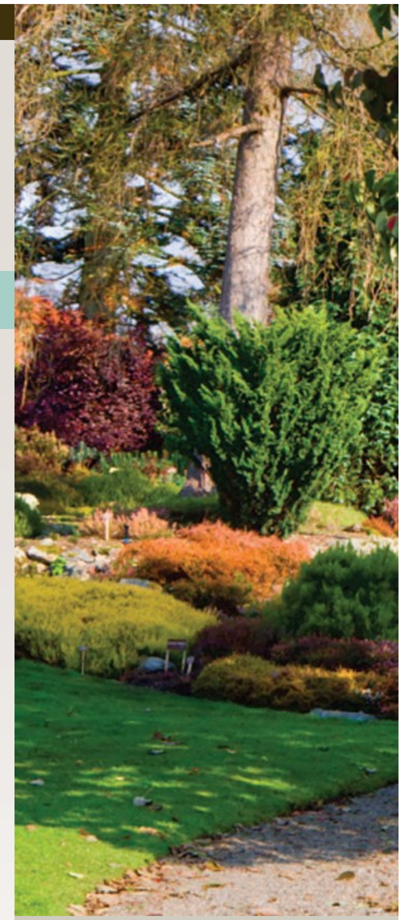
Rinehart Wealth Management
Greater Trust

June 2014



Insights

Investment Overview

Inflation: Friend or Foe?

For the past five years, inflation has been the absent apocalypse cited as the inevitable outcome of profligate monetary policy. The consensus has long believed that interest rates would rise rapidly due to impending rampant inflation following years of unconventional, stimulative monetary policy. That prognostication has not materialized, and Federal Reserve officials continue to emphasize policies that signal their concern has been deflation, not inflation. The obvious lack of inflation was the main reason that we remained constructive on investment-grade bonds last year, while cautioning that long-term growth prospects remained constrained.

Although we are not currently concerned about inflation per se, we are, for the first time since before the Great Recession, seeing signs that foreshadow it. Depending on the rate of acceleration, inflation could be a welcome friend accompanying economic growth and allowing for a measured increase in interest rates. Conversely, if inflation were to make a sharp, rapid move higher, sparking a similar jump in interest rates, we believe the slow GDP growth that we are experiencing could be stalled with the potential for stagflation. Currently, we are more optimistic that the former will prevail and have seen subtle signs of an uptick in inflation accompanying healthy leading economic indicators. For example, the April Consumer Price Index ("CPI") numbers experienced core price increases of 0.24%, which was the fastest rate since April 2011 (*Source: Goldman Sachs*).

The CPI measures broad inflationary trends by calculating the change in prices paid for the underlying components of a predetermined basket of goods and services, which is weighted to reflect relative importance according to average personal expenditures. Within the CPI, the three most heavily-weighted components are Housing, Transportation, and Food & Beverages. The Core CPI, on the other hand, excludes the effects of price changes in the Food & Beverages component, as well as energy-related sub-components, which tend to exhibit relatively more volatility. This may be misleading, however, as the average consumer is still met with higher prices at the pump and the checkout line, despite negligible increases in average wage inflation.

Analysis on the recently disappointing new homes sold figure revealed that the sluggish

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Financial Advisory Overview

The Cost of Health Care in Retirement

There is a wealth of information being published on sophisticated planning techniques, but there is little information available on the fundamental attributes of a good financial plan. The planning assumptions are vitally important to a financial plan's projected outcome. In this month's newsletter, the Investment Team highlight their thoughts on inflation and how their long-term projection factors into the financial planning process. This inflation factor is tied to all expenses in retirement, with the exception of health care expenses.

For many Americans, health care is likely to be one of their largest expenses in retirement. Last year, Fidelity Benefits Consulting released its estimate that a 65-year-old couple with average life expectancies (82 male, 85 female) who did not have an employer supplement would need approximately $220,000 to cover medical costs during their retirement (*it is important to note that these estimated costs do not include any expenses associated with assisted living or nursing-home care*). This figure represents an 8% decrease from the

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Special points of interest

- Stock & Strategy Spotlight
- Monthly Index Review
- Around Rinehart

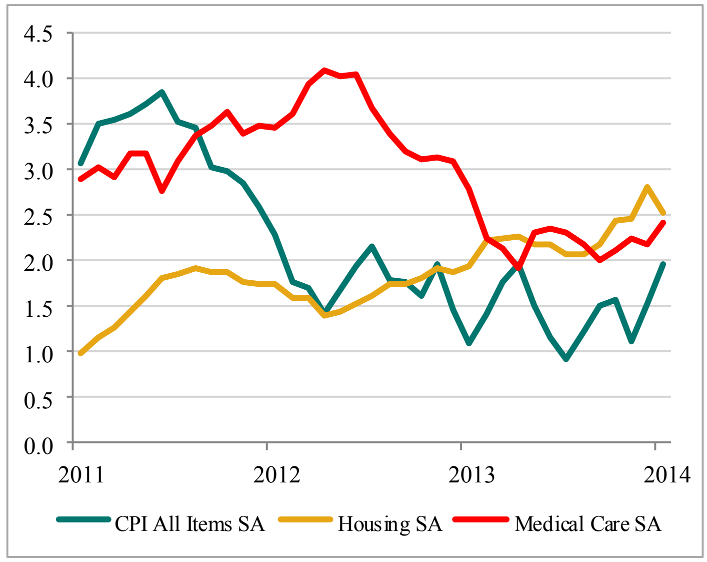
Investment Overview

Inflation: Friend or Foe?

