all returns from this asset class. Normalization of interest rates to higher levels could further impact most fixed-income returns.

Our take

Looking ahead, we think the economy has room to grow. Although the Fed is methodically raising interest rates and contracting their balance sheet, the environment of low unemployment, solid business and consumer spending, along with contained inflation, should persist. In the capital markets, however, we remain concerned that much of this "good news" is already priced in, particularly in domestic stocks. We therefore favor international and emerging market stocks over domestic ones. In bonds, the risk of higher interest rates, even modestly, could dampen returns for longer duration investments. Accordingly, we prefer investments in multi-sector and credit-centric bonds. Ultimately, we are growing

(Continued on page 4.)

It is not possible to invest directly into an index. The indices mentioned in this article are unmanaged and are not affiliated with Advance Capital Companies.

Advance Capital Welcomes Two Advisers

We are proud to introduce two new additions to the Advance Capital team! Please join us in welcoming James and Dan.

James Walsh, **CMFC**, has joined our Grand Rapids advisory team. James has almost 20 years of experience in the financial and retirement planning industry. He is a Chartered Mutual Fund Counselor and an alumnus of Western Michigan University with a BA in Communications. According to Walsh, "I've been fortunate to help people living in western Michigan manage their wealth for my entire career, and I greatly look forward to continuing to do so."

Daniel M. Amiot II, **AIFA®** has joined our Ohio office as an financial adviser and plan analyst. Previously, Dan was lead advisor and retirement plan analyst at Cornerstone Capital Advisors. He started at that firm in 2008 as a portfolio manager. He received his BBA in Finance from Cleveland State University. Dan's expertise in fiduciary best practices and process management will be employed throughout the firm, both with our individual and corporate retirement plan clients. ■

Online Webinar:

Estate Planning in 2018 and Beyond – What You Need to Know

Wed., Feb. 28 at Noon EST

Presenter: Matthew A. Ferrara

Estate Planning Attorney

Estate planning is a vital part of the financial planning process at all stages of life. Matt will discuss the basics of what every family should have to protect their home, children, and retirement. Learn how to avoid probate and pass on the legacy you've spent a lifetime trying to build.

This webinar will also discuss:

- Effect of New Tax Law on Estate Planning
- Gifting Strategies
- Power of Attorney (Financial and Healthcare)
- Different Uses of Trusts
- and more.

Register Now: **www.acadviser.com/education-center**

Managing Your Financial Assets to Avoid Probate

(Cont. from page 1.)

beneficiary you name will inherit the account automatically upon your death.

DESIGNATE YOUR BANK ACCOUNT AS PAYABLE ON DEATH

You can also designate beneficiaries for your bank account. Called a payable-on-death (POD) designation, you can name a beneficiary who has no rights to the money while you're alive but who can claim the money directly from the bank once you pass away.

USE JOINT OWNERSHIP WITH "RIGHTS OF SURVIVORSHIP"

Assets under joint ownership avoid the probate process provided this ownership includes the "right of survivorship." Under this arrangement, the surviving owner automatically owns the asset – be it a bank account or investment account or real estate – when the other owner dies, completely bypassing probate. Types of joint ownership with rights of survivorship are "joint tenancy" and "tenancy by the entirety," which is for married couples.

ESTABLISH A DURABLE FINANCIAL POWER OF ATTORNEY

You should designate a durable financial power of attorney, which gives someone the legal authority to help manage your assets in the event you are unable to properly handle them yourself. This document can prevent the probate court from having to appoint a conservator to handle your affairs. Further, a durable financial power of attorney, who may access your financial information, could help monitor your finances and protect you from becoming a victim of financial fraud or scams.

SET UP A TRANSFER-ON-DEATH DEED FOR PROPERTY

A transfer-on-death (TOD) deed is a legal document that allows real estate owners to name who they want to inherit their property once they pass away. Further, it allows the real estate described in the deed to be transferred to the named beneficiaries outside of probate. To go into effect, the deed must be properly signed and recorded.

