Ullmann Brown Wealth Advisors

1540 The Greens Way
Jacksonville Beach, FL 32250
904-280-3700
info@ullmannbrown.com
www.ullmannbrown.com

Save the Date!

Friday, July 20, 2:00 p.m.

Building Foundations for Financial Success - A Workshop for Young Adults

Back by popular demand! Our summertime workshop will educate young adults about the importance of building a strong financial foundation.

Thursday, November 1, 5:00 p.m.

Challenging Life's Limits: How longevity science is redefining lifespan expectations.

Dr. Dan Carlin, a recognized leader in the field of telemedicine and the use of digital technologies to provide better healthcare, will be our guest speaker at this special event.

Second Quarter 2018

President's Letter

It has become much harder to tune out all of the chatter coming to us via social media, the internet, radio and of course television. Most of the information coming to us (or at us) is negative in nature, which is why when we saw the blog from Matt Ridley, we decided to include it in our second quarter newsletter. Human brains are more attuned to negative news then positive news. My youngest daughter reminded me of that when I was upset with her for her Chemistry grade, but not praising her for her stellar grades in all of her other courses.

We are exposed to so much data—but data and information seldom, if ever, give us the advice and direction we need to effectively manage our lives and our finances. Most of you have heard my analogy to the Weather Channel during Hurricane Season. When a storm is heading towards northeast Florida, the meteorologists publish a cone—where the center of the storm is most likely to pass. However, what they cannot tell us is how it will affect our particular house. We want them to tell each of us specifically when and if to evacuate, how long we are going to be without power and what provisions we should stock and for how long.

Having a plan is important. As I have written before, we do not advise making investment decisions based on the latest news. Instead, we advocate staying on plan and not getting bogged down in the 24-hour news cycle. One way to minimize all the data and lower the volume of the negative news is to turn off notifications on our phones from FOX, CNN, CNBC and Bloomberg; to restrict our time on Facebook or Instagram or Snapchat. And finally to read more books—fiction or non-fiction. Here are some great recommendations from me and our team:

Non-Fiction:

The Girl with Seven Names: A North Korean Defector's Story by Hyeonseo Lee

Russian Roulette: The Inside Story of Putin's War on America and the Election of Donald Trump by Michael Isikoff and David Corn

Promise Me, Dad: A Year of Hope, Hardship, and Purpose by Joe Biden (non-political)

Elon Musk: Tesla, SpaceX, and the Quest for a Fantastic Future by Ashlee Vance

Fiction:

Red Sparrow by Jason Matthews

Beartown by Fredrik Backman

Small Great Things by Jodi Picoult

I would like to take this opportunity to share some good news with you. Brian James, our Director of Investments, recently earned his Certified Private Wealth Advisor® (CPWA®) certification. This certification is designed for seasoned professionals who seek the latest, most advanced knowledge and techniques to address the complex needs of high net worth clients. This curriculum takes a holistic and multidisciplinary approach to wealth management which couples nicely with our wealth management formula. Brian is one of approximately 1,600 advisors nationally who have earned this certification. Congratulations Brian!

On behalf of our entire team, please enjoy this month's newsletter.

Sincerely,

Glenn M. Ullmann

ullmannbrown
WEALTH ADVISORS

Good News is Gradual, Bad News Sudden

by Matt Ridley

Originally published on March 18, 2018 at www.rationaloptimist.com/blog

"Deadly new epidemic called Disease X could kill millions, scientists warn," read one headline at the weekend. "WHO issues global alert for potential pandemic," read another. Apparently frustrated by the way real infectious diseases keep failing to wipe us out, it seems that the nannies at the World Health Organisation have decided to invent a fictitious one.

Disease X is going to be a virus that jumps unexpectedly from an animal species, as happens from time to time, or perhaps a man-made pathogen from a dictator's biological warfare laboratory. To be alert for such things is sensible, especially after what has happened in Salisbury, but to imply that the risk is high is irresponsible.

No matter how clever gene editors get, the chances that they could beat evolution at its own game and come up with the right combination of infectiousness, lethality and viability to spread a disease through the human race are vanishingly small. To do so in secret would be even harder.

I fear the only effect of the WHO's decision could be to cause unnecessary alarm and damage public confidence in the very technology that brings more effective cures and vaccines for known and unknown diseases. It also feeds our appetite for bad news rather than good. Almost by definition, bad news is sudden while good news is gradual and therefore less newsworthy. Things blow up, melt down, erupt or crash; there are few good-news equivalents. If a country, a policy or a company starts to do well it soon drops out of the news.

