

## ***This Issue***

Our Letter

**“The Holiday Opening for Family Discussions”**

Year End Planning

2015 Retirement Plan Limits

Holiday Hours



Dear Clients,

Happy Holidays! I'm not sure about you, but I don't find there to be many "silent nights" this time of year – too much "dashing through the snow...!"

As the end to another year quickly approaches, we're often posed the question, "Is there anything I should be doing?" While there isn't anything magical about the clock striking midnight on New Year's Eve from a purely investment standpoint, there are certain things that the IRS can be a real Grinch on if they aren't handled in a timely manner. In an attempt to get on your nice list, we're providing our own list of some of the most common issues (see page 3) – be sure to check it twice!

'Tis the season to be jolly – but the coming months are also a great opportunity to update your planning. We continue to occasionally hear stories where little details were left unresolved and led to big problems / family tension. In the end, it usually comes down to communication – and our featured article offers some tips on how to have those conversations without turning your loved ones into Frosty.

Finally, we hope you found Part I of our "How to Read Your Morningstar" insert useful; as promised, Part II is included inside. Whereas Part I focused on the key data points regarding your portfolio's asset allocation, this installment highlights sections containing information on the historical performance of your investments. We likely don't need to remind you about the standard disclaimer (can you repeat it with me?) that "past performance does not guarantee future results," but that doesn't mean the figures should be discounted completely. After all, "buying low and selling high" does require some attempt at identifying what falls into each category at any point in time! When you combine both sections we believe you'll have a handy reference guide to help you understand what we look at when reviewing your portfolio. We encourage you to pull out and keep the two inserts (or feel free to request the pdf format be e-mailed to you) so you can look back at them for a quick refresher as needed.

As the weather outside turns frightful for many of us, we want to take the opportunity to say how delightful it is working with you. At the risk of going overboard on the song references, we appreciate the opportunity to guide your financial sleigh – minus the red nose!

Wishing you a blessed holiday season and a very happy New Year!

Sincerely,

Chris Bugg , Greg Rademacher and Jodie McLellan

## **“The Holiday Opening for Family Discussions ”**

**By: Tom Lauricella**

**Date: Nov. 22, 2014**

Yes, Virginia, it's possible to talk family finances over the holidays and not ruin dinner.

For many people, the holidays are a rare moment when multiple generations gather under one roof. While some are inclined to avoid subjects that are even remotely touchy, it's actually an ideal time to tackle important planning decisions that can have a lasting, painful impact on the entire family if not handled well.

The key is to see these talks as being about more than just dollars and cents or old age and dying, and instead use them as an opportunity to have uplifting and productive conversations or experiences.

It's an opportunity for grandparents to impart life lessons, for adult children to hear firsthand their parents' wishes as they age, and for adult grandchildren to be exposed firsthand to discussions—and be part of the planning—that in the long run will matter more than the outcome of a football game.

For some people, these discussions will feel awkward, but with a little creativity there are ways to avoid casting a shadow over the get-together.

### **Ease Into 'Money' Talk**

“You want to be sensitive to how you bridge the discussion into finances,” says Winnie Sun, adviser at Sun Group Wealth Partners in Irvine, Calif. Rather than just dive into money or late-in-life-planning, family discussions can start with family histories and legacies.

To help break the ice, Ms. Sun suggests clients make a video of the grandparents that begins with family stories and can from there move into their wishes as they age or after they are gone. As part of the process, “we encourage them to share with their children and grandchildren their successes and failures,” she says. “And it's almost impossible to talk about anything in life without talking about money.”

You can find a road map for these conversations in estate-planning guides offered by, among others, Great Neck, N.Y., financial-advisory firm FCE Group. In addition to basic information about the importance of wills and financial planning, the firm includes what it calls a “love letter” that can be filled out or used as the basis for discussion.

“People tend to get mad when you are trying to count their pennies,” says David Schwartz, the firm's chief executive. “This has nothing to do with that; this is their life.”

The letter starts with a family history, asking where the person was born, as well as where their parents and grandparents were born, and it provides space for other aspects of family history.

From there, the questions go to the family member's own wishes for when they die, including whether they are organ donors, whether they should be cremated and what readings or speakers they would like to have at their funeral.

But there are other, more businesslike but important questions in their love letters, including where family members can find critical documents, such as a power of attorney—which authorizes an individual to make certain legal and financial decisions on your behalf—and a health-care proxy that allows someone to make medical decisions for you if you are unable to communicate.

Health issues, too, are included. Among them: medications you are taking and the names of your doctors. Also important: in making things smoother for family members is basic information about investment accounts, bank accounts or insurance—along with usernames and passwords when needed.

