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# FAIRHAVEN JOURNAL

MAY 2018



**Fairhaven**  
wealth management

**FEEL BETTER NOW:**  
talk about money and  
execute a concrete plan.



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## NOTE FROM MARC HORNER

Welcome to the inaugural issue of the Fairhaven Journal! More than your typical newsletter, through the Journal we plan to share with you perspectives on a wide range of both financial and non-financial topics; healthcare, cooking, philanthropy and team member profiles to name just a few. We plan to continue building out the library of topics and would love to hear your suggestions.

We hope you enjoy!

Sincerely,

Marc Horner  
Wealth Advisor  
President



# TALKING ABOUT MONEY

*by Dave Wilson*

One of the most important yet often overlooked techniques on the path to success in personal finance is to simply talk about it.

But as we all know, talking about money can be a somewhat taboo topic. For many of us, money is an extremely personal subject, something that we believe should be private and kept under wraps. While it is certainly true that some aspects of finance should be kept personal (who would want to go out to dinner with someone that constantly talked about how much money they made), we also believe that appropriate discussions about money – whether with family members or with professionals – can be powerful and even liberating.

“Talking about money is something that doesn’t come naturally to a lot of people. I am not sure exactly why, but many people feel awkward or even embarrassed to ask questions or share experiences around the topic of money. Almost as if they have self-imposed expectations that they should somehow already know about money. But no one among us was born with knowledge

of personal finance. Like any other skill, it has to be learned. Talking about things is a great way to learn,” says Marc Horner, founder of Fairhaven Wealth.

It is important to realize that all members of your family can benefit from an open conversation about money, especially younger children. “Kids are naturally curious and it’s not just about school or video games. Their curiosity flows into money topics, and it’s never too early to feed that curiosity by talking,” says Marc. “Opportunities are all around us to start those conversations. When out to eat, let the kids calculate the tip and help them determine what amount of tip the server earned. It’s a great way to help them understand there is compensation associated with value provided and that value differs. Birthday money is a great opportunity to talk about the difference between spending and saving. Maybe you propose a \$0.50 match for every dollar saved in their savings account versus spent at the 7-11. Teaching them early about choices between spending now and saving later might be one of the most powerful lessons you teach your kids about personal finance.”



*Here are a few suggestions for more successful family communications about money:*

### **1. KEEP IT BRIEF**

Kids are kids whether they are 5 or 25. Sometimes it can be difficult for them to acknowledge that they can still learn something from their parents. No lectures.

### **2. GIVE TO GET**

Not having all the answers is OK. In fact, sharing that you don't have all the answers can be a great way to bring others into a conversation. Maybe your parents didn't talk much about money (they certainly wouldn't

kids are slow to follow or don't follow your advice. If you demonstrate an ability to hear bad news without being judgmental, your child may be more inclined to share information with you before the negatives multiply. A candid relationship combined with experiencing missteps on their own might actually help your kids more quickly see the wisdom of Mom and Dad's counsel.

### **5. BE SPECIFIC...WHEN ASKED**

As you and your kids talk more about various money topics, their natural curiosity is likely to kick-in. When it does, be prepared to share with them how you make

*“A candid relationship combined with experiencing missteps on their own might actually help your kids more quickly see the wisdom of Mom and Dad’s counsel.”*

have been alone!) and maybe you had to learn by making mistakes (you certainly wouldn't be alone!). Consider starting a conversation by sharing some of the details of one of those mistakes and that you would like to help your kids avoid the same trap.

### **3. AVOID ABSOLUTES**

Words or phrases like “always, never, or all” can cut off conversations. Give people space for an opinion, leave room for dialogue, allow for benefit of the doubt and recognize that your point of view may not always be accurate (more difficult said than done for many of us) and that sometimes circumstances change.

### **4. STAY PATIENT**

News flash – kids are not perfect and they make mistakes. Do your best to limit your frustration when your

financial planning decisions. Topics such as saving for your first car or house, saving enough in your 401k plan at work to make sure you receive the company match or structuring your portfolio with both domestic and international exposure (aka: asset allocation and diversification) will all help them understand the need to be strategic in their decisions and make choices appropriate to their own circumstances.

