Davenport Watts & Drake

Investment Advisors, LLC

Investments • Financial Plans • 401(k) Plans

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Financial Peace of Mind

We have had situations arise that remind us how important planning for the transfer of assets at one's death can be. Assets may be needed for final arrangements or other emergencies arising at such a poignant time. Waiting on legal proceedings and paying probate expenses on investment accounts isn't necessary if you are able to designate a beneficiary prior to your death.

For our clients, this can be accomplished with their individual Fidelity account by making a "transfer on death" designation. You can name primary and contingent beneficiaries for your investment account just like you name beneficiaries for your life insurance or retirement account.

Designating a beneficiary is not appropriate in every situation. It would not be appropriate to name minor children as your beneficiaries as they cannot directly inherit assets. The courts would require guardians to be named which would be both costly and inconvenient.

It is also important to note that a beneficiary designation takes precedent over the Last Will and Testament you have put in place, so be sure to consider the effect of such designations on your overall estate plan. We recommend you consult your estate planning professional for their advice, but if you do not have estate planning professionals, we will be happy to discuss these matters with you.

All beneficiary designations should be noted and reviewed on a regular basis in addition to your other financial matters. Time has a way of changing situations and updating your will would have no effect on these designations, so keeping them individually current is important.

There are many aspects to be considered when estate planning. Transfer on death is one arena where Davenport Watts & Drake tries to help our clients achieve financial peace of mind.

Focusing on your future...

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Investing Perspectives:

We are often asked, "Where are interest rates headed and what does it mean for my portfolio?" This is a question that we are happy to address with several points:

1. Stay the course.
The ability to look beyond short-term bumps has yielded long-term benefits for investors. The negative impact of rising rates has historically not been long lasting, as higher yields begin to offset lower prices.

2. Bonds remain an important part of a portfolio.
Market uncertainty can serve as a powerful reminder of the benefits of a fixed income anchor by providing portfolio diversification and income potential.

3. Consider actively managed funds.
Active managers have more options for tactically cushioning against rate changes. For example, PIMCO has been taking a more defensive stance in its portfolios, reducing credit risk, avoiding long-term maturities, and focusing on countries and issuers with healthier balance sheets. The managers of Loomis Sayles bonds funds use "cushion bonds" that exploit price discounts that arise and adjust maturity to allow for reinvestment at higher rates.

4. Different sectors react differently.
Conventional wisdom holds that rising rates are bad for bonds. The reality is more nuanced, and this presents the above-mentioned managers with opportunities.

5. The exact timing of rate increases is not possible to predict.
While rates will rise eventually, no one is sure when.

6. Rising rates build income.
In a rising rate environment, portfolios can benefit from reinvestment rates and the lower likelihood of issuers calling their debt which was issued at lower rates.

The team at Davenport Watts & Drake is happy to review your individual situation and discuss the options available to you.

About Our Firm:

Davenport Watts & Drake is a fee-only financial services firm offering asset management and financial consulting services to businesses, families and individuals. Our desire is to work with a select group of these businesses, families and individuals as a part of their financial team, helping them with the many decisions throughout their lives which will affect the financial future of themselves and their families. The team has a common vision of a client-centered financial consulting firm that treats our clients as we would want to be treated.

Core Strategies:

- Asset Allocation
- Asset Diversification
- Periodic Rebalancing
- Long-term Perspective
- Minimize Income Taxes

Investment Services:

- Portfolio Management
- Individual Retirement Accounts
- Company Retirement Plans
- Personal Financial Plans

Investment Custodians:

- Fidelity Investments
- John Hancock

> "Sound investing is simple but not necessarily easy to do."
>
> — Warren Buffett

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