Coventry Edwards-Pitt, chief wealth advisory officer at Ballentine Partners in Waltham, Mass., urges families to pass money lessons to their children—for example, imparting values around children earning their own spending money, and, in turn, whether they are spending it wisely and saving.

At the same time, she says parents can look at their own habits and think about the message they are sending to their children. For example: Is money tight, but when the kids ask to buy things at the mall the answer is never ‘no’? “You can talk about what messages you heard growing up...and how they are playing out in your life,” she says.

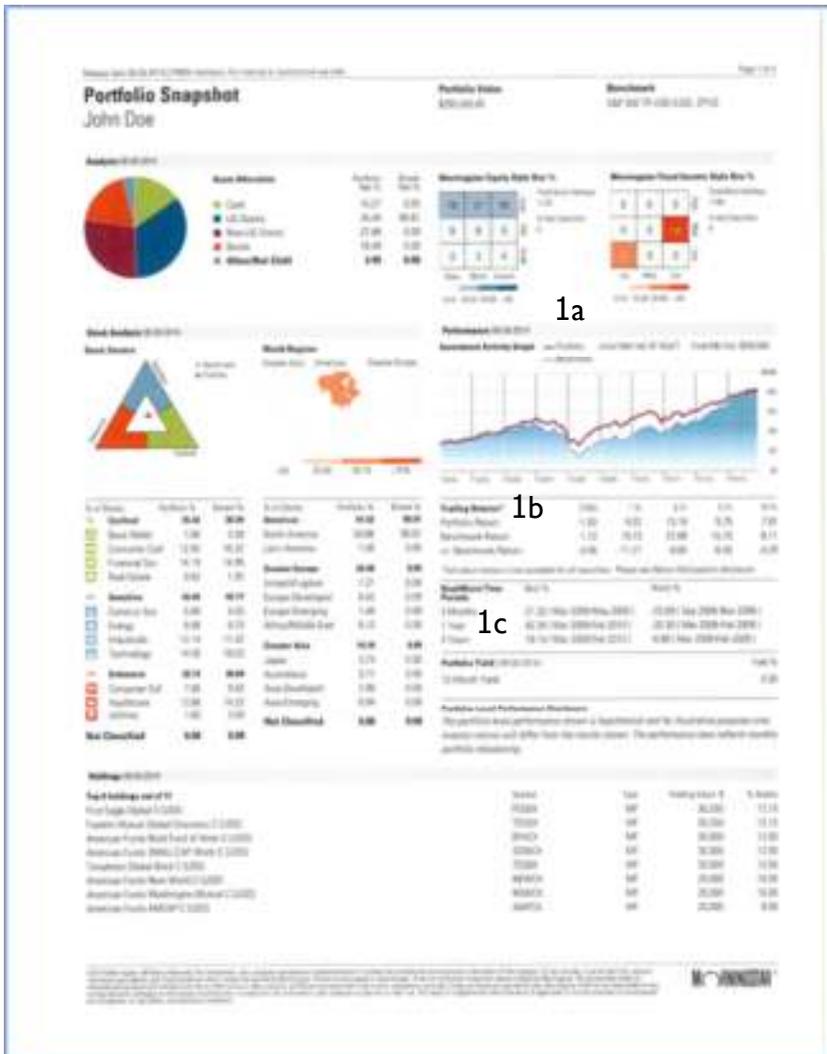
### **Include Children**

Including the younger generation in conversations means being sure that their planning is taken care of. For younger children, that's assigning guardians. For adult children, this can be a time to explain that they need a health-care proxy and power of attorney, notes Philip Bouklas, a New York City attorney. Many parents don't stop to think that they don't have the authority to make legal and health decisions for their college-age children who are legally adults, he says.

Mr. Bouklas says the holidays are also a good time for elderly parents to talk with their adult children about family heirlooms, and the children can let their parents know which items have sentimental value to them. In some cases, grandparents may decide to begin giving items away while they are still alive.

“It's the tchotchkes that are often what the fights are over,” along with personal effects, such as jewelry, with high sentimental value. “It's not over the cash but ... mom's engagement ring. Another topic Mr. Bouklas says leads to court fights—that can instead be addressed at the holidays—is a family vacation home. Typically, some children use it more than others, leading to disputes over whether to sell or keep the home. That discussion can then be included in how a parent plans to divvy up their share of an estate. “It's good to get that out in the open,” he says.

Mr. Bouklas recently met with his own parents and siblings. He says for some families, it may be better gather somewhere other than the dining table—the Bouklas clan met at the offices of his parents' company. Afterward, “it felt like a cloud had lifted,” he said.

