



Scott White
ADVISORS

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The Navigator

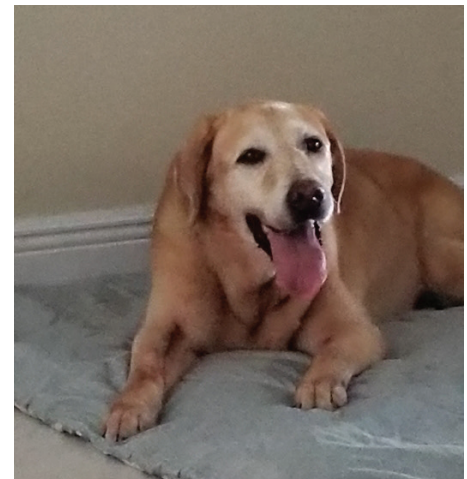
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Retired Guide Dog at Home with Scott and Adriana Travels from Colombia to Live in Fort Myers

Scott and Adriana White's family now includes a 4-legged native of Colombia. Flor, a 15-year-old Labrador retriever, recently retired as a guide dog. After 13 years of serving as a companion to Adriana's brother, Miguel Moreno, Flor has moved to Florida to enjoy her twilight years.

Miguel lives in Cali, Colombia, South America. He lost his eyesight 18 years ago when he was the victim of a shooting. While representing Colombia as a cyclist in the Para-Olympic Games for the disabled, Miguel talked to a fellow cyclist who told him about the Seeing Eye Dog Foundation. That conversation led Miguel to adopt Flor, who had recently graduated from her guide dog training program.

Flor completed guide dog training in 2005, graduating from the Vishnu Del Cypres in Bogota, Colombia. During her training, Flor learned the responsibilities of a guide dog: to help her human partner safely navigate the world. Flor served Miguel for 13 years, guiding him from place to place in his daily life; steering him clear of all hazards on and off the ground; finding entrances, exits, elevators, and stairways; locating empty seats; and helping him cross streets. She alerted Miguel when anyone approached the house. Like all guide dogs, Flor was always 'on duty'—there to help Miguel 24/7.



Flor at home in Fort Myers

During a visit to Colombia last year, Adriana noticed Flor was struggling a bit when getting up and down. She mentioned it to Miguel, and he called Flor's trainer, Juan Carlos Guerrero, who works for the Vishnu Del Cypres Foundation. Juan Carlos said that when guide dogs get ill or infirmed, they are no longer able to help their owners, and he advised Miguel to look for someone to adopt Flor. Miguel was determined to find a family who would love Flor and care for her, so he reached out to family members in Colombia, friends, and families of fellow disabled friends, but no one stepped forward to adopt Flor.

"I could not stop thinking of Flor and her adoption quest," Adriana said. "One morning I said to Scott, 'Why does Miguel have to look for someone? Flor has taken care of him for so long. She is family. She needs to stay with family.'" Scott agreed, and Adriana began the process to bring Flor to her retirement home in Fort Myers.

Adriana called the airlines to find out how to transport Flor and found that because of her size, Flor would have to travel through a cargo company. A helpful representative at Mudinter Cargo guided Adriana through the process, providing information on travel kennel size, vaccination needs, travel documents, and airport fees to transport Flor from Cali to Miami. The representative sent Adriana pictures of Flor's whereabouts during her travel.

Adriana's sister, Martha, met Flor in Miami and later drove her to her new home in Fort Myers, where she settled in with Adriana, Scott and family pets Bagel, an 11-year-old Beagle Labrador mix and Coco, a 3-year-old cat. "I know it will take a little time for Flor to realize she is a pet now after working as a service dog for 13 years," said Adriana. "It's a little adjustment for us, too. For example, when it's time for a walk, we put her leash on. But she doesn't move. She waits for us to give her a command—'Vamos'— to proceed." Adriana said there are other reminders of Flor's service career. "If Flor is standing in the house and she's in your path, she doesn't automatically move out of the way. As a guide dog she was trained to hold her ground, so you have to command her to move."

Scott says the adjustments are minor. "We are happy to give Flor a loving home after all her years of service to Miguel. So far she is thriving, loving all the petting and affection we give her," he said.

For information on the foundation that trained Flor, visit <http://fundacionperroguia.com>

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Questions & Answers

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We're introducing a new column this month—frequently asked questions and their answers. We welcome your questions. Please submit them to Becky@ScottWhiteAdvisors.com.

Q: It appears that in the first year of mandatory RMD withdrawals, one has to take two distributions, one in April of the year after you turn age 70½ and by December 31 of the same year. Does it make sense to take the first withdrawal in the year you turn age 70½ and take the second one by December 31 of the following year? This may avoid being in a higher tax bracket when two disbursements occur in the same year.

A. You do not have to take two distributions in the first year of mandatory withdrawals. Your first RMD is due for the year you turn age 70½. You may defer that first withdrawal and take it by April 1 (not April 15th) of the year following the year you turn age 70½. That is an option, not a requirement. As you note, it will create double taxation in the second year if you defer the first distribution. And the added income can cause some people to owe more taxes on Social Security benefits as well as higher premiums for their Medicare Part B and D.

Q: I'm entering into my second marriage, and my wife and I have agreed to keep our finances separate. What information should we share with each other?

