If you wonder why rising income doesn’t seem to provide much bang for the buck (pun intended), as the graph below shows, you can blame the subtle erosion of inflation. I doubt many investors realize that, in real dollars, median household income is just slightly less than it was 16 years ago in 2000.

Of course, it could be much worse. I can’t imagine how Venezuelans deal with their inflation. From the New York Times:

“While most advanced economies struggle to lift inflation, none would want Venezuela’s situation: Consumer-price inflation is forecast to hit 480% this year and top 1,640% in 2017, according to the International Monetary Fund.”
I do my part drinking wine, but obviously it’s not enough for the U.S. to compete with France. According to a story in the Lubbock Avalanche Journal, the city that drinks the most wine (surprise) is Paris, “…with 690 million bottles guzzled each year, almost 14 gallons (71 bottles) for each man, woman and child.” That’s some guzzling! Buenos Aires is a distant second with 457 million bottles (8.5 gallons/person). New York City and L.A. are pikers on the board at 301 million bottles and 241 million bottles, respectively.

**FOOD FOR THOUGHT**
From *Money Magazine*:

**INTERIM FINAL TEMPORARY???
No comment...**

Securities and Exchange Commission- Interim Final Temporary Rules Update
HAPPY BIRTHDAY TO THE INDEX FUND
From Jason Zweig's always-worthwhile WSJ articles:

Forty years ago this week (September 1), the index mutual fund was born when Vanguard Group’s First Index Investment Trust (now Vanguard 500 Index Fund) opened for business with $11.3 million in assets.

That was far short of the $150 million target that Vanguard’s founder and the fund’s creator, John Bogle, had set. The investment banks underwriting the fund were so disappointed by the measly amount they had raised that they wanted to give investors their money back. “I said, ‘Hell no,’” recalls Mr. Bogle, 87 years old.

Today Vanguard 500 Index Fund holds more than $252 billion, and index mutual funds and exchange-traded funds invest nearly $5 trillion in combined assets.

I SURE HOPE THIS CONTINUES
From the NY Times:

Middle-Income Jobs Finally Show Signs of a Rebound

The American economy is finally creating more middle-income jobs, according to a new analysis released Thursday by the Federal Reserve Bank of New York, in a turnaround from the feast-and-famine pattern earlier in the recovery, when hiring was strongest at the bottom and top of the wage scale.

The findings suggest that it may soon be time to retire a familiar criticism of the long but lackluster economic rebound that has been underway since the end of the Great Recession in 2009: the hollowing out of the American middle class.

DISAPPOINTED
I have the greatest respect for Kiplinger, but I was disappointed by the Kiplinger ETF 20 Update. Only a year after launching, Kiplinger wrote, “Three Funds In, Three Out… It’s time for some changes.” Although the article provided credible reasons for the changes, one year smacks of market timing, not long-term investing.
WHY BOYS NEED PARENTS
From my friend Judy:

I LIKE IT
Of course I may be a bit biased; however, I’m not surprised that a number of recent studies conclude that clients who receive advice get their money’s worth. Here are some examples of the estimated value added by working with a competent financial advisor:

- Vanguard’s “Advisor’s Alpha” – 3%/year
- Morningstar’s Gamma – 1.82%
- Financial Engines (2009-2010) – 2.92%
- Investment Funds Institute of Canada
  Multiple attributable to advice for those receiving
  4–6 years of advice – 1.58
  7–14 years of advice – 1.99
  15 or more years of advice – 2.73

https://practicemanagementblog.onefpa.org/2016/08/04/you-cannot-do-this-alone/

GOOD NEWS, BAD NEWS
The good news is that we’re living longer; the bad news is that we’re living longer and it’s expensive.
Here are some sobering numbers from a most excellent article by my friend Kate McBride. “The Longevity Paradox: As Americans live longer, they run the risk of outliving their money”

- $464,000 – Total lifetime healthcare cost of a 55-year-old couple planning to retire at 65.
- 83% – The rate hike the federal government just approved on its long-term care policies.
- $90,500 – The annual cost of a private room in a nursing home; $42,600 for an assisted-living community; $21,840 for a home health aide; and $18,200 for adult daycare.
- According to an earlier study, 42% of people who live to age 70 will spend time in a nursing home.
- To deal with this reality, more than 50% of advisors are recommending: o Deferring Social Security benefits o Planning for a bigger healthcare budget o Setting lower withdrawal rates

PERKS OF REACHING 60 OR BEING OVER 70 AND HEADING TOWARD 80!
From my friend Phil:

1. Kidnappers are not very interested in you.
2. In a hostage situation you are likely to be released first.
3. No one expects you to run — anywhere.
4. People call at 8 PM and ask, “Did I wake you?”
5. People no longer view you as a hypochondriac.
6. There is nothing left to learn the hard way.
7. Things you buy now won’t wear out.
8. You can eat supper at 5 PM.
9. Your supply of brain cells is finally down to a manageable size.
10. You can’t remember who sent you this list.
11. You notice these are all in Large Print for your convenience.

