

## NOTICES

The office will be closed November 27, December 25 and January 1.

Paul will be attending the NAPFA East Financial Planning Conference in Charlotte, NC from October 21-24.

Pam, Jacqie and Mike will be on vacation December 15-19.

We welcome Mike Baumbach to the Mallard team. He will be providing Information Technology support, as well as executing trades for the Operation Department.



750 Barksdale Road  
Suite 3

Newark, DE 19711  
302.737.4546

[www.mallardfinancial.com](http://www.mallardfinancial.com)

# MALLARD Money Matters

October 2014

Reminder: Medicare annual open enrollment begins October 15 and runs through December 7. During this period, insurance plans offer new pricing and benefits. Take the time to review your coverage, if you already have it. Is the coverage still appropriate for your needs? You can't assume your drug coverage and other co-payments will remain the same from year-to-year. You can make changes to your health and drug coverage without restrictions during this time. Any changes made will take effect January 1.

## What's Your Score?

Susan Lehnerd

When's the last time you reviewed your credit score, or even your credit report? The information contained in the report, and your score, are important to your financials. If you haven't already, you should make this review an annual task. Think of it as a 'must do' like an annual physical, or regular maintenance on your car, or a visit to the dentist or eye doctor.

A credit report is a record of your credit activities. It reports your credit accounts, outstanding loans, balances on the credit cards and loans, and reports your bill paying history. Lenders use this information to determine whether or not you are a good credit risk.

A credit score is a measure of credit risk. Your score can impact the interest rate that a lender offers you, whether it's for a mortgage, a loan, or credit card. The better your score, the better the interest rate a lender is likely to offer you.

There are different factors that impact your score. The ones that have a high impact are:

1) *Credit Card Usage*- how much you spend on your credit cards as a percentage of your total available balances. A high percentage could indicate that you do not have your spending under control, and you could be a greater risk for defaulting on your payments. Aim to keep your usage under 30%.

2) *Payment History*- Making payments on time

shows that you are reliable in paying back what you owe. Make your payments on time, even if it's the minimum payment due.

3) *Derogatory Marks*- negative records that can stay on your credit report for seven years or more. Examples of derogatory marks are bankruptcy and foreclosure.


*Average age of credit* has medium impact on your score. This is the average amount of time that you have had all of your credit accounts. Do not open several new accounts in a short period of time. An average credit age of 9+ years puts you in the 'excellent' category.

FICO Credit Score	Score Scale Grading
720 and Above	Excellent
680 to 719	Good
620 to 679	Average
580 to 619	Poor
500 to 579	Bad

## What's Your Score? . . . continued

*Total accounts* and *credit inquiries* have a low impact on your score. A range of 6-12 accounts is considered 'not bad'. But remember, the average age of credit is more significant than the number of accounts.

To get your free annual credit report, go to [www.AnnualCreditReport.com](http://www.AnnualCreditReport.com). You will be able to request a report from any, or all, three of the major credit bureaus –Equifax, Experian, and TransUnion. Whether you request a report from a different bureau every 4 months or all at once, it is important to review each one's report because they report information differently. Review the report(s) for any errors. If you need to dispute anything in the report(s), there is a link on the AnnualCreditReport website for doing so.


In order to get your credit score, you will have to pay for it. The price is under \$10. Be careful where you 'click'. Clicking on "Free Score" takes you to a new website, where you can inadvertently sign up for a free trial (that becomes a monthly charge of \$16.95 or so). Look for the smaller print, "buy your credit score here". Once you have your score, use the scale above to determine how you're doing. 

## Supersize Your Advisor

Kenny Beach

What does Mallard have in common with a half gallon of ice cream? Absolutely nothing. We're not sweet and creamy, we don't melt, and we haven't been downsized like a half gallon of ice cream. Mallard has not downsized its services to you. In fact, with very little effort, you can supersize our services to you. Here's how:

For financial transactions outside of Mallard's scope, and for upcoming significant life events, such as divorce, separation, or death of a relative you should seek professional, expert advice. To ensure everyone is working together on your behalf, keep your Mallard advisor abreast of your situation and ask for suggestions. It is especially beneficial to include your advisor in meetings with other professionals. Proper planning will ensure that you identify the tax consequences prior to disposing of any assets, whether by sale, gifting, or other means.

Don't allow your personal biases to impede or restrain needed changes to your portfolio. Our investment process is implemented in a systematic, non-biased manner. Allow it to work for you. Ask tough questions about your portfolio's positioning and make investment suggestions, but avoid the urge to overrule. 