### **IT MATTERS**

Building trust and confidence takes time and it takes interaction. In a recent survey, only 22% of young adults (age 25 to 35) said their parents were their most trusted source of financial advice, and one-third said they don't trust anyone on money matters. Financial conversations aren't always easy, but with openness and honesty they can be made easier. Go ahead and start talking. 🌍









## TEAM MEMBER SPOTLIGHT



Wealth Advisor  
Kurt Anderson

Seasoned wealth advisor Kurt Anderson works with many inevitable life shifts and subsequent financial challenges that his diverse clients routinely face. This keen adaptation enables Kurt to ultimately resolve their critical long-term goals and live their lives with clarity and comfort. Kurt's big picture understanding, acute client awareness, precise goal setting and passion for the process importantly enable he and his clients to proceed with ease – even as unforeseen circumstances unfold. The test of his rich philosophy shows up not just in his work, but also at play.

A few years ago, Kurt and his wife, Dennee, brought their three young daughters on what seemed like an everyday hike through the Rocky Mountains. “As flatlanders from Illinois, we mistakenly didn't factor in the elevation gain, which was 1,600 feet! It was a bigger challenge than what our girls anticipated.” Despite the steep incline, the Andersons pushed on through the hike and

were rewarded with a refreshing dip in a waterfall at the summit – the payoff through perseverance and preparation.

Kurt, who joined the Fairhaven team in 2017, is fascinated with “The beauty, vastness and history” that he finds on frequent invigorating family vacations like the one in the Rockies. He's visited 13 of the 59 national parks and has placed the last 46 on his bucket list. This summer, the Andersons plan to visit Yosemite, Sequoia and Kings Canyon National Parks. “We're looking forward to hiking amongst the world's largest trees, exploring a cave and searching for wildlife,” Kurt explains.

Kurt's passion for the great outdoors rivals that for his work as a financial advisor, which was stoked in high school when he founded a junior investment club. Kurt subsequently developed a strong customer service acumen in his early career, contrary to common bottom-line trends he sees at work in many other finance

*“The culture and the depth of knowledge at Fairhaven is fantastic. This positive and collaborative environment has benefited all of my clients”.*

firms. “Unfortunately, our industry has treated too many clients like a number, but at Fairhaven, I have joined a firm that listens to our clients and puts their best interests and goals first. I have discovered – over and over again – if you serve the client’s unique needs, if you listen for ways you can assist them, success tends to follow.”

At Fairhaven, Kurt has integrated seamlessly into an organization founded on intelligence, teamwork and a truly unparalleled focus on clients. “The culture and the depth of knowledge at Fairhaven is fantastic. This positive and collaborative environment has benefited all of my clients. Our focus on serving a manageable group of clients well and offering a full set of tools and solutions under one umbrella has been an incredible advantage for me in this business. It is exciting to work in a firm that primarily expands its clients’ benefits and does not operate under the headline strategy of

‘Let’s Get Bigger’ for our benefit,” Kurt says.

Kurt’s career in financial management has uniquely prepared him for his role at Fairhaven. “I’ve been an advisor for 16 years and have the experience of working with clients through two major market downturns, but I am still young enough to see clients through their retirements,” he notes. Kurt’s unique expertise includes working with clients to maximize their company’s retirement and pension plans. His focus also includes helping clients determine when to retire and applicable cash-flow modeling.

Kurt’s dedication to discovering workable plans for his clients at Fairhaven closely mirrors what he looks for while traversing a new national park. “I’m always trying a new adventure, learning a new fact and gaining a new perspective,” he remarks. With this approach, the goals of each and every client can not only be made but achieved. 🌿









## COMFORT WRAPPED IN COMFORT



Chef Owners, Academe Brasserie

Shanna and Brian O'Hea

When braving an uncharacteristically cool spring nothing can be more heartwarming than comfort food. Our bacon wrapped meatloaf has been a staple on Academe Brasserie's menu for over 12 years and is a frequent recipe request. The fattiness of the bacon essentially bastes the meatloaf during the cooking process, which is why it stays so juicy.