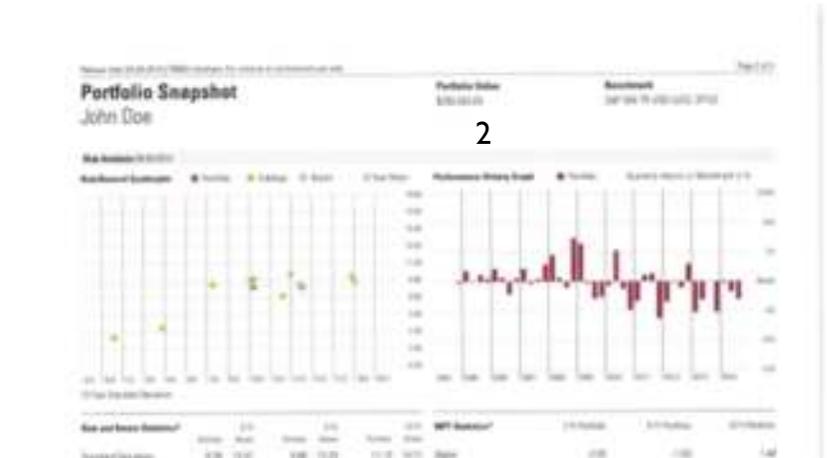


1. Performance: This section provides a trio of ways to look at your portfolio's historical performance. While none of these figures will perfectly reflect the actual performance of your portfolio, it is a useful (and reasonably close) approximation. The performance measures include:

- a. Investment Activity Graph (Mountain Chart): Going back ten years, the mountain chart compares how your portfolio stacks up against a chosen benchmark. At the top, you will also see what the market value of your portfolio would have been ten years ago (if you started with exactly the same portfolio weightings and rebalanced monthly) and the current month-end market value.

- b. Trailing Returns: Trailing returns are the hypothetical past returns of your portfolio over various time periods and ending at the date noted to the right of the "Performance" heading. Morningstar gives the trailing returns for your portfolio, our designated benchmark and the difference between the two; our goals are to a) do better than the benchmark, and b) be close to 9% on the 10-year figure.

- c. Best/Worst Time Periods: Morningstar calculates portfolio returns over the past decade and reports what 3-month, 1-year and 3-year periods would have been the highest or lowest performing. It is a useful tool for gauging the best and worst case scenario given your current asset allocation.



2. Performance History Graph: On the top right of page 2, this chart illustrates the quarterly performance of your portfolio compared to the chosen benchmark over the past decade. Bars above the center line represent periods of outperformance, while those beneath represent quarters where the portfolio lagged the benchmark; longer bars demonstrate a greater performance gap relative to the benchmark.

3. Total Holdings: Pages three and four (see reverse side for example of page four) present a complete breakdown of all the holdings contained in your portfolio and some detailed information on the performance and expense of each. The "Annualized Returns" section in the middle of page 3 provides the 1, 5- and 10-year returns for each position, the comparable performance of a number of common indices, and details on the expense structure for each mutual fund. Page 4 presents the information in a slightly different format, ordering the positions from largest to smallest in terms of current values (and listing what percentage of your total portfolio that represents).

# Portfolio Snapshot

**Portfolio Value**  
\$250,000.00

**Benchmark**  
S&P 500 TR USD (USD, SPYZ)

## Non-Load Adjusted Returns

Total 11 holdings as of 11-30-2014

	Symbol	Type	Holding Date	% of Assets	Holding Value \$	7-day Yield	1 Yr Ret %	3 Yr Ret %	5 Yr Ret %	10 Yr Ret %
First Eagle Global C (USD)	FESGX	MF	09-2014	12.10	30,250	—	4.95	9.48	9.15	8.36
Franklin Mutual Global Discovery C (USD)	TEDSX	MF	09-2014	12.10	30,250	—	6.81	14.27	10.00	6.18
American Funds Bond Fund of Amer C (USD)	BFACX	MF	09-2014	12.00	30,000	—	4.17	2.70	3.58	2.80
American Funds SMALLCAP World C (USD)	SCWCX	MF	09-2014	12.00	30,000	—	2.38	15.38	11.45	8.01
Templeton Global Bond C (USD)	TEGBX	MF	09-2014	12.00	30,000	—	4.25	6.55	5.94	7.36
American Funds New World C (USD)	NEWCX	MF	09-2014	10.00	25,000	—	0.72	8.23	5.56	8.59
American Funds Washington Mutual C (USD)	WSHCX	MF	09-2014	10.00	25,000	—	13.12	18.05	14.36	6.77
American Funds AMCAP C (USD)	AMPCK	MF	09-2014	8.00	20,000	—	14.56	20.26	15.28	7.75
Templeton Frontier Markets C (USD)	FFRMX	MF	06-2014	6.00	15,000	—	-6.63	9.07	4.32	—
First Eagle Fund of America C (USD)	FEAMX	MF	09-2014	4.20	10,500	—	12.14	19.30	16.07	9.31
Fidelity Prime - DMC (USD)	FDAXX	MM	07-2014	1.60	4,000	0.01	0.01	0.01	0.01	1.47