IT’S NOT LOOKIN’ SO GOOD…
…for broad-based active management.
Ever wonder why E&K has such a significant allocation to passive equity managers? Here’s a story from ThinkAdvisor that highlights the issue.

Performance of Active Management
S&P DOW JONES INDICES REPORTS THAT MOST RETAIL MUTUAL FUNDS UNDERPERFORM THEIR BENCHMARKS EVEN BEFORE FEES ARE CALCULATED

Fees are not the only reason that actively managed funds often underperform passive index funds, as commonly believed. According to the latest SPIVA Institutional Scorecard report from S&P Dow Jones Indices, at least two-thirds of mutual funds and institutional accounts in multiple asset classes underperformed their respective benchmarks even before fees were included in the calculation. Eighty percent of domestic mutual funds underperformed the S&P 500 before fees were calculated — a calculation the report calls “gross-of-fees.” After fees, also known as net-of-fees, the number jumped to 88%.
For institutional equity accounts — defined as separately managed accounts or co-mingled trusts — the underperformance rate was 85% before fees (there was no net-of-fees calculation for those accounts).

THE NUMBERS SPEAK FOR THEMSELVES

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From my friend Skip Schweiss, President, TD Ameritrade Trust Company; Managing Director of Advisor Advocacy, TD Ameritrade Institutional. Data from [www.opensecrets.org](http://www.opensecrets.org).

SOME INTERESTING STATISTICS
From Forbes via my friend Bob Veres:

Most Americans work in one of five different sectors:
14% in professional and business services
13.5% in production and manufacturing
13.4% in state or local government
13.2% in healthcare and social assistance
11.0% in retail

Most of us work long hours:
Fewer than 40 hours – 8%
40 hours – 42%
41–49 hours – 11%
50–59 hours – 21%
60+ hours – 18% (I’m pleased to know I have company.)
In 2015, 24% of employed people did some or all of their work at home.

What are the highest-paying jobs in America? The MyPlan.com website lists the top 300 jobs in terms of average salary, and the top of the list is dominated by medical professionals:

- Anesthesiologists: $258,100
- Surgeons: $247,520
- Oral Surgeons: $233,900
- Obstetricians and Gynecologists: $222,400
- Orthodontists: $221,390
- Radiologists, Pathologists, Neurologists, Allergists and Immunologists, Urologists, Preventive Medicine Physicians, Ophthalmologists, Hospitalists, Sports Medicine Physicians, Physical Medicine and Rehab Physicians, Nuclear Medicine Physicians and Dermatologists all finish in a tie for sixth ($197,700), and you have to go all the way down to number 22 on the list, to Chief Executives, before you reach a nonmedical professional on the list.

Lawyers come in way down at number 38 ($136,260), Physicists come in at number 50 ($118,500), Economists at number 77 ($109,230), Art Directors at 105 ($101,990), Veterinarians at 112 ($99,000), Automotive Engineers at 171 ($88,190), and Video Game Designers at 190 ($87,310).

Finally, according to the U.S. Census Bureau, there are 5.4 million companies that provide employment for American workers, with an annual payroll totaling $5.6 trillion, or roughly $48,997 per employee. A surprising 8.9% of these employer firms (481,981) have been in business for fewer than two years, and only 3.1% of them (167,917) have existed for more than sixteen years. Most firms (78.5%) employ fewer than ten workers, while 17,982 companies employ 500 or more Americans.

HAVIN’ FUN WHILE DOIN’ GOOD
For over two decades Hospice of Lubbock has sponsored Grief Camp for Children. The camp is for children five to seventeen years of age who have experienced the death of a family member or friend within the past two years. Katie is a Board Member and a long-time participant in Grief Camp. This year John and I joined her, and as you can see, we looked sterling as we dished out hot dogs, sausage (delicious), and hamburgers.
THE FUTURE AIN'T WHAT IT USED TO BE
From my partner John:

If you had bought the computing power found inside an iPhone 5S in 1991, it would have cost you $3.56 million.

There is more processing power in a TI-83 calculator than in the computer that landed Apollo 11 on the moon.

Humans will create more information in the form of data in the next two days than was created in all of history up until the year 2003.
Everything in this 1991 RadioShack ad exists in a single smartphone.

If all the information on Wikipedia, started in 2001, were printed without images, it would consist of 2053 volumes. Encyclopædia Britannica, started in 1768, has 32 volumes.
WEDDING $$$
Also from Money:

• Gender Gap: Wedding Dress $1,216 versus Tuxedo $203
• 30% – The typical venue markup when the event is a wedding.
• Average amount spent on gift

Close family member ....$180
Close friend.................$120
Friend ......................$80
Co-worker..................$65

• Who Pays?
Bride’s Parents ..............43%
Groom’s Parents............12%
Bride & Groom...............43%
Other..........................2%

MORE WINE FACTS FROM THE AJ
(I like wine.)

