

MOLDENHAUER & ASSOCIATES

AUGUST NEWSLETTER

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As we enter the month of August, our main focus is on priorities. This is the time of year we encourage staff to take time off to relax and spend time with family and friends. Summers in WNY are typically short and, as of this writing, we have had more than the normal amount of rain.

After an extremely hectic month, I am enjoying spending time in WNY. Things at the business are busy as usual. We are always attempting to improve procedures and service of clients. Our junior firm members are working hard and making their career paths better. We are interviewing and, hopefully, hiring added "Client Service Specialists".

We have always felt that one of the things we do better than most firms is make a solid effort at client service continuity. We like to see our clients in the office at least twice each year to review accounts and update records. By adding specialists to assist with client service, we will be better able to help clients that want and need service related to their financial plans and the guidance needed.

Among the many reasons we joined the Commonwealth family is we believe they have one of the best client planning sites. It is light years ahead of most broker/dealers and for clients who want to spend the time needed to create a great personal private planning site, we encourage all clients to take advantage of it without cost! With added new service specialists available to help you take advantage of these planning tools, contact your personal advisor or ask John Ring to set up a session for you.

During the summer months we reduce the number of educational seminars we provide for the public and this year is no exception. August sessions are to be held in a couple rural communities in the Southern Tier.

In July, the firm sponsored a golf tournament and we had a firm dinner for our staff. Everyone seemed to have a nice time.

If you've recently visited our office, perhaps you've noticed the new trim around the entrance and the nice work the gardener has done. At least the rain has kept the grass greener than most summers.

I hope you enjoy the balance of the summer season.

Richard Moldenhauer

Richard Moldenhauer

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THE MISSION OF A GOOD FINANCIAL PLANNING FIRM

On a day to day basis, it seems that the mission of a firm like ours can be confusing to understand. Most of our conversations and most of our time is devoted to assisting clients with their investment management. But that is not our primary mission.

Early in my career, even before the term "Financial Planning" was accepted, I saw that as our primary work. The investment and insurance business that resulted was really the solutions to a problem. The problems related to financial issues are many and they are complex.

If not a competent 'Financial Planner' who do you talk to?

Most readers know that today my focus related to the business is narrow. Yet, more often than not, I am asked questions related to financial problems people are having. Often the answer is obvious to me but not to the person asking the question. Often the problem has festered to a critical point where it must be addressed or big problems are ahead.

Last week, I heard a complaint that the mother-in-law of an attorney lacked a Health Care Proxy. Now it was too late. The patient was in the hospital without the needed document and it will be expensive to solve the problem. The attorney could have drawn the document in 5 minutes at almost no cost if it had been done in a timely fashion.

A business owner recently had 2 key people quit because he was getting old and had not addressed succession. It may mean the business goes away.

So, getting back to the purpose of this article. A Financial Planner is the person you look to discuss and assist in the solving of an array of problems. This is why we suggest all clients visit our offices at least 2x each year to talk with one of our Service Specialists and, if needed, one of our experienced advisors.

The typical client will ultimately save thousands by keeping planning up-to-date and current based on current considerations. There is no typical client. Each client's world is unique and as advisors we attempt to assist clients make good decisions to plan and protect that which is important.



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KEEP CALM, STAY INVESTED

Expect more volatility, but avoid letting the headlines alter your plans.

Recent headlines have disturbed what was an unusually calm stock market.

The political uproar in Washington may continue for weeks or months, and it could mean significant, ongoing turbulence for Wall Street.

As an investor, a retirement saver, how much will this turmoil matter to you in the long run? Perhaps, very little. There are many good reasons to remain in the market.

The earnings recession has ended, and the economy has strengthened.

This past earnings season was a superb one. The first quarter of 2017 saw the biggest annualized leap in corporate profits in five years – nearly 15%, according to S&P Capital IQ. The good news hardly ends there. We may be at or near full employment – both the headline jobless rate and the U-6 rate measuring underemployment are back to where they were before the Great Recession began. Inflation has, at last, picked up, and the manufacturing and service sectors have been growing.^{1,2}

The market is still having a good year.

At this writing, the S&P 500 is up more than 5% year-to-date; the Nasdaq Composite, about 12% year-to-date. Given the economic trends mentioned in the above paragraph – and the possibility of more dovishness from the Fed – these indices could certainly see further 2017 gains.³

Remember that many investors come to regret emotional decisions.

Emotions drove many people away from equities in the 2007-09 bear market, and they paid a price; after sinking to a bottom on March 9, 2009, the S&P 500 appreciated 100% in just four years. Some of those who sat on the sidelines as the bull market started ended up buying high after selling low.⁴

Here is another dramatic example: the S&P rose 15.2% in a month (in terms of total return) after hitting a low on October 9, 2002. So, just as the market can drop quickly, it can also recover quickly.⁴

Breaking news should not dissuade you from pursuing your long-term objectives.

Your retirement savings effort is not momentary, but lifelong. The Dow, Nasdaq, and S&P 500 have climbed higher through all kinds of disruptions in their long history. The S&P has advanced in 72% of the years it has been in existence. Look at the big picture of market performance over time. Understand that pronounced, daily volatility is a disruption of the market norm, not the norm itself.⁴

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Provided by Richard C. Moldenhauer, CLU, CEP, RFC, ChFC

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Citations.

1 - cnbc.com/2017/05/12/corporate-profits-just-posted-their-biggest-jump-in-five-years.html [5/12/17]

2 - nytimes.com/2017/05/05/upshot/were-getting-awfully-close-to-full-employment.html [5/5/17]

3 - markets.wsj.com/us [5/18/17]

4 - thebalance.com/u-s-stock-bear-markets-and-their-subsequent-recoveries-2388520 [9/23/16]



UPCOMING EVENTS:

Our August seminars are at:

Beef Haus

Tuesday, August 15, 2017 at 6 p.m.
176 North Main Street
Wellsville, NY 14895

Papa Jakes Saloon

Thursday, August 17, 2017 at 6 p.m.
243 W. Main Street
Springville, NY 14141

We encourage clients who live in the area to introduce potential clients to our firm by bringing a friend to one of our seminars. These are informational and educational events. We are not there to convince people that we are the only firm to consider. Rather, we believe our firm offers a quality opportunity for people looking for a new advisor. Please attend a seminar in your neighborhood with a friend.

Richard Moldenhauer is a representative with Commonwealth Financial Network. Call him at 716-662-4361.

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