

the BENCHMARK

Newsletter



creative energy

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Creative Energy's Dynamite? Two Engaged Owners & the Power to Grow Brands

T 'n' T - Tony and Teresa Treadway, owners of Creative Energy, tell the story of their company, a nationally recognized

ad agency, and the part they have played in developing regional talent and giving back to the community.



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What Can You Control When Investing?

Myra O'Dell lists the ways you have control of your portfolio in the uncertain world of investing.



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529 Plans: Not Just for College Anymore

Nick Clay details how to take advantage of a 529 Plan for private school education.

What Can You Control When Investing?



By Myra O'Dell

Successful investing involves taking calculated risks. I believe that in order to give yourself the best opportunity to reach your investment goals, you need to focus on the aspects of investing that you can control. Here is my list of things that you can count on when investing:

There will always be uncertainty in short-term investing. Making a long-term plan and sticking to it is the best strategy. The random walk theory, a concept introduced by Burton Malkiel's book in 1973, *A Random Walk Down Wall Street*, suggests that stock price fluctuations are independent of each other and have the same probability of going up as they do going down, but that over a period of time, prices maintain an upward trend. If this is true (I believe it is true), you should ignore short-term fluctuations in the market and stick to your long-term plan.

The less you pay in expenses (i.e. commissions and annual expense ratios), the more money you keep to invest and work for you to reach your goals. Keeping your expenses down makes a significant difference in your long-term results. While you can't eliminate all expenses, be careful to keep them as low as possible.

Taxes can eat up your returns. This one is similar to #2 above...the less you keep, the less you have working for you. Remember to be aware of the tax consequences of your investment decisions. Make use of tax-deferred vehicles such as IRAs, Roth IRAs, and 401(k)s. In taxable accounts, consider using municipal bonds and tax-efficient investments such as mutual funds with low turnover ratios. Also, take advantage of long-term capital gain tax rates when possible.

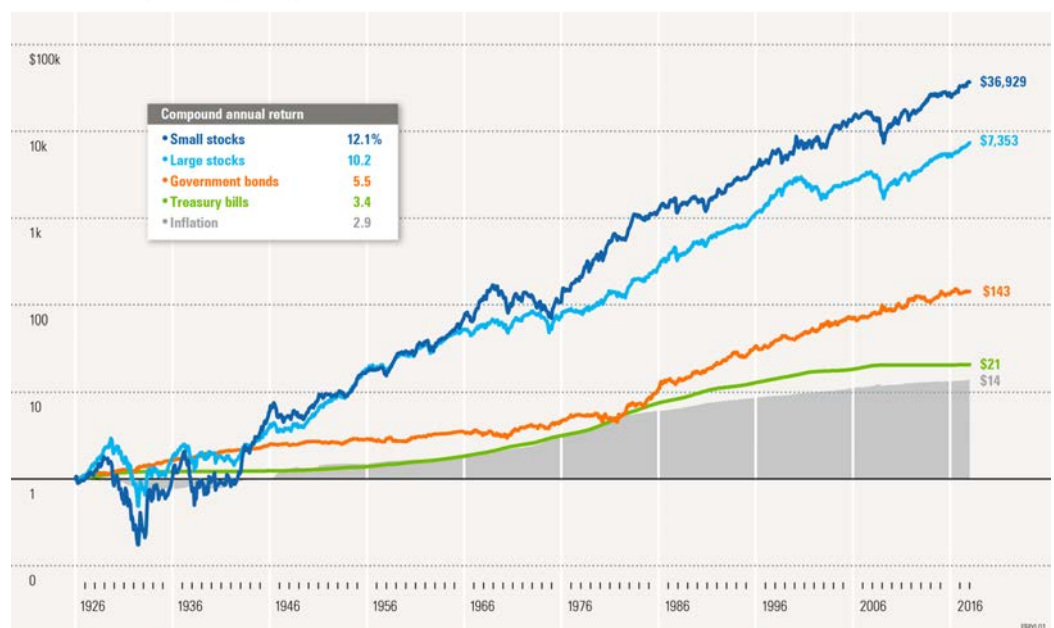
In the long run, stocks will outperform bonds. If you have a long

time horizon for your investments, it is likely that including a portion of stocks in your portfolio will give you more bang for your buck.