• It takes about 2½ pounds of grapes to make a standard bottle of wine.
• California produces 85-89% of U.S. wines.
• There may be more than 10,000 different wine grapes. Italy grows more than 400 varieties.

Finally, my compliments to Gus Clemens, the author of the column who concluded: “I pity empty wine glasses, and I empty full wine glasses.”

WHY WE REALLY NEED A FIDUCIARY STANDARD!
Headlines from recent publications:

Securities America to pay $1.5 million for mutual fund overcharges The independent broker-dealer is paying restitution for failing to waive sales charges for some retirement plans and charitable organizations

Morgan Stanley Reaches $4.7M Settlement with the State of Mississippi Investors at its Ridgeland branch, where client risk tolerance data was entered incorrectly, will get $4.2 million

Morgan Stanley Faces $150M Suit Over its Own 401(k) A $150 million class action suit against Morgan Stanley alleges the firm mismanages its employees’ retirement funds by placing them in inferior products and charging excessive fees

BNY Mellon to pay $714 million to settle foreign exchange cases Bank of New York Mellon Corp has agreed to pay $714 million to settle allegations that the bank overcharged pension funds and other clients for foreign exchange services

State Street will pay $530 million to settle foreign exchange cases

Morgan Stanley and its board were accused of mismanaging the firm’s 401(k) retirement plan and costing 60,000 employees hundreds of millions of dollars by picking inappropriate and high-priced investments, some of which were managed for the firm’s own profit

Edward Jones faces proposed class action lawsuit over excessive 401(k) fees Another of the large brokerages, Morgan Stanley, was also sued Friday for fiduciary breach in its retirement plan

And the gorilla earlier this year: Goldman Reaches $5 Billion Settlement Over Mortgage-Backed Securities. Pact marks largest settlement in history of Wall Street firm
What is really depressing is how easy it is to find these stories.

**HOW COOL IS THIS?**

To close on a more positive note, from my friend Judy. At the click of a button you can listen to hundreds of songs from practically any good old classic artist you can think of. Here’s a list of the top 100. http://www.songs-tube.net/

### 100 ARTISTS

1. Elvis Presley  
2. Michael Jackson  
3. Roy Orbison  
4. Abba  
5. Bee Gees  
6. Frank Sinatra  
7. The Beatles  
8. John Lennon  
9. Celine Dion  
10. Creedence Clearwater Revival  
11. Julio Iglesias  
12. Queen  
13. Neil Diamond  
14. Rolling Stones  
15. Bruce Springsteen  
16. Paul McCartney  
17. Tina Turner  
18. Elton John  
19. U2  
20. Pink Floyd  
21. Bob Marley  
22. Andrea Bocelli  
23. George Harrison  
24. Dire Straits  
25. Barbra Streisand  
26. Cliff Richard  
27. Madonna  
28. Robbie Williams  
29. AC/DC  
30. Simon & Garfunkel  
31. Eagles  
32. Dean Martin  
33. John Denver  
34. Metallica  
35. Eros Ramazzotti  
36. K3  
37. Bob Dylan  
38. Adriano Celentano  
39. Eric Clapton  
40. Jimi Hendrix  
41. Deep Purple  
42. David Bowie  
43. UB40  
44. The Doors  
45. Santana  
46. Bon Jovi  
47. Fleetwood Mac  
48. ZZ Top  
49. Nat King Cole  
50. Louis Armstrong  
51. Led Zeppelin  
52. Charles Aznavour  
53. Gipsy Kings  
54. Shakira  
55. Michael Bublé  
56. Joe Cocker  
57. Barry White  
58. Rod Stewart  
59. Cat Stevens  
60. Ricky Martin  
61. Enrique Iglesias  
62. Ray Charles  
63. Laura Pausini  
64. Tom Jones  
65. Jethro Tull  
66. Black Sabbath  
67. The Beach Boys  
68. Stevie Wonder  
69. R.E.M.  
70. Ringo Starr  
71. Gloria Estefan  
72. Chuck Berry  
73. The Monkees  
74. Status Quo  
75. Van Morrison  
76. Whitney Houston  
77. The Who  
78. Sting  
79. Billy Joel  
80. B.B. King  
81. Simple Minds  
82. Neil Young  
83. The Kinks  
84. Bryan Adams  
85. Supertramp  
86. Nirvana  
87. Depeche Mode  
88. Prince  
89. Iron Maiden  
90. Genesis  
91. Christina Aguilera  
92. Pearl Jam  
93. Aretha Franklin  
94. Phil Collins  
95. The Animals  
96. Gary Moore  
97. Red Hot Chili Peppers  
98. Marvin Gaye  
99. Alice Cooper  
100. André Hazes

Hope you’ve enjoyed,
Harold R. Evensky, CFP, AIF
Chairman
Evensky & Katz / Foldes Financial Wealth Management

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