This distorts our view of the world. Two years ago a group of Dutch researchers asked 26,492 people in 24 countries a simple question: over the past 20 years, has the proportion of the world population that lives in extreme poverty

1) Increased by 50 per cent?
2) Increased by 25 per cent?
3) Stayed the same?
4) Decreased by 25 per cent?
5) Decreased by 50 per cent?

Only 1 per cent got the answer right, which was that it had decreased by 50 per cent. The United Nations' Millennium Development goal of halving global poverty by 2015 was met five years early.

As the late Swedish statistician Hans Rosling pointed out with a similar survey, this suggests people know less about the human world than chimpanzees do, because if you had written those five options on five bananas and thrown them to a chimp, it would have a 20 per cent chance of picking up the right banana. A random guess would do 20 times as well as a human. As the historian of science Daniel Boorstin once put it: "The greatest obstacle to discovery is not ignorance — it is the illusion of knowledge."

Nobody likes telling you the good news. Poverty and hunger are the business Oxfam is in, but has it shouted the global poverty statistics from the rooftops? Hardly. It has switched its focus to inequality. When The Lancet published a study in 2010 showing global maternal mortality falling, advocates for women's health tried to pressure it into delaying publication "fearing that good news would detract from the urgency of their cause", The New York Times reported. The announcement by NASA in 2016 that plant life is covering more and more of the planet as a result of carbon dioxide emissions was handled like radioactivity by most environmental reporters.

What is more, the bias against good news in the media seems to be getting worse. In 2011 the American academic Kalev Leetaru employed a computer to do "sentiment mining" on certain news outlets over 30 years: counting the number of positive versus negative words. He found "a steady, near linear, march towards negativity". A recent Harvard study found that 87 per cent of the coverage of the fitness for office of both candidates in the 2016 US presidential election was negative. During the first 100 days of Donald Trump's presidency, 80 per cent of all coverage was negative. He is of course a master of the art of playing upon people's pessimism.

This is a human susceptibility and one that is open to exploitation. Even while saying that they would prefer good news, subjects in a subtle psychology experiment in Canada who were told to choose and read a newspaper article while waiting for the "experiment" to begin in fact "chose stories with a negative tone — corruption, setbacks, hypocrisy and so on — rather than neutral or positive stories". Financial journalists have been found to report rising financial market indices with declining enthusiasm as rises continue, but falling ones with growing enthusiasm as the falls continue. As the Financial Times columnist John Authers said: "We are far more scared of encouraging readers to buy and ushering them into a loss, than we are of urging them to be cautious, and leading them to miss out on a gain."

continued on page 3

Good News is Gradual, Bad News Sudden

(continued from page 2)

That is one reason for the pervasive negativity bias that afflicts the public discourse. Humans are loss-averse, disliking a loss far more than they like an equivalent gain. Such a cognitive bias probably kept us safe amid the dangers of the African savannah, where the downside of taking risks was big. The golden-age tendency makes us remember the good things about the past but forget the bad, with the result that the present seems worse than it is. For some reason people sound wiser if they think things are going to turn out badly. In fiction, Cassandra's doom-mongering proved prescient; Pollyanna was punished for her optimism by being hit by a car.

Thus, any news coverage of the future is especially prone to doom-mongering. Brexit is a splendid example: because it has not yet happened, all sorts of ways in which it could go wrong can be imagined. The supreme case of unfalsifiable pessimism is climate change. It has the advantage of decades of doom until the jury returns. People who think the science suggests it will not be as bad as all that, or that humanity is likely to mitigate or adapt to it in time, get less airtime and a lot more criticism than people who go beyond the science to exaggerate the potential risks. That lukewarmers have been proved right so far cuts no ice.

Activists sometimes justify the focus on the worst-case scenario as a means of raising consciousness. But while the public may be susceptible to bad news they are not stupid, and boys who cry "wolf!" are eventually ignored. As the journalist John Horgan recently argued in Scientific American: "These days, despair is a bigger problem than optimism."

Five Big Mistakes Executors Make–and How to Avoid Them

Being named the executor (also known as personal representative) of a family member's (or other loved one's) estate is, in many ways, an honor. The decision shows that the person saw you as a highly trustworthy, capable person of integrity.

But it's also a major responsibility that can quickly become a burden if you aren't set up to do your job properly. The fact is, administering an estate comes with plenty of potential pitfalls that can threaten your loved one's wealth—and your peace of mind. That goes double if the death is unexpected and leaves you reeling emotionally as you try to take on the legally required duties of an executor.

The good news: You can take steps to avoid some of the biggest mistakes that executors often make and to ensure that the process goes as smoothly as possible.