Including a portion of good quality bonds reduces risk. While stocks will outperform bonds in the long-run, there is still good reason to include good quality bonds in your portfolio. Bonds reduce the overall volatility of your portfolio. This becomes more important as you reach the date in which you will be withdrawing from your portfolio. You should

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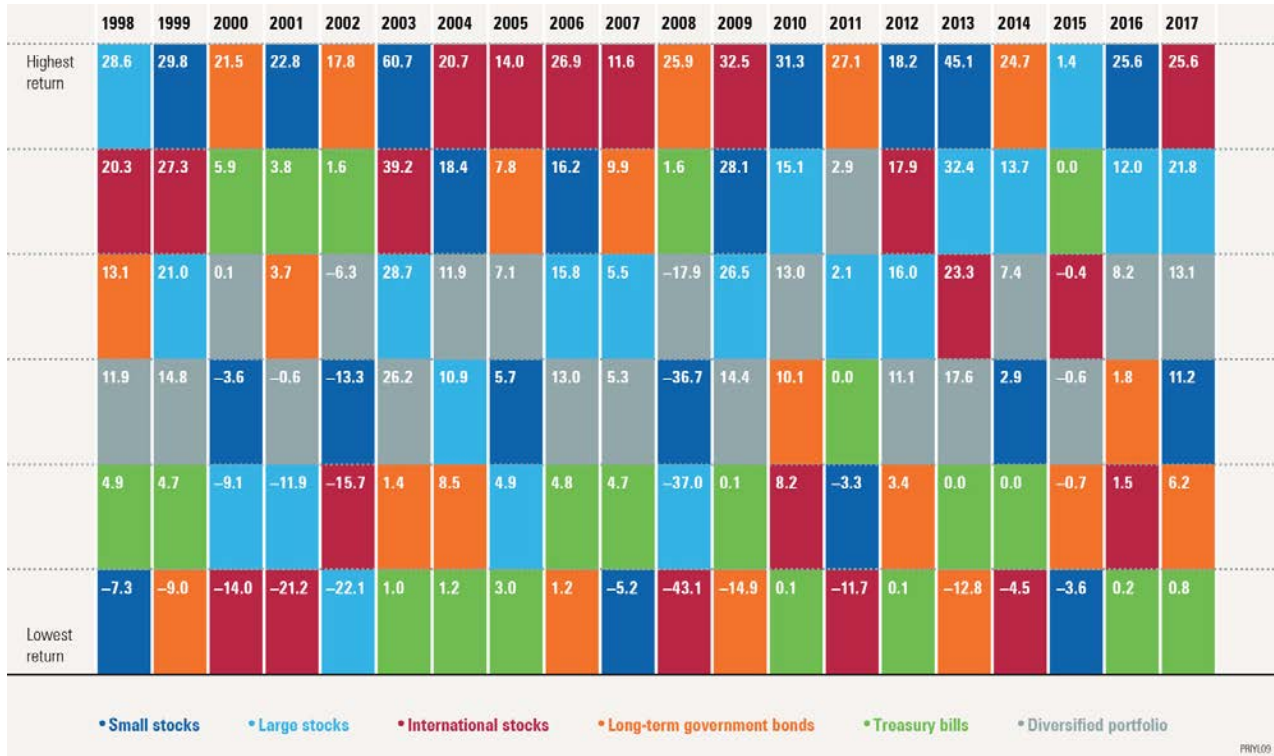
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Asset-Class Winners and Losers



Past performance is no guarantee of future results. This is for illustrative purposes only and not indicative of any investment. An investment cannot be made directly in an index. The diversified portfolio is equally weighted between small stocks, large stocks, long-term government bonds, Treasury bills, and international stocks (20% each). © Morningstar. All Rights Reserved.



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meet with an investment advisor to help you create an allocation that suits your time horizon and risk tolerance.

Diversification reduces risk. By investing in all types of stocks - large, small, value, growth, US and international - you won't be dependent on any one asset class, and no matter which ones are doing well, you will own them and reap the benefits.

There will always be an asset class that is underperforming the rest of the market. Hindsight is always great when it comes to investing! But, consistently determining which asset class will perform best in the future is impossible. Don't allow an underperforming asset class deter you from maintaining a diversified portfolio because that asset class might just be the next winner.

When it comes time to rebalance, it will feel like the wrong thing to do. Selling the investments that have done well to buy the investments that have lagged may seem like a dumb thing to do. However, it forces you to buy low and sell high and also keeps your portfolio's risk in check. I recommend picking one day of the year to rebalance and continue rebalancing on that same day each year. By automating this process, you avoid the urge to time the market and also take the destructive emotions out of investment decisions.

