

## A Better Approach to "Passive" Investing

Earlier this year, the Investment Committee added a new manager, Dimensional Fund Advisors (DFA), for many of the stock funds in our strategies. DFA is well known in the investment world and is one of the ten largest mutual fund companies with over \$500 billion of assets under management. DFA's investment strategy is considered "passive" in that it follows a systematic, low-cost approach to selecting stocks as opposed to the "active" strategies that have a higher cost for a manager to select stocks in an attempt to outperform the market.



Jason Gunkel,  
CFP®, CFA, CAP®

The most well-known and largest passive investment company is Vanguard with over \$3 trillion of assets under management. Vanguard was founded in 1974 by John Bogle who is credited with starting the first passive mutual fund. At that time, many people viewed the passive fund as being "un-American" because Americans should not have to settle for average returns. However, we now know that Vanguard's passive funds turned out to perform much better than average by keeping fees lower than their active fund competitors.

In 1983, two professors at the University of Chicago, Eugene Fama and Kenneth French, discovered a way to improve the traditional passive approach developed by Vanguard nearly ten years prior. This approach included tilting investments toward companies that had better value



*A Better Approach to "Passive" Investing cont.*

(higher book to price ratios), higher profits, and were smaller in size which all showed in their research to consistently outperform the market as a whole.

Dimensional Funds has used this research by Fama and French to develop mutual funds following this passive strategy that tilt toward certain types of companies. Over the last 20 years, this strategy has proven to be successful and has not only outperformed the majority of active funds but has also beaten Vanguard's traditional passive approach.

The article below summarizes this performance history of Dimensional Funds over the last two decades and shows why we are confident in their low-cost, enhanced indexing approach in the future.

<https://www.advisorperspectives.com/articles/2018/06/18/the-battle-of-the-passive-strategies>



Our Giving Club meets quarterly to help members learn about three nonprofit organizations doing positive things within our community. After each presentation, club members will decide the cause to support.

**We invite you to join us** for our next meeting on Tuesday, December 11th from 5:30-7 p.m. at our office in West Des Moines at 4125 Westown Parkway, Suite 104. Please contact Deb Longseth at [dlongseth@onlyworkforyou.com](mailto:dlongseth@onlyworkforyou.com) for more information.

**Join Us for Our Next Giving Club Meeting Tuesday, December 11**

## Have Questions or Concerns?

If you have questions regarding your current financial planning and investment services, or you are new and don't know where to begin with a financial plan, please call us at [515.226.6000](tel:515.226.6000) or email [info@onlyworkforyou.com](mailto:info@onlyworkforyou.com)

*And as always, we only work for you!*



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## Client Portal

As a client of Syverson Strege & Co., you have access to the Client Portal.

Our Client Portal shows you a comprehensive picture of your overall financial situation. In addition, you can use the Vault for safe storage of your important documents.

Learn how to connect your accounts and store documents securely by going to our website [www.OnlyWorkForYou.com](http://www.OnlyWorkForYou.com) and clicking on the Client Portal button.

## Welcome new employee, Ben Geiger!

Meet Ben Geiger, the newest Financial Analyst at Syverson Strege!

Ben joins our team with previous experience as an investment advisor and a background in finance from Iowa State University. When he's not at the office working on investment projects, Ben enjoys road trips with his wife, biking around Iowa and cheering on his favorite sports teams.

Welcome, Ben!



## Client Appreciation UPDATE

Jeff Lanza was our keynote speaker this year. Jeff is a former FBI Special Agent and spoke on the topic of Preventing Cybercrime and Preventing Identity Theft.

### Helpful tips:

- 1) Protect your Personal Information.
- 2) Protect your digital world.
- 3) Make sure that your operating system software and antivirus are up to date.
- 4) Protect your home Wi-Fi network with a strong passphrase and WPA 2 encryption.
- 5) Always use a passcode to protect your phone.
- 6) Watch for fake text messages. Don't call, click or reply unless you have verified the authenticity of the sender.



Jeff Lanza speaking at the Syverson Strege Client Appreciation Event on September 25, 2018.

**If you would like the handouts from this event, please contact Deb Longseth at [dlongseth@onlyworkforyou.com](mailto:dlongseth@onlyworkforyou.com).**

## New on Our Blog: Senior Housing 101

### Part Three of A Four-Part Series



By David Strege, CFP, CFA, CKA  
Partner, Senior Financial Planner

There was a time when older Americans lived with a certain dread that they might end up in “the home.” The past few decades have seen the associated stigma of senior housing dissipate with an explosion of options that in some cases make today’s “home” an appealing destination for an aging population.