We make individual meatloaf in silicone loaf pans for a personalized plate but baking family style also makes a great table presentation. Serve with mashed potatoes, green beans, and BBQ sauce or a chili-spiced ketchup. Do not worry if you have leftovers as it makes an excellent meatloaf Panini sandwich with Swiss cheese, sauerkraut, caramelized onions and Russian dressing. *Bon appetit!* >

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*Shanna and Brian O'Hea are the Chef-Owners of Academe Brasserie and The Kennebunk Inn in Kennebunk, Maine. This 1799 property with 23 guest rooms and a 100-seat restaurant, anchors Main Street in one of Maine's most popular tourist destinations.*

*The O'Heas have gained international recognition by participating in cooking programs around the world including: The Walt Disney World Epcot International Food and Wine Festival and Holland America Cruise Line. Shanna has appeared on Food Network's "Chopped," "Beat Bobby Flay" and winner of "Rewrapped." Brian and Shanna will both appear on a new Food Network show in the spring of 2018 called "Best in Seafood."*

*Academe's signature Lobster Pot Pie has been featured in Oprah Magazine as one of Gayle King's favorites, on Food Network's "The Best Thing I Ever Ate," Travel Channel's "Food Paradise," and 2014 Travel and Leisure Holiday Gift Guide. Their Lobster White Truffle Pizza has appeared on the "O List" in Oprah Magazine and was also featured on Travel Channel's "Food Paradise." Both products are available on [MaineLobsterPotPie.com](http://MaineLobsterPotPie.com), a website the O'Heas developed to ship fresh Maine seafood overnight across the United States.*

# BACON WRAPPED MEATLOAF

*Servings 8*

2 Pounds	Ground Beef
1 Each	Spanish Onion
1 Tablespoon	Olive Oil
2 Tablespoons	Fresh Parsley, minced
3 Each	Eggs
1 Cup	V-8 Tomato Juice
1 Tablespoon	Worcestershire Sauce
2 Cups	Panko Bread Crumbs
1 ½ Teaspoon	Kosher Salt
½ Teaspoon	Fresh Crushed Black Pepper
1 Pound Applewood	Smoked Bacon

## METHOD

- Pre-heat convection oven to 375 degrees (400 degrees for regular oven)
- Peel and rough chop onion into medium dice
- Put chopped onion in food processor or high speed blender and process until smooth paste and releasing all the water from vegetable
- Cook down the onion puree in a non-stick pan with olive oil over medium heat
- The goal is to cook out the water of the onion and lightly brown puree, reserve
- In a large mixing bowl combine ground beef, cooked onion, parsley, eggs, V-8, Worcestershire sauce, bread crumbs, salt and pepper and mix together by hand until all ingredients are thoroughly combined
- Mold meat into a loaf shape on a oiled sheet tray with sides
- Wrap the bacon around the loaf and tucking underneath the meat and overlap the bacon pieces to make a well wrapped meatloaf
- Bake in oven for 40- 50 minutes or until an internal temperature 160F and bacon has become crispy
- Let meatloaf rest for five minutes before slicing

## SUBSTITUTION NOTES

- If using dried parsley instead of fresh change to 1 Tablespoon
- If using fine bread crumbs vs. panko increase to 2 ½ cups









## AVOID SURPRISE MEDICAL BILLS

*Your parent's Medicare supplement coverage.*



CPA and Financial Planner  
James Sullivan , MS, CPA, PFS

**D**oug's 93-year-old mother, Miriam, had a tough January and February 2018. After a nasty fall in her apartment, she spent 4 days in the local hospital. From the hospital, her doctor ordered her sent to a skilled nursing facility (SNF). She spent 43 days recovering in the SNF. She was finally discharged but would require the use of a walker for several more months. When Doug picked her up, they both were in for a surprise.