First, a few basics. At death, everything a person owns becomes part of his or her taxable estate. Estate administration is the process of managing the estate at this time—including paying off debts and any taxes due, and distributing the property to heirs in accordance with the deceased person's wishes (or by state law if the deceased did not leave a will).

The executor is the person responsible for estate administration. If you have been named the executor of an estate, you are legally required to wrap up its affairs, arrange for the payment of any income and estate taxes, and distribute the assets of the estate.

All too often, executors without quality legal guidance make mistakes during the process of carrying out these responsibilities—mistakes that expose the estate to litigation, increased tax liability and other potentially serious consequences.

Three reasons to use a professional

To avoid potential mistakes, consider consulting with a professional during estate administration. Here are three reasons why:

1. **To file the proper forms to protect the estate.** Estate administration requires familiarity with the complex process, applicable statutes and tax forms. To protect an estate against costly mistakes, such as failing to file a state or federal estate tax return, consider engaging a professional to help navigate the administration process.
2. **To be protected.** There are many actions you take as an executor that can put you at personal risk. To avoid these at-risk distributions, a professional can assist you by ensuring state probate and tax formalities and federal tax law are fulfilled.
3. **To protect the estate's value.** If you don't properly protect the estate assets' value, you could be in breach of your fiduciary duty. Consulting with a professional will help you to properly react to market conditions as they change. These actions can include selling a home, performing an estate sale or engaging a financial professional to manage the investment portfolio.

Being named the executor (also known as a personal representative) of a family member's or loved one's estate, is in many ways an honor. But, it is also a major responsibility that can become a burden if you aren't set up to do your job properly.

continued on page 4

ullmann brown
WEALTH ADVISORS

Five Big Mistakes Executors Make–and How to Avoid Them

(continued from page 3)

Ullmann Brown Wealth Advisors

1540 The Greens Way
Jacksonville Beach, FL 32250
904-280-3700
info@ullmannbrown.com
www.ullmannbrown.com

Five Mistakes to Avoid

Mistake #1: Making distributions too early

As executor, you are liable for the estate and its distributions. If you make distributions from the estate—handing out money to family members, for example—before taxes and other liabilities are paid, you are personally responsible. The same is true if you make disproportionate payments to family members. Such distributions, known as "at risk" distributions, should be avoided. That's not to say you can't make these distributions. But a miscalculation or unexpected claim puts you at risk—if, say, you need to get money back from a family member to pay a tax bill but that person has already spent it all.

Mistake #2: Failing to make the "portability election"

The concept of portability means a surviving spouse can make use of both his or her individual federal estate tax exemption and the unused exemption of the first-to-die spouse. Because every decedent is allowed a federal exemption of $11.2 million in 2018, this allows a married couple to shelter a combined $22.4 million from any federal estate tax liability.

However, this estate tax exemption can often cause a problem for surviving spouses when the entire estate of the first-to-die spouse is sheltered from estate tax. This key requirement is commonly overlooked because you have to ask for it. Even if no estate tax is due upon the death of a first-to-die spouse, the executor of the estate must elect portability by filing an estate tax return on Form 706 within 15 months of the death, with the filing of a proper extension. And if you don't use it, you lose it.

Mistake #3: Failing to properly advertise the estate

The appointment of an executor and the existence of the estate may need to be advertised in a local newspaper. If there are debts owed, creditors need to be notified so they can make claims against the estate if necessary. Each state has different laws that govern the advertisement of an estate. Failure to satisfy a notice requirement may expose you personally to the estate's creditors.

Mistake #4: Failing to liquidate securities through a market downturn

As executor, you would be responsible for managing the estate's assets—including any stock portfolio. While you don't necessarily need to have the financial and business acumen of Warren Buffett, failing to monitor the markets and estate investments could seriously damage the estate's value. As an executor, you're also a fiduciary—someone who is legally required to act in the best interests of the heirs or other beneficiaries of the deceased person and to follow the instructions the deceased person spelled out for you. That means it falls on your shoulders to ensure the estate's financial health. That job may involve buying and selling stocks or other securities in response to bull and bear markets.

Mistake #5: Failing to properly conclude the estate

Executors who have properly distributed most of the estate's assets often fail to properly close the estate. This may involve filing a family settlement agreement with the court showing that all beneficiaries agree that they received their share of the estate or going through a court accounting process where a judge ultimately approves of the distributions.

It is also recommended to work with an accountant (or an estate administration lawyer in more complicated cases) to ensure all tax matters are concluded before the estate is finished with administration.

ACKNOWLEDGMENT: This article was published by the BSW Inner Circle, a global financial concierge group working with affluent individuals and families and is distributed with its permission. Copyright 2018 by AES Nation, LLC.

ullmannbrown
WEALTH ADVISORS