OUTLOOK

affiance™ FINANCIAL

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Steve and Andy asked me to create a record of the Affiance Financial Client Appreciation Event on October 26 and update those who were not able to make it. A lot of information was shared in a fun environment.

One of the key messages that I heard was about collaboration. Affiance Financial is interested in collaborating with you through increased communication (newsletters and website) and through new technology (Mindmapping, Skype, GoToMeeting, Account Aggregation). Affiance is interested in collaborating with all its partners to provide resources that can help you reach your goals. Affiance introduced David Stillman to discuss, in part, the collaboration needs of multiple generations.

John Comer,
Affiance Financial Roving Reporter

UPDATE ON AFFIANCE FINANCIAL

Your financial advisors have been around a long time and have gained extensive experience. Better yet, they plan to be around for a long time. Steve Lear, ChFC and CLU, has been practicing for 30 years. Andy Fishman, CFP®, has been practicing for 15 years. Phil Novisky, CFP®, has been practicing for 35 years. Steve and Andy have no plans to retire because working with you is too much fun. In fact, Steve said that he expected to be around for another 20 years.

That commitment to the future and that experience no doubt provided the clients in attendance with some comfort that their financial destinations are in good hands. Steve and his mother were the only people voting for the more pessimistic objective, reducing anxiety.

Perhaps reflecting that optimistic view and the long time horizon for Affiance Financial, Steve listed a number of initiatives and services that are in the works:

- New website coming
- New newsletter coming (this is the second issue of the new format)
- New technology: Mindmapping, Skype, GoToMeeting, Account aggregation
- Enhanced risk management planning
- Kolbe Wisdom™
- Affiance Startpoint

While Affiance Startpoint targets young adults (Generation X and Millennial), the other initiatives help all our clients. We are constantly working to enhance your client experience.

MILLENNIAL GENERATION
INTRODUCED TO AFFIANCE FINANCIAL

Let's talk about it.

David Stillman

Millennials want to talk about it according to David A. Stillman, co-founder of BridgeWorks. BridgeWorks is a company dedicated to speaking, writing, training, entertaining, and consulting on generational issues. Those generational issues are examined in the workplace and the marketplace. Stillman is a graduate of the University of Wisconsin at Madison with B.A. degrees in Communications and Sociology.

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Stillman says Millennials want to talk about everything. It is in their make-up to collaborate and they are disappointed when a decision is made without that collaboration. Prior generations, Generation X, Baby Boomers and Traditionalists, are not used to so much collaboration.

Millennials are the 76 million people in the United States that were born between the years 1982 and 2000. They are 10 to 29 years old and, according to Stillman, they are transforming the workforce. Typically, Stillman notes, reviews of that transformation are negative but he sees mostly positive changes coming. Those who thrive during the change, from every generation, "will be the ones who keep learning, stay flexible, and maintain a sense of humor."

Take, for instance, that tendency to insist on collaboration. Stillman points out that traditionalists have been contributors, boomers have been competitors, and Xers are controllers. None of these roles blend seamlessly with collaborators. Traditionalists do whatever is needed but do not talk about it. Boomers compete with their co-workers to stand out. Xers believe they can rely solely on themselves. The generations, all of them, will have to recognize the differences and work together for each generation to meet their unique needs.

One striking difference between Boomers and Millennials relates to their interpretation of being heard. Generally with Boomers, being heard means that some aspect of their contribution is reflected in the final product. They have always competed to stand out and that extends to the decision-making process. Millennials, on the other hand, are happy being acknowledged. Collaboration is used to find the best solution, not to compete for their solution.

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Remember the old saying, “Two heads are better than one?” One chemical company had a team building exercise that required participants to select a leader and decide on a strategy to accomplish a task. With Boomers, they allocated an hour to complete the task. Millennials, because they did not play politics for their ideas or to be a leader, completed the task in fifteen minutes. Collaboration can lead to better results, quicker.

Three other key trends found among Millennials included:

Show me the Meaning – a desire to see a higher purpose in their activities

Anything you can do I can do more of – Millennials are very good at handling multiple projects

Where is my Trophy? – they expect to be recognized for their achievements-often as a group.

How you can use the information

Of course, there are advantages to understanding how your children or grandchildren look at the world. If you work with Millennials, the insights Stillman offered can pay off in increased productivity and better relationships. If you sell to Millennials, you can increase sales by understanding their motivation. In fact, by studying the Millennials, you can learn more about the other generations as well.

As Steve Lear mentioned in introducing Stillman, Traditionalists and Boomers don’t want to be supporting their Gen X and Millennial age children. Helping to understand other generations-what drives them, what rewards them-can pay dividends as you try to help your children stand on their own two feet financially.