The more you can save now, the better chance you have of reaching your financial goals. This is the result of a principle called the time value of money. When you have time on your side, you open up the door to

compounded returns. I've never heard anyone chastising themselves for starting their savings plans too early in life. So, no matter what your age is, begin a savings plan now, and you will thank yourself later.

Myra is pictured with her grandparents W.T. and Alyne Mathes at the 2018 Milligan College Homecoming.



Creative Energy's Dynamite? Two Engaged Owners & the Power to Grow Brands



Left: Skittles, the office mascot.

Right: The original CE team in 1992. Many have gone on to have very successful careers.

Below: The CE team today.

Opposite page: Tony and Teresa as Ketchup and Mustard - since CE is a food focused agency!



Meet Johnson City ad agency owners Tony and Teresa Treadway for the first time and they frequently introduce themselves as, "I'm Tony. I'm Teresa. We are T. n' T. — we are dynamite!"

As a start up, Creative Energy began operations in the rear of a converted steakhouse in Erwin with a vision to become a nationally recognized ad agency. With 26 years under their belts, they are living that dream.

"We offered exceptional talent and a passion for making Johnson City a destination for local and national accounts through hard work," explains co-owner Teresa Treadway. "Within a few months, we landed a Piggly Wiggly franchisee and local companies Pal's Sudden Service and Moody Dunbar. That is where we learned the food business." Today the agency's list of national and international accounts stretches from London and Australia to

California and points in between. The firm also represents many local accounts — helping them build their brands through advertising, social media, public relations and digital marketing.

By choosing to be a niche player in the trillion-dollar business of food, the company found a path where the company could be a player on a national scale. The growth enabled Creative Energy to also become pioneers in downtown Johnson City redevelopment. They worked with the owners of the old Nettie Lee and later King's Department store buildings on Main Street to renovate and occupy former abandoned buildings.

"Downtown was a great home for our agency for 14 years, and we take pride in playing a role in its revitalization," says Teresa. "We were lucky in finding great companies as clients who helped us learn the food and beverage business that has been so good to us over the years," Tony explains.

Along the way, other clients introduced the agency to new markets. Tourism, financial services and building materials are now niche segments where Creative Energy has a regional or national footprint. Overall, the firm also represents a variety of other local and regional accounts in retail, healthcare and automotive.

Today, with 45 employees, the company occupies two renovated buildings on Hanover Road in Johnson City. More than 60 percent of the agency's employees are graduates of East Tennessee State University. "As an alum, I want to give graduates the chance to start their careers working on national accounts," says Tony. It's part of the Treadway's commitment to the community along with their involvement in important community projects, such as a new football stadium for ETSU and fieldhouse at Science Hill. A former WJHL-TV news and sportscaster, Tony made hometown teams a priority, and for that he was rewarded by having the new ETSU William B. Greene Stadium's press box named for him. Science Hill's press box carries the Creative Energy brand.

Teresa grew to national prominence as Governor of the American Advertising Federation's District 7 (ad agency members from Tennessee, Georgia, Alabama, Mississippi, and Louisiana). She was the first from Northeast Tennessee to hold the honor in many decades. "Finding a niche where you can specialize your services into national prominence, over delivering on your products or services and just plain hard work have been our secrets," says Teresa. "Giving back to our community is our joy."

BCS has been a key resource for Creative Energy for two decades. "Their staff took the time to understand our business and provide multiple layers of business and wealth management support." Teresa says. "This long-term relationship with BCS is very much a part of our team of professionals, and I truly appreciate all of their help on a day to day basis. Guess you could say they are another secret to our success."

"We are lucky to live and work here," Tony concludes. "Together, with our employees, friends, family and a successful business, both of us are truly blessed."

To learn more about Creative Energy visit cenergy.com.





529 Savings Plans: Not Just for College Anymore

By Nick Clay

As a result of the 2017 Tax Cuts and Jobs Act, tax-advantaged 529 savings plans aren't just for college anymore. Such funds can now be used for kindergarten through 12th-grade tuition at private schools – up to \$10,000 per child per year.

This makes 529 plans more appealing for families who have or will have students attending private schools before college. The change gives these families more freedom to choose when to begin using their funds saved in 529 plans.

However, this new provision will not matter for families with children who do not attend private schools before college. Even for families who have children attending private K-12 schools, it might be advisable to wait until college to dip into 529 savings. This is because taking 529 account withdrawals for private school tuition shrinks the time that assets can compound tax-free – a primary benefit for saving and investing within 529 accounts.