Different states have different rules, and not all states recognize TOD deeds. For example, Michigan recognizes what is commonly referred to as a "Lady Bird Deed." This is an enhanced-life-estate deed, which works in a similar fashion as a TOD deed. Consult an estate attorney to learn what deeds are recognized in your state and if one is right for you.

As you can see, there are several tools at your disposal to avoid probate court. However, which are appropriate for you depend on personal factors such as your financial situation and the state in which you live. That's why you should seek the help of an estate attorney, with input from your financial adviser. A good estate plan will allow you to give your loved one's peace of mind during a difficult time. ■

Spring Client Meetings — Save the Date!

FORT MYERS, FL
March 13
9:30 a.m. EST
Crowne Plaza Hotel

TAMPA, FL
March 14
10:00 a.m. EST
Sheraton Tampa East Hotel

THE VILLAGES, FL
March 15
10:00 a.m. EST
The Waterfront Inn

KALAMAZOO, MI
April 3
11:00 a.m. EST
Holiday Inn West

CADILLAC, MI
April 5
11:00 a.m. EST
Evergreen Resort

TRAVERSE CITY, MI
April 9
11:00 a.m. EST
Great Wolf Lodge

PETOSKEY, MI
April 10
11:00 a.m. EST
Stafford's Perry Hotel

INDEPENDENCE, OH
April 11
11:00 a.m. &
6:00 p.m. EST
Holiday Inn Cleveland South

SCHAUMBURG, IL
April 12
11:00 a.m. CST
Chandler's at Schaumburg Golf Club

TROY, MI
April 17
11:00 a.m. EST
Management Education Center

CHAMPAIGN, IL
April 18
11:00 a.m. CST
Hilton Garden Inn Champaign

SAGINAW, MI
April 19
11:00 a.m. EST
Horizons Conference Center

GRAND RAPIDS, MI
April 23
11:00 a.m. EST
Watermark Country Club

LANSING, MI
April 24
11:00 a.m. EST
Eagle Eye Golf Club

PORT HURON, MI
April 25
11:00 a.m. EST
Blue Water Convention Center (adjacent to DoubleTree by Hilton)*
**New Venue*

PALOS PARK, IL
April 26
11:00 a.m. CST
Francesca's Vicinato*
**New Venue*

You can RSVP on our website at **www.acadviser.com/education-center/** (Events tab) or by calling **(800) 345-4783**.

Market Insights *(Continued from page 2.)*

increasingly wary that valuations across most asset classes are untethered from reality. History has shown that markets eventually revert back to more rational levels, and it tends to occur quicker than investors think. As we move forward, we will continue to seek investments that balance risk with expected return amidst this positive, yet somewhat concerning, investing environment.

As always, investing in the capital markets comes with some risk and uncertainty. We thank you for your continued support of our investment process as we work hard to deliver positive risk-adjusted portfolio returns to our clients. Should you have any questions, please do not hesitate to reach out to your financial adviser. ■

Investment advisory services are provided by Advance Capital Management, Inc.

Investments are not insured, and may lose money. Client should be prepared to bear the risks associated with investing. Fees and expenses apply to an ongoing investment, and over time will reduce the return of the investment.

HEADQUARTERS
One Towne Square
Suite 444
Southfield, MI 48076
(800) 345-4783
(248) 350-0115 Fax

GRAND RAPIDS, MI
2959 Lucerne Drive
Suite 210
Grand Rapids, MI 49546
(800) 444-1053
(616) 954-2499 Fax

LISLE, IL
4225 Naperville Road
Suite 160
Lisle, IL 60532
(800) 327-3770
(630) 955-3404 Fax

INDEPENDENCE, OH
Crown Centre
5005 Rockside Road, Suite 215
Independence, OH 44131
(800) 457-4304
(216) 520-1535 Fax