OUTLOOK ON EQUITIES

Andy Fishman, CFP®, and Seth Meisler, CFA, CPA/PFS, teamed up to discuss the economy and its potential impact on equities. They reviewed statistics commonly read in the media as well as other economic data points that Affiance reviews but are not popularized. Examples of economic indicators included housing, unemployment, interest rates, money supply, and US productivity.

While the data indicate that the economy has stabilized since 2008 and is getting “less bad,” the US economy continues to face serious headwinds. Seth noted that the mentality of the last year has been either “risk on” – where every type of asset increases in value, or “risk off” – where every asset decreases in value, and there appears no in between, thus causing 2010 stock market volatility. Seth and Andy believe this is due to investors focusing on both the recent past and irrelevant economic minutia instead of the big picture. Andy moved on to discuss Presidential election cycles. While, historically, the second year of a President’s term (2010) is often bad for the equity markets (dropping 41% of the years), the third year is overwhelmingly good. Four out of five times (81%), the third year has seen a rising market. Seth and Andy were both optimistic, but noted that they are not seeing the same growth rate post recession as the U.S. experienced in the past.

Andy stated that while we cannot control the economic headwinds, we can trim the sails to help families reach their financial destination. Seth and Andy said they are always available to discuss individual issues and questions.

Past performance should not be considered indicative of future results.

THE WORLD IS OPEN FOR BUSINESS Are You Participating?

BY DEREK HANSEN, AMERICAN FUNDS

The United States has 300 million people, each of them a consumer of goods and services. You invest in the economy those consumers support. The investments allow you to profit as those companies grow.

The world has 6.6 billion consumers of goods and services; more than 20 times the number of U.S. consumers. Derek Hansen of American Funds asked you to think about whether your investments outside of the United States are appropriate for the opportunities outside of the United States. American Funds has been investing outside of the United States since 1934.

Although three quarters of world economic activity takes place outside of the United States that does not mean that you should have three quarters of your investments outside of the United States. There are special risks associated with international investing as well as opportunities. Working with us helps you neutralize some of those risks and measure the remaining risks so you are comfortable with your portfolio.

Affiance Financial appreciates the support and educational materials Derek and American Funds provided at the event. If you would like to discuss how international investing with American Funds or other investment choices fits in your portfolio, please contact us to meet with your financial advisor.

Additional risks are associated with international investing, such as currency fluctuations, political and economic stability, and differences in accounting standards.

A prospectus offer is required that advises an investor to consider the investment objectives, risks, and charges and expenses of the investment company carefully before investing; explains that the prospectus contains this and other information about the investment company; identifies a source from which an investor may obtain a prospectus; offers a summary prospectus and states that the prospectus should be read carefully before investing.

WHERE DO WE GO FROM HERE? A Retirement Solution

BY TIMOTHY DEMERY, JACKSON NATIONAL LIFE INSURANCE

Tim Demery of Jackson National, said more people have died coming down from the summit of Mount Everest than have died going up to the summit. That analogy suggests that your planning work has only begun when you retire. After retirement, you have to protect your nest egg from taxes, inflation, and longevity.

One product solution to help you control taxes, inflation and longevity is a variable annuity. For non-qualified investments, a variable annuity defers taxes.

Inflation might be managed through the equity investments allowed in a variable annuity. With longer life expectancies, inflation can have a significant impact on your expenses. The “units” (measures of value similar to shares of a mutual fund) issued by a variable annuity can help your spending power last your lifetime.

You also need your income stream to last a lifetime. Insurance companies can guarantee your annuity payments will last. With a variable annuity, the “units” you are issued will continue for the period you choose, lasting your lifetime if you choose.

A big thank you goes out to Tim for bringing us up to date on this important product. Your Affiance financial advisor can review your portfolio and help you evaluate if a variable annuity would help you reach your financial destination.

It must be clear that annuities are designed for long-term retirement investing. Withdrawals of taxable amounts are subject to ordinary income tax and, if taken prior to age 59 1/2 a 10% federal tax penalty may apply. Early withdrawals may be subject to withdrawal charges. An investment in a variable annuity involves investment risk, including possible loss of principal. The contract, when redeemed, may be worth more or less than the total amount invested. Variable annuities are subject to insurance related charges including mortality and expense charges, administrative fees, and the expenses associated with the underlying funds. Any and all guarantees associated with a variable annuity are subject to the claims paying ability of the issuing insurance company.

Investors should consider the investment objectives, risks and charges and expenses of the variable annuity carefully before investing. The prospectus contains this and other information about the variable annuity. Contact Affiance Financial at 600 Highway 169 South, Minneapolis, MN 55426 or (952) 544-9818 to obtain a prospectus, which should be read carefully before investing or sending money.

All investing involves risk, including the possible loss of principal and there can be no assurance that any investment strategy will be successful.