*Miriam owed \$3,852.50 as her share of the cost for her stay in the SNF. Doug had assumed the total bill would be paid for by Medicare or by his Mother's Medicare Supplement policy. Doug was wrong. His mother could not afford to pay the full amount of what she owed so, Doug helped pay the bill.*

What was Doug's error? He never asked his Mom **exactly** what type of Medicare Supplement policy she owned. He knew she had a Medicare Supplement policy but not the type of policy nor the type of coverage it provided.

As it turned out, Miriam was covered by a Plan A Medicare Supplement plan. In Illinois, the monthly premium was \$169. The more popular Plan F (which provided more comprehensive coverage) would cost her \$343 per month for a monthly "savings" of \$174. Miriam is on a fixed income and purchased Plan A to save money. Unfortunately, the insurance agent did not do a good job of explaining the differences between Plan A and the other Medicare Supplement plans

One big difference between Plan A and Plan F is the coverage provided for a SNF stay. Medicare Part A does pay a limited amount for a SNF stay. As long as the stay at the SNF is preceded by a 3-day stay at a hospital, Medicare pays 100% of the cost of the stay for days 1 through 20. For days 21 through 100 Medicare pays the cost minus a daily co-payment, paid by the beneficiary, of \$167.50. Miriam's 43-day stay at the SNF included 23 days that she was responsible for the co-payment or 23 days times \$167.50 equals \$3,852.50. Note that after 100



days in a SNF, Medicare (nor the Medicare Supplement Plan) does not pay any portion of the cost.

What could Doug – or any adult child of a Medicare enrolled parent - have done to avoid the unexpected bill from the SNF? *Ask your Mom or Dad if they have a Medicare Supplement plan and, if so, what plan is it?* Is it Plan A or Plan B? Neither of these plans cover the SNF co-payments that Miriam owed when she was discharged. All the other plans cover the co-payments due after a SNF either at 100% (Plans C, D, F, G, M, and N) or at 50% (Plan K) or 75% (Plan L). The monthly premium savings from selecting Plan A quickly disappeared with just one stay in the SNF!

## CONFUSION WARNING!

Note that Medicare itself is divided into four distinct **parts** — **Part A** covers hospitalization, Part B covers doctor bills and durable medical equipment (for example, Miriam’s walker), **Part C** is often referred to as **Medicare Advantage** which is an alternative way for Medicare beneficiaries to be covered under Medicare and **Part D** which covers prescription drugs. In Miriam’s case, she is covered by what is often referred to as **traditional Medicare** — Part A, Part B, Part D and a Medicare Supplement plan.

Medicare Supplement **plans** are offered by private insurance companies. Medicare beneficiaries are not required to purchase Medicare Supplement plans. The plans offered are regulated by the Centers for Medicare and Medicaid Services (CMS) and by the state insurance departments.

There are ten Medicare Supplement **plans** each designated by a letter — A, B, C, D, F, High Deductible Plan F (HDF), G, K, L, M and N. Coverage under each plan is standardized.

When someone says he or she is covered by Medicare Part A the reference is to Medicare itself. Miriam is covered by Medicare **Part A** and a Medicare Supplement **Part A**.

To understand the differences among the policies a good source is *2017 Choosing a Medigap Policy: A Guide to Health Insurance for People with Medicare* available at [www.medicare.gov/Pubs/pdf/02110-Medicare-Medigap.guide.pdf](http://www.medicare.gov/Pubs/pdf/02110-Medicare-Medigap.guide.pdf)

*Your parents can change their Medicare Supplement plans anytime during the year.* They do not have to wait until the Annual Enrollment Period (AEP) that lasts from October 15 through December 7.

Keep in mind, that applying for a Medicare Supplement plan can be a problem if your parent has a preexisting health condition. The insurance company can refuse to issue a policy if your parent is not in either their Initial Enrollment Period (IEP) or Special Enrollment Period (SEP). The IEP lasts for seven months – the three months before your mom or dad turn age 65, the month in which they turn age 65, and the three months after the month in which they turn age 65). The SEP lasts for eight months after health insurance coverage provided by an employer is lost.