Private K-12 tuition is an eligible expense under the new law. Unlike college funding though, textbooks, computers, or other fees during the K-12 years are not. Families interested in using 529 savings for private K-12 tuition should confirm that their specific plan aligns itself with the new federal rules. (This change in provisions applies at the federal level, but the

50 states plus the District of Columbia administer 529 accounts. Tennessee and Virginia are among the states whose 529 plans conform to the new federal rules.)

It is good to have more options when planning, and this provision provides some families a good opportunity to spend their education savings. On the other hand, many families with 529 accounts will conclude that it makes most sense to keep their eye on the target of specifically saving for their young ones' college expenses.

Whatever your family's education savings goals are, our team here looks forward to answering questions and helping your family strategize.



Nick and his wife, Lacy, with their children, Addie, Camp and Halle.



“Investing should be more like watching paint dry or watching grass grow. If you want excitement, take \$800 and go to Las Vegas.”

~ Paul Samuelson

Market Returns

Major Stock Indexes	3rd Quarter 2018	YTD
DJIA	9.0%	7.0%
Nasdaq Composite	7.1%	16.6%
S&P 500	7.2%	9.0%
Russell 2000	3.3%	10.5%
Global Dow	4.8%	1.2%
Japan: Nikkei 225	8.1%	6.0%
Stoxx Europe 600	0.9%	-1.5%
UK: FTSE 100	-1.7%	-2.3%
Major Bond Index	3rd Quarter 2018	YTD
Bloomberg Barclays US Aggregate (Total Return)	0.5%	-1.0%



Life Insurance: Time for a Checkup?

By Paul Hoilman

- Is your life insurance policy in good health?
- When did you last review your life insurance policy?
- Will you be able to afford the future premiums required to keep your current coverage in-force?
- Has your policy performed as originally projected?
- What do current projections look like?

Due to the extended low-interest-rate environment, many life insurance policies purchased 10, 20, or even 30 years ago have significantly underperformed their original projections. In many cases, substantially higher premiums will be required to keep these policies in-force. The trouble is, most policy owners don't know

what kind of shape their policy is in.

Like with our own health, a life insurance "checkup" is smart to do periodically. The sooner you can diagnose your policy's health, the better chance you have at preventing any significant losses. If you'd like, our experienced team can walk you through the steps necessary to check your life insurance policy's overall health.



We also want to congratulate Jessica Hampton on becoming a licensed Insurance Producer for life insurance and health insurance. Jessica is a financial planner and works in insurance services here at BCS Wealth Management.

Jessica works with Senior Insurance Advisor Paul Hoilman to assist clients with policy reviews, needs analysis, quoting, advising, group benefits, and related in-

surance services. Jessica and Paul are glad to help if you wish to review your current policy and coverage to make sure they are still appropriate. If shopping for a new policy, we are an independent firm that can help you get the protections you need from the carrier that fits you best.



Paul is a Qualifying Member of the Million Dollar Round Table (MDRT), which recognizes leading insurance advisors.

A Fun Food Truck Lunch



BCS Wealth Management hosted Foodie Fiction, a popular food truck, at our office on August 30 for clients and friends. Foodie Fiction served up delicious burgers, street tacos, and sides. We had about 40 folks stop by for the casual lunch. We were fortunate to have sunny weather and to dodge the typical summer thundershowers.

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Grateful for Our Clients and Friends

By Nathan Goodwin

It's hard to believe this is our last newsletter of 2018! What a year it has been, filled with plenty of economic and political turmoil. While this will likely continue, our commitment to you stays the same. We appreciate your trust in us as we help navigate these volatile times. It is a task we don't take lightly.

Thanksgiving is right around the corner, and I find myself very thankful to be a part of such a great team here at BCSWM. I know I'm biased, but the people here are the finest anywhere. We have experienced tremendous growth in recent years, and while I believe the knowledge of this team is among the top in our industry, I believe it is the character of this firm and those in it that stands primarily responsible. It is a privilege to stand beside them as colleagues, and to call them friends.

What are you thankful for this year? It's never too early to think about. All of us at BCS Wealth Management wish you a blessed holiday season. We hope to see you soon.

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BCS Wealth held our main annual client event on October 3 at the Blackthorn Club. The day's guest speakers were Kevin Chalk of Schwab, Joe Kane and Titania Hanrahan of BlackRock, Keith "Mister" Jennings, and Ronda Paulson.



Nick Clay is pictured with Mister Jennings, standout ETSU basketball player and former NBA player.



Myra stands with Ronda Paulson, the Founder and Director of Isaiah 117 House.