## Return Participation 11-30-2014

This portfolio report includes securities for which return data is not available for the entire history represented. When return is not available for a security, the remaining securities returns are reweighted to maintain consistent proportions for the securities that do have returns. The reweighting impacts trailing return data, as well as statistics that are

calculated using return, including standard deviation, mean, Sharpe ratio, alpha, beta and R-squared. The following securities do not have 120 months of return data reflected in the report.

## Security

Templeton Frontier Markets C (USD, FFRMX)

## Start Date

11-30-2008

## Performance Disclosure

The performance data quoted represents past performance and does not guarantee future results. The investment return and principal value of an investment will fluctuate; thus an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance may be lower or higher than return data quoted herein. For performance data current to the most recent month-end, please visit <http://advisor.morningstar.com/familyinfo.asp>. An investment in the fund is not insured or guaranteed by the FDIC or any other government agency. The current yield quotation more closely reflects the current earnings of the money market fund than the total return quotation. Although the fund seeks to preserve the value of your investment at \$1.00 per share, it is possible to lose money by investing in the fund.

See Disclosure Page for Standardized Returns.

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## Year End Planning Checklist

- Review your retirement plan contributions. As shown below, the IRS limits have gone up for 2015. If you have been contributing the maximum, be sure to raise your contribution to the new limit. No matter how much you are contributing, you should absolutely take full advantage of any employer match. If you can, try to increase your contribution by 1% or more each year.
- Plan to contribute to a Roth IRA – 2014 through April 15<sup>th</sup> or create a regular savings plan for 2015.
- Do a preliminary review of your tax return. Should you pay your property taxes in 2014 or 2015? Are there any charitable donations you should make prior to year-end? Do you have any appreciated securities that you could use to make the donation?
- Is your taxable income this year low enough to consider a Roth conversion?
- Review your capital gains or losses for the year. Are there any unrealized losses you should take advantage of to reduce your taxes? If you are in the 15% bracket, should you realize any capital gains (which would be taxed at the special 0% capital gains rate)?
- If you are over age 70 ½, did you take your required distribution from your IRA?
- If you own an inherited IRA, did you take your required distribution ?
- If you are saving for college through EdVest or Tomorrow’s Scholar, make your contribution by 12/31 to get the state tax deduction.

### 2015 RETIREMENT PLAN CONTRIBUTION LIMITS

#### PLAN TYPE

	401(k), 403(b), 457	Simple	Traditional or Roth IRA	SEP
2015 Deferral Limit	\$18,000	\$12,500	\$5,500	N/A
Catch-up if age 50+	\$6,000	\$3,000	\$1000	N/A
Employer Contributions	Match and/or profit-sharing	Up to 3% match	N/A	25% of pay or \$53,000, whichever is less

*Annual pay eligible for contributions capped at \$265,000*

**You may make eligible 2014 retirement plan contributions until April 15th, 2015**

## Buttonwood Holiday Hours

Due to the schedule of the New York Stock Exchange, Buttonwood Partners, Inc. will be closed on the following dates, giving us all time to enjoy our family and friends:

- ♦ December 25  
(Christmas Day)
- ♦ January 1  
(New Year’s Day)
- ♦ January 19  
(Martin Luther King, Jr. Day)



On Wednesday, December 24th we will be open from 8:30 a.m. until 12:00 p.m.

## Care to save a tree?

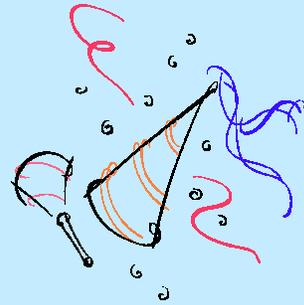
If you would prefer to receive our newsletter electronically, just let us know and we will send it via email each quarter.

Email [linda@btnwd.com](mailto:linda@btnwd.com) or call 608-827-6415.

Please also contact us if you would like information about online account access and/or receiving your statements electronically.

“What the new year brings to you will depend a great deal on what you bring to the new year.”

— Vern McLellan



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*End of Year Newsletter*

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