In some states (such as New York) Medicare Supplement policies are year-round open enrollment or offer additional open enrollment periods (California). In other states, some insurance companies will issue a Medicare Supplement policy without asking health questions. A good insurance agent can help you find the right policy and the right company in the state in which your mom or dad live. It is best to work with an agent that represents several companies, not just one.

Proper planning for Medicare coverage is no longer a “one and done” process – it is a dynamic process. The coverage decision your parents made when they turned age 65 may not be the best choice now. There are opportunities during the year to make changes to your parent’s (or to your) Medicare coverage. A good financial adviser can be a resource as health and coverage needs change. 🌱

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*Jim is a CPA and financial planner. Jim’s practice focuses on helping his clients think about and plan for the costs of health care in retirement. He has written over 100 articles on health care costs in retirement and a book on Medicare for the American Institute of Certified Public Accountants (the AICPA). He is currently writing a book for the AICPA on the impact of chronic and terminal illness on retirement plans. He lives in Glen Ellyn with his wife, 3 children and 2 Beagles.*

## MEET THE FAIRHAVEN TEAM

*The best people, carefully chosen, for service and results.*



*Gerald King  
Wealth Advisor*



*Gina Hornbogen  
Executive Assistant*



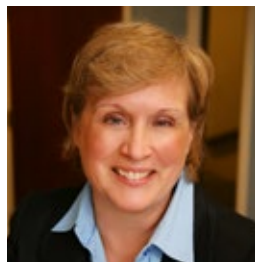
*Marc Horner  
Wealth Advisor and Founder*



*Kurt Anderson  
Wealth Advisor*



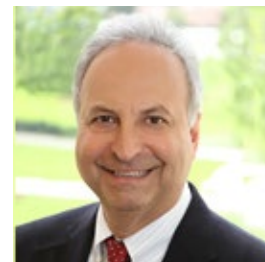
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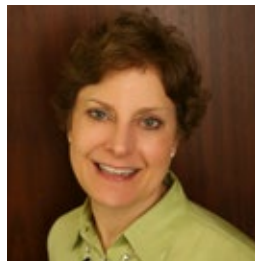
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Administrative Assistant*



*Michael Kronk  
Emeritus*



*Joseph Guest  
Head of Operations*



*Blair Fuchs  
Wealth Advisor*



*Amy Christenson  
Media Consultant*





## THE JOY OF GIVING



The Fairhaven Wealth Management team recently spent an afternoon hand-packing rice, soy, vegetables and other nutritionally nourishing materials into bags that were then shipped off to the neediest kids in the world via Feed My Starving Children.

At Feed My Starving Children, organizations of all kinds, from schools and churches to companies like Fairhaven, participate in a volunteer experience that engages them by uniting their employees “With the selfless benefit of feeding the world’s starving children.”

“Fairhaven is proud to align ourselves with organizations like Feed My Starving Children, which provides meals to the young people that need it the most,” said Fairhaven founder Marc Horner. “We can’t emphasize enough the importance of philanthropy in general, especially with groups like Feed My Starving Children, that make a difference where it’s needed the most in the world.”

To learn more about Feed My Starving Children, visit <https://www.fmssc.org/>, or call 763-504-2919.



*Malnourished Filipino child, Angel, before and after Feed My Starving Children provided her with proper nutrition.*



*The Fairhaven Wealth Management team and their families packing meals for needy children.*





## MARKET OUTLOOK

Among the advantages of being an independent wealth management firm is the freedom to draw from a variety of sources as we craft our own investment views and analysis. Those sources include institutional asset manager, Wellington Management, a firm that traces its roots back to 1928 when it established the first balanced mutual fund in the United States. At our annual Market Outlook event earlier this year, we invited Tom Spicer of Wellington, to share with us the firm's thoughts on the coming year (many of which line-up with our own opinions). Highlights of our opinions, Tom's comments and the lively Q&A follow.