A. If either partner has been married before, it's important to share information about wills, trusts and life insurance, because there could be restrictions on how some assets may be used. Couples should be fully aware of each partner's retirement benefits, including pension plans, 401(k) accounts, IRAs, and Social Security benefits. If one spouse is a business owner or partner, both should know about any personally guaranteed loans. For individually owned assets, it is generally a good idea to have power of attorney, which can be limited to specific functions for a certain period, such as selling stocks or withdrawing money while traveling. A broad document that authorizes each partner to handle almost any situation in the other's absence is also a consideration.



Scott has served on the board and participated in the allocations process of United Way of Lee Hendry Glades and Okeechobee Counties for 15 years. His allocations team visited Hope Clubhouse of Southwest Florida, Dr. Piper Center and Harry Chapin Food Bank of Southwest Florida, Inc. to ensure the organizations are good stewards of United Way support.

Undermining Investment Success: Pitfalls Caused by Behavioral Bias

by A. Scott White, CFP®, ChFC®, CLU®
President, Scott White Advisors

It's natural to have an emotional reaction to news about the market. Behavioral scientist Nina Mazar, professor of marketing at Boston University School of Business, studies investor biases—why individuals react the way they do. Mazar says biases are hard to control because they predominantly happen unconsciously and automatically, and they affect all of our decision-making. But when it comes to investment decisions, Mazar says behavioral biases can have a significant impact on an investor's quality of life.



According to Mazar, there are 4 primary behavioral biases that affect investors:

1. **Loss aversion.** Studies have shown that for the human brain, losing something is twice as painful as the pleasure experienced from gaining the same thing. The loss aversion bias can cause investors to overweight losses relative to gains and can result in them being overly fearful and risk-averse. Investor feelings of fear, pain from a prior experience, or indecision can result in lack of effective action.
2. **Overconfidence.** Mazar says overconfidence is one of the most dangerous biases when it comes to investing and may contribute to excessive rates of trading in the stock market, and it can result in overly risky decisions and poorly diversified portfolios.
3. **Anchoring.** According to Mazar, investors tend to rely too heavily on the most salient information, such as the last high or low price of a stock. Once that information is locked in the brain, it's hard for an investor to adjust their opinion to recognize any new information.
4. **Pattern-seeking behavior.** Mazar says this is the human tendency to look for meaning and trends in even the most random patterns — and to act on this faulty observation. For example, an investor may infer that a fund is above or below average based on historical information—and predict a continuation of this performance.

As a financial advisor, I understand behavioral biases. Sometimes I hear from clients who wonder how the latest stock market news may affect their portfolio. Sometimes they tell me they've lost sleep worrying about it. My reaction is to understand how the bias of loss aversion may be affecting my clients.

At times like those, my job involves reassuring clients that the investment strategy we have created does not involve trading stocks. Instead, our strategy places our future in the world's brightest, most talented minds who run the world's most profitable businesses. Mankind's ability to produce goods to satisfy human wants is the essence of our investment strategy.

To own these profitable businesses we buy stock in their companies, and that stock trades in the stock market. But not all people who buy these stocks are investors. Instead, a large percentage are speculators, not buying stocks to own the world's most profitable businesses, but instead wagering on whether a stock price might go up or down based on things that may or may not happen, such as falling interest rates. In many cases, these speculators know very little about the business of the companies whose stock they are buying and selling.

But as investors, we understand that pursuing a strategy based on events that may or may not happen is very tricky because of all the things we cannot control, such as natural disasters and geopolitical events. Those are not nearly as predictable as the certainty that if a corporation is compounding profits over a long period of time, it will surely push its stock price higher due to the intrinsic rising value of the business.

As Mazar's research shows, humans are emotional creatures and we are unconsciously affected by biases. What can be more emotional than watching the value of your life's work—the balance in your investment account, IRA, or 401(k)—go up or down? We all enjoy the positive emotional experience of seeing the value rise and want to avoid the emotional pain of a declining balance. But as investors, we can separate the short term unpredictability of stock prices versus the long term certainty that those prices historically and predictably reach new highs. The short term price movement in stocks is created by speculators in the market—and that movement doesn't affect our long term strategy.

So what is Mazar's recommendation to help ameliorate common investment behavioral biases? A skilled financial advisor who is aware of the pitfalls caused by those biases. Mazar says an advisor can help investors make better informed and more objective decisions—while supporting them to take steps to minimize the influence of investment biases. With the help of a financial advisor, she says, investors can learn to stop undermining their own financial success.





Jonathan White Graduates from the University of Arkansas

Scott and Adriana’s son, Jonathan, graduated from the University of Arkansas. One of 8 marketing students to get the Outstanding Student Award, he joined the business school honor society Beta Gamma Sigma as a junior, (invitations are extended to only 7% of juniors nationwide) and he was recognized with the Senior Scholars Award by having a perfect 4.0 all 4 years. Jonathan accepted a position at Colgate-Palmolive in Chicago.



Scott White Advisors held the 2019 “Experts Speak” luncheon with Peter Newell as the speaker. Newell is the Managing Director and Senior Portfolio Advisor at Swiss-Based Vontobel Asset Management. His topic was “Are All Great Companies in the U.S.?”

Scott White Advisors received the Pacesetters Gold Award for running an employee United Way drive with 100% employee participation. Pictured are Gary Geston, Scott, Kelly Jelenchic, and Becky Pardue.

Scott and his wife Adriana helped the Fort Myers Rotary Club at a fundraiser where the Irish band Screaming Orphans performed. Here are Adriana, Scott and Rotarians Frank Snell and Jack Burges.



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