While advances in home care services make remaining in the family home an option for many seniors, it’s not a viable option for everyone. When a Senior Citizen, or their care giver, begin to examine options for their next residence a number of factors make each decision unique to the individual. Common

to all decisions is an understanding of individual needs; healthcare, daily activities, desires, financial resources and availability of facilities in their area. Additionally, state licensing regulations often set standards that a resident must meet to be eligible for certain levels of care and should be investigated before the decision process progresses.

Here we will present a basic overview of the various options available to today’s aging population and their care managers.

#### Independent Living

Often open to individuals from age 55 up, this level of Senior Housing offers independence from a life-time of responsibilities associated with home ownership. It offers independence to live on your own schedule in your own home within a community replete with age appropriate amenities and activities such as fitness centers, trails, organized social activities, and some meal preparation. This is truly an amenity filled and maintenance free form of living for reasonably healthy adults and has become a growing industry with most cities of size offering a number of choices. Independent Living can, very broadly, range from \$1500-\$3500/month.

#### Assisted Living

The next step, and perhaps the most familiar, certainly the fastest growing, introduces a level of assistance with what the industry terms Activities of Daily Living (ADL), such as personal hygiene, assistance with medications, housekeeping, meal preparation. Living quarters typically resemble an apartment with perhaps a kitchenette. Communal meals are provided and the facility is staffed 24 hours a day. Other than assistance with medication, health care is not provided, although it is not uncommon for a nurse to be on staff and a doctor on call.

Assisted Living provides a great deal of independence with just enough assistance. It is often the entry point on the continuum for seniors who are independent but expect to require greater care in the near future. Monthly rates average \$2500-\$5000.

#### Skilled Nursing Facility

Along with Assisted Living, a Skilled Nursing Facility falls under the title of Long-Term Care and expands the level of assistance provided. While a Skilled Nursing Facility is often used as a short-term transition from the hospital to home for people, of any age, convalescing from injury or illness, for our conversation it is a facility that provides more extensive assistance with ADL, in conjunction with 24-hour nursing care and assistance.

*New on Our Blog: Senior Housing 101 cont.*

These facilities can be specialized, particularly around Alzheimer’s and Dementia care in which case they may be locked facilities adjoining Assisted Living operations. Skilled Nursing Facilities range from \$3000-\$8000 per month.

These three broad categories are crisscrossed with variations on the themes. Research specific to the market in which you find yourself is advised. Additionally, the generation that explored communal living in its youth, is finding creative ways to approach alternative senior living in their golden years and might offer a desirable approach. Above all, it’s most important to have your parent like the “feel” of the place where they will be living.

In our next article in this 4-part series “Parenting the Parent,” we address financing long-term senior care. Please check back or follow us on Facebook, Twitter or LinkedIn to receive notifications of future articles in this series.

*Note: If you think you may be at the point where a professional financial manager or investment advisor would be of help in navigating the financial waters for a loved one, Syverson Strege & Company is happy to schedule a no-obligation information session. Please contact us 515.225.6000.*

## Year End Tax Planning

As we enter the 4th quarter, it’s time to begin thinking about year-end tax planning. The new tax law has made planning even more important than in prior years. Here are a few potential year-end tax strategies to consider:

**Charitable Gift Bunching:** In light of the new tax law, many filers will find themselves taking a standard deduction (\$12,000 for individuals and \$24,000 for married filing jointly). As a result, charitable contributions will not be deductible. In order to itemize, total deductions must exceed the standard deduction. It may be possible to itemize by “bunching” multiple years’ worth of gifts into a single year, which would then make charitable gifts deductible. The concept of charitable gift bunching becomes even more impactful when paired with the use of a Donor Advised Fund (DAF).

**Charitable IRA Rollover:** A charitable IRA rollover (often called a Qualified Charitable Distribution, or QCD) makes gifts directly from your Traditional IRA to charity. It is only available to individuals over 70 ½ and the maximum rollover per year is limited to \$100,000. This strategy is particularly beneficial if you do not itemize your deductions.

**Maximize Retirement Accounts:** Ensure that you’re maximizing contributions to employer-sponsored retirement plans and IRAs. The maximum contribution to a 401(k) in 2018 is \$18,500 (\$24,500 for those over 50). For IRAs, the maximum contribution is \$5,500 (\$6,500 for those over 50). Contributions to an employer-sponsored retirement plan must be made before December 31st, while you have until April 15th of next year for IRA contributions.

For more information, please contact your Planner or Analyst at 515.225.6000.



Matt Roberts, MFM, CFP®

## Office Closed for Thanksgiving

Please note that our office will be closed in observance of the Thanksgiving Holiday on Thursday and Friday, November 22nd-23rd. We will be back in the office on Monday, November 26th.