

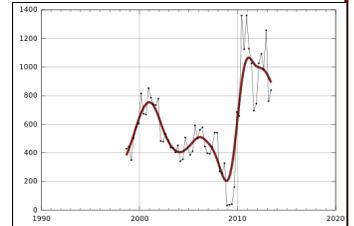


the Plan

Winter 2014

Are Shares of Stock and Stock Mutual funds “Paper” Investments? By James B. Twining, CFP

Most investors tend to have a high level of angst regarding their stock and stock mutual fund investments. When the investing public is euphoric, investors buy stocks, driving the market higher; and when they panic, they sell stocks, causing it to plunge in value. Over short time frames of one, five, and even ten years, a positive experience in the stock market is not assured. But over meaningful time periods of twenty or thirty years, investing in the markets has always been profitable, and in my opinion it always will be. What gives me such a high degree of confidence? The answer is that I understand what investing in a diversified portfolio of equities really is:



An equity investor with thousands of stocks **owns small portions of thousands of companies** in all economic sectors: companies that manufacture all of the items you buy at a store; farms that grow food, trucking companies that distribute it, and grocers who sell it; restaurant chains, railroads that transport goods, and airlines who transport people, companies that manufacture and sell cars and heavy equipment, companies that create and sell pharmaceuticals, companies who make and sell clothing, tools, and furniture; companies who run health care facilities and nursing homes, companies who make computer hardware, cell phones and software, banks, insurance firms, brokerages, construction, architectural, engineering, and real estate firms; and companies that sell energy, water, and gas. This is by no means an exhaustive list; but the point is this: Unless our society completely collapses, we will always need all of these companies, and we need them to run at a profit to survive and produce their goods and services for society.

As an owner of these businesses, the investor shares pro-rata in those profits. In any given year, a few will have no earnings, and a few others will have stellar earnings. The diversified investor receives the average earnings, and over many years those earnings translate into dividends, capital appreciation, or both.

One of these days we may enter another dark age, and we may be scratching in the dirt for our food. Until that time, I fully expect businesses to remain in existence, and I expect the owners of those businesses to continue to receive the earnings in the form of dividends and growth. Don't fall into the trap of believing that stocks and stock mutual funds are “paper” investments that are just as likely to lose as gain. The truth is that stocks and stock mutual fund shares are shares of ownership in profitable businesses.

Financial Plan now a member of NAPFA (the National Association of Personal Financial Advisors)

Financial Plan, Inc. is a member of various national and local regulatory, educational, service, and social organizations:

As Certified Financial Planner registrants, we are subject to the **CFP board** code of ethics and continuing education requirements. As Investment Advisors, we are registered with the **IARD (Investment Advisor Registration Depository)**, which collects and maintains the registration, reporting, and disclosure information for investment advisors. Our choice of business model and associations are not by coincidence; we feel strongly about building a business based on trust, responsibility and transparency, which is also reflected in our community engagements.

We educate by teaching classes on financial topics at **Whatcom Community College** and by exchanging information regarding Estate Planning at the **Northwest Estate Planning Council**. We stay involved with national and local business matters through the **Whatcom Business Alliance**. We improve communities through various philanthropic organizations such as the **Rotary Club of Bellingham** and donate our time to the **Sacred Heart Finance Council** and other charitable organizations. We are coaches for the **Assumption Wrestling Team** and **Lynden Youth Sports**. When we get tired of all that work, we have been known to shoot a round or two of golf at the **Bellingham Country Club**.

We choose to belong to organizations that we feel reflect our business philosophy and support worthwhile endeavors. There is, however, one organization conspicuously absent from the above. It is the country's leading professional association of Fee-Only financial advisors. Recently a client asked us why we were not members and we didn't have a good answer. After careful consideration we decided to apply for membership. The association is **NAPFA**; the National Association of Personal Financial Advisors. In addition to an extensive vetting process, a NAPFA member has educational and experience requirements, and must present a written financial plan to be reviewed as a condition of membership. All NAPFA members must be Fee-Only advisors and must complete 30 hours of continuing education requirements each year. NAPFA holds regular study groups which help to keep its members at the top of the financial planning profession. We are happy to announce that we were accepted to **NAPFA** on New Year's Day this year, and we feel they reflect the values we all share here at Financial Plan, Inc.