While the overall economic environment is favorable, many investors remain concerned about valuations and complacency. Central banks around the world are beginning the process of raising interest rates and tightening an atmosphere of "easy money" after years of monetary accommodation. While this may sound like the 'end of the party,' the general take is that central banks will be careful and gradual in their withdrawal of support, thanks to an economy strong enough to withstand a bit less 'punch in the bowl.' An expectation of moderately higher interest rates means an environment that supports "balanced boldness."

Despite record-setting equity markets in the US, international and emerging markets edged higher in 2017. This equity market leadership transition is expected to continue into 2018. Within the equity allocation of diversified portfolios, the change in leadership in 2017 from US-based to international markets, including emerging markets, is expected to continue. Solid global demand and a stable China should continue as tailwinds for continued global economic growth. The strength of emerging markets signals a continuing favorable market for both equity and bond investments. Growth is expanding, and inflation is falling. Europe is the fastest-growing economy among major developed markets, both consumer and business confidence stand at multi-year highs.

After nearly a decade of Wall Street prognostications, higher interest rates finally seem to be on the horizon

(that common Wall Street phrase, "never wrong, just early" comes to mind). The global economy is signaling it can handle higher interest rates because it is robust... enough. Inflationary pressures should remain modest due to a positive combination of improving productivity and the combined forces of technology, globalization and demographic trends.

The US economy continues to expand at a steady clip. Thanks to a strong job market, reasonable wage gains and rising home prices consumer confidence is high. Business investment is also starting to rebound and capital expenditure forecasts are increasing. Against this backdrop, some combination of deregulation, tax relief and infrastructure spending should likely add to growth in 2018. These positives may be slightly offset by higher than average valuations.

Overall, the wild card is inflation. An unexpected rise in inflation could force central banks' hands toward more aggressive tightening and that raises the risk of recession. Global trade is another risk. Severe trade restrictions enacted by the US, coupled with a rise in inflation could cause a 'stagflationary dynamic,' which is a fancy word meaning a combination of rising inflation, slowing economic growth and increasing unemployment. Lastly, geopolitics remains a concern. However, any market disruptions associated with geopolitical events are likely to be temporary (think back to the markets' negative reaction to Brexit followed by a relatively quick recovery). The risk of a recession appears low while the risk of a market correction seems higher...and normal.

So, what does all this mean for you? As always, the beginning of a New Year is a good time to revisit portfolios to ensure they include broadly diversified pools of assets from both the equity and fixed income buckets. After years of US market leadership, making sure there is adequate portfolio exposure outside of US borders seems prudent as non-US market leadership that began in 2017 may continue. Of course, any investment strategy should be constructed with the unique goals and circumstances of the individual investors for whom the strategy is designed. 🌱



## FAIRHAVEN IN THE MEDIA



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*Besides sharing valuable financial knowledge and education on social media, we're also a frequent presence on radio and TV. Follow us on Facebook and LinkedIn and see all of our media appearances at [www.fairhavenwealth.com/media](http://www.fairhavenwealth.com/media)*

## ABOUT FAIRHAVEN

Fairhaven Wealth Management is an independent, privately owned investment and wealth management firm serving select families and small to mid-sized businesses. At Fairhaven, our commitment is simple – we exist to serve our clients...period. Our culture of service and accountability combined with prudent risk management and tax-efficiency are the cornerstones of our client commitment. [www.fairhavenwealth.com](http://www.fairhavenwealth.com)

This material has been prepared for informational and educational purposes for our clients and friends. Please consult your Fairhaven Wealth Management professional to discuss how this may impact your own financial plan and/or investment portfolio. This material is not intended to provide, and should not be relied upon for accounting, legal or tax advice or any other purposes. Neither Fairhaven Wealth Management nor its subsidiaries or affiliates provide accounting, legal or tax advice. Please consult your tax advisor and/or attorney for such guidance. Advisory services offered through Fairhaven Wealth Management, an SEC registered investment advisor. Securities offered through Triad Advisors, member FINRA/SIPC. Fairhaven Wealth Management and Triad Advisors are not affiliated. For a copy of Fairhaven Wealth Management's ADV Part 2 disclosure document please direct your inquiry to [admin@fairhavenw.com](mailto:admin@fairhavenw.com).