



Upcoming KMG Events

Spring/Summer

Technology Forward - ipad lesson with an Apple Genius

Fall/Winter

Medicare for Retirees
KMG Holiday Party



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CLIENT SPOTLIGHT:

Josh Moulton
A Picture Tells A Thousand
Words

REFINANCING... DOES IT MAKE SENSE FOR YOU?

UPCOMING KMG EVENTS



Our client profile in this issue of the KMG newsletter is Josh Moulton.

Josh Moulton

Josh Moulton was a student of art long before he ever studied it in college.

Described as a photo-realism painter, Josh owns Josh Moulton Fine Art Gallery in Chicago. Growing up, he had the best teacher right in his own home, his father, the late Conrad Moulton, who worked as a professional illustrator for most of his career.

"I learned everything from my dad as far as color scheme, perspective, and what to look for in subject matter," Josh said. "But my father's work in the 1950s and 60s was completely different than what an artist does now. Today, illustrators are a dying breed. Most advertising is all photography or computer generated images."

Born and raised in Detroit, Josh moved to the Chicago area in 1996, to attend Lake Forest College. After graduation, Josh could have moved back home, where his mother and sister still live, or to New York City to pursue an art career, but he decided to make Chicago his permanent home.

"I liked the city and I was building my name and reputation. I didn't want to give that up," he said. "Chicago is a big city but it's not a daunting task to be an artist here, if you do it right. New York is cutthroat and Detroit is not a place where you sell a lot of artwork."

But success didn't happen overnight. To pay the bills, Josh took a fulltime job selling mutual funds. He was later promoted to a marketing position within the company, where he traveled around the country setting up special events for top-selling financial advisers.



Meanwhile, he painted at night, waiting for the right moment to pursue his passion.

In 2002, Josh quit his day job and set up an art business from home, which was rough in the beginning. "It was tough to look professional, when I had to schedule appointments in my house in between my daughter's naps," he said, laughing.

Soon, however, his business took off. Lying awake in bed one night, Josh decided to take the plunge and open a gallery. With no line of credit from a bank, he used his own money to lease space on Clark Street, an ideal location that offers plenty of visibility to potential buyers visiting the nearby Lincoln Park Zoo, a private school, other businesses or busy bus line. "You need people to see your work," he said. "When people can see the art it pays for itself. People couldn't see that in my apartment."

Josh describes his work as realism, not impressionistic. Working exclusively from photos, he grabs his camera and hits the streets, taking hundreds of images before returning to his studio to choose the ones that he will ultimately work from.

Josh Moulton (cont.)



"I like making something that people say looks like a photograph," he said. "My style is that from a distance my work looks like a photograph. You can see my hand in the work. When you get up close, you see the texture on the canvas and the looseness of the brush strokes. It looks more abstract the closer you get. I want people to feel like they're actually in the painting."

There isn't anything Josh can't paint. He paints people on the street, architectural, nature and landscape scenes. He works on three or four paintings at a time, with a goal to finish at least two or three each month.

He avoids painting anything touristy. "It might sell, but there's a million of those images out there," he said. He's currently working on several commissioned pieces, including a canvas piece of a St. Barth resort, a water color of an Adirondack Mountains cabin and a piece depicting a St. Louis church.

"I'm fortunate I can paint every day," he said. "I get excited about finishing one piece and starting the next. People always ask me, 'how do you produce so much work?' Well, this is what I do for a living."

According to Josh, there are several factors that result in a good painting. First, it has to have an interesting and strong composition. There has to be depth in the image, so your eye can move around from subject to subject. "You want people to say, 'Wow that looks like what the artist is trying to accomplish,'" he said. "If you're painting people for example, and the fingers don't look right, it's not good."

And when is a painting finished? "When there's no more white space on the paper or canvas," he said. "But I need to be happy with it before it goes on the wall."

In addition to his work as an artist, Josh is a KMG Private Wealth Management client. Twelve years ago, he met KMG partner Ryan McCain and the two formed a friendship that developed into a working relationship.

"I had this IRA sitting around when I decided to start a family," Josh said. "I wanted to start a college savings plan for my children and I wanted to consolidate everything into one place with someone I knew and trusted. I trust these guys to do what they need to do. In fact, I referred my mom, Amy, to KMG when she lost her job after 19 years. My father had passed away and she had a mortgage that she was concerned about. But working on her retirement plans with KMG made her feel settled."

Josh and his wife, Ariana, have been married six years, and have two daughters, Jackson, 3, and Carter, who was born in May. A big sports fan, Josh remains loyal to his Detroit roots – he cheers on the Tigers, Pistons, Lions, Red Wings and the University of Michigan. He remains competitive by playing once a week in an adult basketball league, and he relaxes by tending to the massive 250 gallon fish tank located in his studio.