Form ADV Summary of Material Changes: required posting here:

This Item discusses specific material changes that have been made to our Brochure since the date of our last annual update, which was March 11, 2013. Since that date all individuals associated with Financial Plan, Inc. have terminated their insurance licenses and no longer accept insurance commissions. Accordingly, **Item 5, 10 and 14** have been updated to remove any reference to previous insurance practices.

We will ensure that you receive a summary of any material changes to this and subsequent Brochures within 120 days of the close of our business' fiscal year. We may further provide other ongoing disclosure information about material changes as necessary and will further provide you with a new Brochure as necessary based on changes or new information, at any time, without charge.

Currently, our Brochure may be requested by contacting us at (360) 714-1234 or james.twining@FinancialPlanInc.com. Our Brochure is provided free of charge.



On a Personal note

Jamie & Jeanne

Grandchildren are fun to have around (and underfoot)!

- At top left is Finley, 2
- At top right is Graedon, 2
- At bottom left is Oliver, 1
- Second from left is Sam, 3
- Third from left is Elodie, 0 (OK, in gal-speak she is 8 months old)
- At bottom right is Stella, 4



These kids are missing most of their teeth, which is quite helpful when they are biting your ankles or gnawing at the furniture. In other news, our son Nate and his wife Lisa are expecting another girl in March.

Dave & Bonnie

The plague has returned!! You know they say that bad things often come in threes...our appliance plague has returned. During the cold snap a while back, not only did our furnace finally quit working, but our hot water heater gave up the goat as well!! I crawled out of bed in the morning only to see my breath as I walked across the bedroom!! I finally was able to get somebody out to fix them both, just in time for the weather to get warmer :) But, I was still waiting for the other shoe to drop when Bonnie and I were talking the next day. As she was opening the dryer door the whole handle and latch came apart. We just looked at each other and said..."there's number 3!!" Sadly after that, the microwave door handle broke and the dishwasher stopped draining. I think we are SO good for a while and will pass this onto to Jamie & Jeanne who lost a ton of electrical things during a power surge.

Devin & Stephanie

With three kids ages 4 and under there is never a dull moment in the Wolf household! Stella and Graedon are always begging me to tell them stories. They like to provide suggestions on the story line and fill in the gaps. Currently their favorite story line involves crocodiles and werewolves, so after the swamp tour I couldn't resist sending them the picture to the right! Apparently they loved the picture, but they are too smart. Graedon said, "that alligator is just eating grass—not Daddy." When I went to leave for work today Gray blocked the door and brandished a sword telling me I was trapped. When I told him I have to go to work he started to break down, and told me he would miss me too much. Stella came to the rescue and said "Gray, Dad has to go to work to make us money." Once he heard this he couldn't push me out the door fast enough! I've never seen a quicker 180. Elodie has a toothless grin that will brighten your day, and is starting to inch worm her way around the house. Life is good!

Financial Plan Staff Narrowly Survives Gator Attack

While we were all in Orlando a while back attending a national conference, we decided to take a little side trip during some time off. And, of course, James B. came up with the great idea of taking a swamp tour!



Devin decided he wanted to take a little closer look at one of the gators and luckily, narrowly escaped with his life!!



Nathan & Lisa

Yes, it's true; the grandchild count for Jeanne & Jamie will continue to rise. My wife Lisa and I are happy to announce that we are expecting baby girl #2 in late March. Our first daughter, Finley, is extremely excited to be a big sister and we've spent the past few weeks transitioning our guest bedroom into Finley's new "big girl" room.



Lisa & I did, however, get a chance to sneak away for a few hours to watch the Seahawks victory parade. While I don't want to say this was a once in a lifetime opportunity, I've been a Seattle fan long enough to know that you should take advantage of any championship opportunities that come your way. We dropped Finley off at the babysitter, rode the bus down to Seattle and spent the day drinking coffee, watching lots and lots of crazy Seahawks fans, occasionally catching a glimpse of an actual Seahawks player, had a bite to eat and then headed home in time for dinner. It was certainly a unique experience and one I hope we all get to experience again in the future. Go Hawks.