## Time to Change Seats?

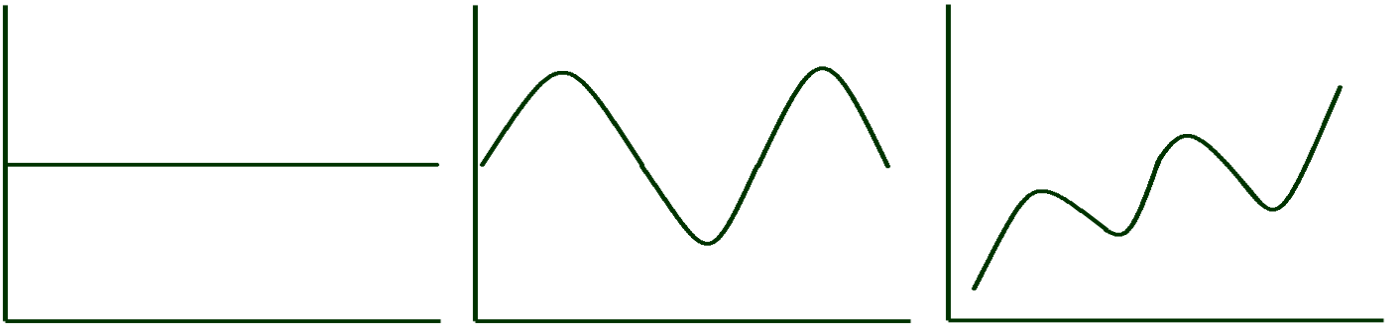
Paul Baumbach

I saw a cartoon once in which there are three passengers sitting side-by-side on a flight. There is an announcement from the pilot, "there is some turbulence up ahead, so please return to your seats and buckle your seatbelt." Next, the passenger in the window seat throws his hands up and shouts "WE ARE ALL GOING TO DIE!!!" Finally, the passenger in the middle says to the passenger in the aisle seat, "Don't worry, he's just a financial reporter."

**Financial reporters are paid to grab your attention. They are not paid to educate.**

At a financial conference I attended in September, an analyst noted that headlines this summer have been warning that the stock markets are setting new highs, implying that this means that the world will end, or at least that a sharp market decline is imminent. Does this make any logical sense? Does this make any economic sense?

Let's consider the three graphs. The first is a graph of a flat line. It shows a relationship that doesn't change. It could be the temperature in your house, a steady 68 degrees, due to your HVAC system. Nothing to grab your attention there!



The second graph, to the mathematicians out there, is a sine wave, which alternates between a high and a low, where the subsequent high matches the level of the prior high, and the same with the lows. If you are at an all-time high, you know that in no time you will see the value begin to fall. It must happen that way. **What are relationships that are like this second graph?**

If you are at a beach and stay for many hours, you will see the tide go in and out, and the high tide mark in the morning will typically match the high tide mark that evening, and the same the next day, week, month, year (for the purposes of this discussion, we will disregard the topic of sea level rise). Similarly, the temperature rises during the summer, and falls in the winter, but generally doesn't set new highs or new lows.

The tides, and the daily high temperature at a set location both are relationships that would look very similar to the second, sine wave, graph.

**What relationships would look like the third graph, and upward sloping wave?** If you take the wave out of it and just draw an upward sloping line, then this can graph your age, or the miles on your car. With the wave added back, you could graph the world population (generally sloping upward, but occasionally falling due to events such as the Black Plague, and due to World Wars).

The global economy, over time, is comprised of the goods and services produced/provided in our world. As our population is growing, it, too, grows over time. As we incorporate technology (steam engine, electricity, computers, ...) we become more efficient, and this helps the global economy to grow more over time. The economy slows down as the population declines, however, and also as economic activity declines (due to global recessions, for instance), but in time the global economy resumes its upward growth.

Stock markets are collections of shares of the stock of companies, and as the economy moves, this ultimately causes stock market levels to move. As the global economy grows over time, it leads the global stock markets to rise, not to the same highs as before, but to **new highs**. Stock markets have a relationship over time that best resembles the third graph.

So the next time that a financial reporter issues a warning that since the stock markets have reached a new high, the markets are due to fall, see if you can change seats (or planes!). 🌿

### Mallard lives a “Culture of Compliance”

The most effective and elusive way to protect your assets is to establish a firm wide Culture of Compliance. I have taken the task of establishing such a culture at Mallard very seriously. My rapport with our team and my role as the CCO has allowed me to nurture an office environment where everyone has an eye for compliance. So how do we keep compliance and the safeguarding of your assets paramount?

I have a policy that any question, even the smallest, should be submitted for a “Dear CCO” opinion. I am happy to report the questions are rolling in. Maybe I should start a blog....

I hold “Compliance Cafés”. We order out lunch for everyone and discuss a compliance topic (like Custody, Advertising, Gifts...). The agenda is modeled after the regulations, and discussions include quizzes (with prizes) and fun activities. While the atmosphere is kept light, discussions can get intense and informative.

Lastly, a Culture of Compliance is rooted in our Fiduciary Duty. As a Fee-Only, SEC registered firm we take great pride in adhering to a fiduciary duty and celebrate it.

Clients come first, and safeguarding assets is one of the ways we honor that commitment. 

### News and Events

Paul’s Quarterly Conference Call - October 15, 2014 at 4 p.m.

Delaware Money School Presents:

October 20, 2014 - 6:30-8:30 p.m., “Social Security Benefits” at the Newark Free Library - presented by Ed Mink.

November 17, 2014 - 6:30-8:30 p.m., “Annuities—The Good, Bad & Ugly” at the Newark Free Library - presented by Paul Baumbach.

January 6, 2015 - 6:30-8:30 p.m., “You’re Getting a Divorce—Things to Know” at Bear Library - presented by Susan Lehnerd.

*Working together, building your financial security*

750 Barksdale Road, Suite 3  
Newark, DE 19711-3245