



STRATEGIC RETIREMENT PLAN SERVICES

4th Quarter 2014

Term of the Quarter

Efficient Market Hypothesis:

An investment theory that states it is impossible to "beat the market" because stock market efficiency causes existing share prices to always incorporate and reflect all relevant information. According to the EMH, stocks always trade at their fair value on stock exchanges, making it impossible for investors to either purchase undervalued stocks or sell stocks for inflated prices. As such, it should be impossible to outperform the overall market through expert stock selection or market timing, and that the only way an investor can possibly obtain higher returns is by purchasing riskier investments.

QUESTIONS ABOUT YOUR 401(K)?

Contact Strategic Retirement Plan Services:
401(k)[@sfgweb.com](mailto:sfgweb.com)
(866) 467-6412

QUESTIONS ABOUT YOUR OTHER INVESTMENTS?

Contact Strategic Financial Group:
(219)736-8902

Strategic Retirement Plan Services

By: Todd Francisco

401(k) products and services continue to become more of a commodity each year. As fees continue to come down, participant disclosure requirements for plan sponsors continue to increase. Additionally, broker reps and advisors attempt to sell to the plan sponsors. At Strategic Financial Group ("SFG"), we are passionate about successful outcomes for plan participants. We feel that the road to success takes more time and an educational approach that is personal and simplified. The on-going financial decisions of participants ultimately determine whether they will have enough money in retirement. These decisions are effected by more than just the simple 401(k) decisions they have to make. Providing guidance on these decisions instills confidence, creates educated participants and builds a comfort level that is paramount to their success.

The term "compound earnings" is used during the investment and the 401(k) education process. At SFG we believe that successful retirement savings is also dependent upon "compound decision making". While all the expensive education materials and fancy retirement calculators can speak to the long term goal, its important to focus on what a participant should do this week, this month, and this year with their 401(k) and other financial challenges? It is not just about portfolio construction and determining what they will need 30 years from now. What are the day-to-day decisions that makes a difference and who helps with these decisions?

SFG offers a very competitive, open architecture platform that incorporates industry best practices in all aspects of the plan. The following are just a few of the ways we are different from our competitors:

- We offer plan participants inexpensive access to the markets. We help participants understand the concept of efficient markets which creates a patient approach that utilizes dollar cost averaging and the concept of accumulation for long term participant success. This approach minimizes the chance of making common investment decision mistakes.
- Plan sponsors experience an exceptional fiduciary review process where SFG provides all plan documentation that they are required to have. We accept and embrace the role of "co-fiduciary." This aligns our goals with the Plan Sponsors goals.
- We show up. We work directly with participants at an individual level and take the time to help them understand market movements and the decisions that produce good outcomes. We educate them by breaking down the decision making process and help them understand that every financial decision they make affects their retirement savings success. This includes a custom website that is created for each plan that not only uses the company brand but provides all plan information in a single website used by both participants and the HR department as a resource.
- We educate participants in a casual atmosphere to make them comfortable with a focus on truly understanding 401(k) basics and the keys to success. We take the time to answer any financial questions they have. This is a highlight of the process that differentiates our program from other 401(k) plan generalists.



Here are a few of the education items that we feel are imperative for successful decision making by participants:

1. Understanding the concept of the efficient market and that the goal to accumulate a mixture of stocks and bonds is paramount to long term savings success.
2. How to look at the markets in a way that will keep them from making decisions based on short term market fluctuations. Negative market periods should be embraced as these are the times of opportunity.
3. The concept of 1% per year. Increasing contributions by 1% annually is one of the most successful habits to have. They need to understand the cost and benefits.

4. Where to find additional \$ to increase the savings rate. Identifying other financial decisions and programs that will help them save more.

5. The concept of making a commitment to themselves and taking responsibility for their retirement.

6. The most important financial decisions are made at times of major life changes.

Concentrating on the education process and insisting that we stay at the forefront of plan design and regulation supports the Strategic Financial Group team of experts that truly believe that the average American worker deserves a chance to retirement comfortably.

STOCK AND BOND MARKET RETURNS THROUGH DECEMBER 31, 2014

	1 MONTH	3 MONTHS	YTD	1 YEAR	ANNUALIZED		
					3 YEARS	5 YEARS	10 YEARS
Citigroup 3 Month T-Bill	0.00%	0.00%	0.03%	0.03%	0.05%	0.07%	1.46%
Barclays U.S. Agg. Bond Index	0.09%	1.79%	5.97%	5.97%	2.66%	4.45%	4.71%
Dow Jones Ind. Avg.	0.12%	5.20%	10.04%	10.04%	16.29%	14.22%	7.91%
S&P 500	-0.25%	4.93%	13.69%	13.69%	20.41%	15.45%	7.67%
Russell 2000	2.85%	9.73%	4.89%	4.89%	19.21%	15.55%	7.77%
MSCI EAFE	-3.44%	-3.53%	-4.48%	-4.48%	11.56%	5.81%	4.91%

Questions?

Source: Morningstar

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