reported sales numbers were accompanied by a distinct increase in the price of homes sold. Digging even deeper, one notices that homebuilders cited increased input costs and a tightness in skilled labor as key contributors to higher prices. Although inflation as reported in the CPI numbers remains subdued, the data points emerging in the housing market appear indicative of an inflation number more prone to rise than decline. Chart I illustrates the year-over-year change in consumer prices, with housing costs isolated and indicated by the gold line. For more information regarding our work on the housing market and input costs, please visit our website and watch the webinar recording of our First Quarter Economic Overview.

Finally, wage inflation, which stagnated for the last decade given increased productivity, a low labor participation rate and sluggish employment might be starting to move upward. Although the increase is miniscule, average hourly wages climbed 2.3% in April. With wages and housing costs simultaneously rising, for the first time in years, we are actually considering inflation as a factor going forward. We project our own returns for financial planning purposes, and inflation is a critical component. Currently, we project long-term inflation at around 3%, and even with the subtle upward pressure on key inflation components, inflation remains below 2% and far from our long-term targets, making our planning assumptions relatively conservative.

Chart I: Consumer Price Index Data



Source: FactSet Research Systems, Inc. "SA" stands for seasonally adjusted.

Stock & Strategy Spotlight

Company Name:	Ticker/Symbol:	2014 (YTD)
Visa, Inc. Class A	V	- 3.17%

Company Description:

Visa, Inc. ("Visa") is a premier global payment technology company that connects consumers, businesses, banks, and governments to fast, secure, and reliable electronic payments. After a strong performance this past year (+48% vs. S&P 500 +32%), Visa shares quickly suffered from the swift retreat and broad correction across growth-oriented stocks, which offered a rare buying opportunity, as the stock pulled back to reasonable valuation levels. While shares of Visa have historically traded at a premium relative to its peer group, we believed that the retreat to an average, in-line valuation provided a reasonable and attractive entry point, as additional growth opportunities for and continued migration toward electronic payment systems progresses. Despite the cyclicality in consumer spending, the underlying secular trends should help to mitigate volatility associated with any sudden and unexpected reduction in consumer spending. With a pristine, debt-free balance sheet and a low-but-growing dividend payout ratio, Visa epitomizes the high-quality growth story we look to own long-term.

Monthly Index Review

Data as of May 30th 2014	May 2014	2014 (YTD)	2013
S&P 500	2.35%	4.97%	32.39%
Dow Jones Industrials	1.19%	1.92%	29.65%
NASDAQ Composite	3.30%	2.11%	40.12%
Russell 2000	0.80%	-2.02%	38.82%
MSCI Emerging Markets	3.51%	3.52%	-2.27%
MSCI EAFE	1.76%	4.11%	23.29%
Barclays US Aggregate	1.14%	3.87%	-2.02%

Financial Advisory Overview

The cost of health care in retirement

prior year and was due in part to lower-than-expected Medicare spending in recent years, as well as a reduction in projected Medicare spending in the near future.

A number of factors likely contributed to the recent trend of decreasing spending per Medicare enrollee, including the economic downturn that began in 2008, which led to a decrease in utilization of health care services. Also contributing to the decrease were smaller payment increases to providers (hospitals, physicians, health plans, etc.), and demographic changes. For example, as baby boomers retire, they bring a large influx of younger enrollees into the Medicare population, reducing the overall average age of participants. Young retirees tend to have lower health care expenses.

Though spending per enrollee has declined, it is important to note that increases in aggregate Medicare spending have grown at a faster rate due to a larger number of beneficiaries. While the current trend of lower spending per enrollee has had a positive impact on Medicare costs, the growth in Medicare enrollees over the next few years is expected to continue to strain Medicare-related resources.

Over the past decade, medical expenses have increased at an average of six percent, with the exception of 2011, when the Health Reform law added several benefits to Medicare's coverage. Because the later retirement years have the highest healthcare costs, people who live longer will likely pay more. On average, almost 70% of retirees' healthcare costs are for premiums. That means that even if people use no medical services and take no prescription drugs, they will avoid only 30% of a typical retiree's annual healthcare expenses. Because a longer lifespan means additional years of paying premiums, even without healthcare inflation people will pay substantially more as they live into their late 80's and 90's.