These days, Josh's plate is full. He has several commissioned pieces to finish by the end of the year. One day, he hopes to travel to Asia and return to Europe seeking inspiration for future projects. For an artist, the world is one giant canvas to work from. "The potential is limitless," Josh said.

Conrad Moulton passed away eight years ago. But he lived to see his son's first solo gallery exhibit. Today, many of Conrad's illustrations hang in Josh's studio. "My dad didn't encourage me to follow in his footsteps, but he encouraged me to do what I wanted to do and enjoyed, which was to be an artist," Josh said. "I know he's proud of me."

To view more of Josh's art you can visit his website:
www.joshmoultonfineart.com

Refinancing...does it make sense for you?

Home Refinancing Basics

In recent years, Americans seeking to capitalize on low interest rates have lined up to refinance their mortgages--often resulting in significantly lower monthly payments. While it's true that refinancing has the potential to help reduce the costs associated with borrowing money to own a home, it is not necessarily a strategy that makes sense for every individual in every situation. So before you make a commitment to refinance your mortgage, take some time to do your homework and determine whether such a move is the right one for you.

To Refinance or Not

The old and arbitrary rule of thumb said that refinancing only makes sense if you can lower your interest rate by at least two percentage points (e.g., from 7% to 5%). But what really matters is how long it will take you to break even and whether you plan to stay in your home that long. In other words, make sure you understand--and are comfortable with--the amount of time it will take for your overall savings to compensate for the cost of the refinancing.

Consider this: If you had a \$200,000, 30-year mortgage with a 7.5% interest rate, your monthly payment would be \$1,398. If you refinanced at 4.5%, your new monthly payment would be \$1,013, a savings of \$385 per month. Assuming that your new closing costs amounted to \$2,000, it would take a little over five months to break even (\$385 x 5.2 = \$2,002). If you planned to stay in your home for at least five more months, then refinancing may make sense. If you planned to sell the house before then, you might not want to bother refinancing. (See table below for additional examples.)

All Mortgages Are Not Created Equal

Try to avoid the mistake of choosing a mortgage based only on its stated annual percentage rate (APR), because there are many other variables to consider, such as:

The term of the mortgage -- This is the amount of time (e.g., 15, 20, 30 years) it will take you to pay off the loan's principal and interest. Although shorter-term mortgages typically offer lower interest rates than long-term mortgages, they usually involve higher monthly payments. On the other hand, they can result in significantly reduced interest costs over time.

The variability of the interest rate -- There are two basic types of mortgages: those with "fixed" (i.e., unchanging) interest rates and those with variable rates, which can change after a predetermined amount of time has passed, such as one year or five years. While an adjustable-rate mortgage (ARM) usually offers a lower introductory rate than a fixed-rate mortgage with a comparable term, the ARM's rate could jump in the future if interest rates rise. If you plan to stay in your home for a long time, it may make sense to opt for the predictability and security of a fixed rate, whereas an ARM might make sense if you plan to sell before its rate is allowed to go up. Also, keep in mind that interest rates have hovered near historical lows in recent years and are more likely to increase than decrease over time.

Points -- Points (also known as "origination fees" or "discount fees") are fees that you pay to a lender or broker when you close the deal. While a "no cost" or "zero points" mortgage does not carry this up-front cost, it could prove to be more expensive if the lender charges a higher interest rate instead. So you'll need to determine whether the savings from a lower rate justify the added costs of paying points. (One point is equal to one percent of the loan's value.)

How Much Would You Save?

A homeowner with a 30-year, \$200,000 mortgage charging 7.5% interest would pay \$1,398 each month. The table below illustrates the potential monthly savings and the various break-even periods that would result from refinancing at different rates.

Rate After Refinancing	New Monthly Payment	Monthly Savings	Months to Break Even*
7.0%	\$1,331	\$67	30
6.5%	\$1,264	\$134	15
6.0%	\$1,199	\$199	10
5.5%	\$1,136	\$262	8
5.0%	\$1,074	\$324	6
4.5%	\$1,013	\$385	5

*Assumes \$2,000 closing costs. Rounded up to the next month.

Stick With What You Know?

Finally, keep in mind that your current lender may make it easier and cheaper to refinance than another lender would. That's because your current lender is likely to have all of your important financial information on hand already, which reduces the time and resources necessary to process your application. But don't let that be your only consideration. To make a well-informed, confident decision you'll need to shop around, crunch the numbers and ask plenty of questions.

This article was prepared by S&P Capital IQ Financial Communications and is not intended to provide specific investment advice or recommendations for any individual. Please consult me if you have any questions. LPL Financial Registered Representatives do not provide mortgage or lending services.

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