In an effort to help ensure working Americans are prepared for retirement, many companies have adopted high-deductible health plans (HDHPs), which can be less expensive for participants and employers to use than traditional health plans. Participation in HDHPs qualifies users to establish health savings accounts (HSAs), which allow individuals to pay for qualified medical expenses on a federal tax-free basis. The savings can be used to pay for current qualified medical expenses, or participants can accumulate their savings and use the money to pay for qualified medical expenses in retirement. In addition, HSA accounts are portable for individuals who change employers.

It is extremely important that health care costs are factored into retirement savings strategies today so that retirees can be prepared to pay their medical bills throughout retirement. Therefore, we build these anticipated expenses into all of our financial plans separate from traditional living expenses and tie them to a 5% inflation factor. Creating a plan and starting to save as early as possible are two key aspects of a successful retirement savings plan. Your Rinehart Financial Advisor is here to help guide you through this process. We look forward to updating your retirement planning in the future.

"Inflation is taxation without legislation." – Milton Friedman

About Rinehart

Rinehart Wealth Management is an experienced, boutique Registered Investment Advisor dedicated to independent, comprehensive wealth management. Founded in 1985 by Mary Rinehart, the firm, from its inception, has had a singular focus: to provide highly customized investment management and financial planning solutions to clients.

Boutique Firm:

Being a boutique wealth management firm allows us the flexibility to provide more personalized service and offer unique investment solutions to clients in a Fee-Only environment.

Team Approach:

Because each client's situation is different, the team of advisors is hand-selected to ensure areas of expertise are appropriately aligned with the client's specific needs and interests.

Proprietary Investment Research:

The differentiating factor of our portfolio management process is the proprietary investment research driving the portfolio construction. All investment research and analysis is done entirely in-house by our Investment Team.

Around Rinehart

Going Live With Advisor CRM

As many of you are aware, we rolled out new performance software in time for the first quarter 2014 reports. We appreciate the feedback that was provided and believe most of our clients are able to see the benefits that have resulted from these technological improvements. On May 27, 2014, we went live with Advisor CRM, a web-based client relationship management system designed specifically for independent advisors and built on the trusted Microsoft Dynamics® CRM platform. It is designed to work with Microsoft Outlook. Therefore, you will notice a new component in the subject line of email correspondence with your Rinehart Team. This will include a unique key that will have RWM, followed by a series of numbers. The key will ensure better compliance, security, and enhanced customer service as we are able to track any client requests that come into our office via email delivery. We are constantly striving to meet your needs and exceed your expectations and these technological improvements should elevate our client service.

Expect Paperwork From Nuveen

As some of you might have heard, Nuveen Investments and its subsidiaries, including Nuveen Asset Management, are being acquired by TIAA-CREF. We have done our due diligence on the transaction, and at this point, feel secure that it will not affect Nuveen Asset Management's service to our clients or the performance of its bond portfolios. The actively managed bond portfolios appear to be insulated from change at this point. As part of the regulatory process relating to the transaction, clients will receive paperwork to sign and return. By signing the letter you are giving consent to the change in control of Nuveen Asset Management up the chain of ownership, but consent will not alter the current relationship, including the terms of the investment advisory agreement. No changes to investment process or key personnel are expected. We just wanted to alert you to be on the lookout for this paperwork and let you know that we are available to answer any questions or assist you in completing the documents.

Extra! Extra! Read All About It!

Daniele Donahoe continues Rinehart Wealth Management's string of quotes in prestigious publications when this past month she was featured in the Wall Street Journal's article "Nontraditional Bond Funds Raise Concerns". To read this article and others Rinehart team members have been quoted in, please visit our website at www.rinehartwealthmangement.com.

Happenings

On the evening of Friday, May 30th, Daniele Donahoe, our firm's President and Chief Investment Officer, was honored as one of The Mecklenburg Times' "50 Most Influential Women" for 2014 at the Hilton Charlotte Center City. The sixth annual event recognized the most influential women in business, government, education, and the non-profit fields. We at Rinehart are extremely proud of all of Daniele's professional accomplishments and contributions to the community at-large. Since joining the firm in 2010, Daniele has educated the broader community with topical panel presentations and luncheons featuring quarterly economic overviews, as well as authored research white papers on topics such as ETFs, fixed income, and alternative assets. More recently, Daniele has focused her efforts on educating women on financial planning and wealth management through a series of events called "Wealth, Wine and Women." In the community Daniele is a Hope Team Member with Charlotte Family Housing, a member of the Women's Impact Fund, and a volunteer with the YWCA Swim Team. This prestigious award comes on the heels of Daniele being named among the Charlotte Business Journal's "40 Under 40" in 2013 and being awarded the Journal's "Women in Business Award" for 2012.

Rinehart Wealth Management

Wealth management is our only business; therefore, our attention is undivided and our intentions are transparent.

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