



# MOLDENHAUER & ASSOCIATES

## SEPTEMBER NEWSLETTER

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Summer flew by for all of us. The early summer weather was hotter than normal but, as time passed by, the summer turned wet and August seemed a lot like early Fall.

At the office, things were busy and productive. With the new client service systems, we've added client service personnel and we are entering a new phase. It is our goal to help each client improve their personal financial planning. As I have stated in the past, providing excellent service for clients desiring that service, is what our firm is all about.

It is unusual for me to have discussions with Brett and the staff that does not revolve around our mission of quality service for all clients. As the firm grows, our focus is on improving the skill level of service specialists, building bridges with outside professionals and creating value for all clients.

The client does bear some of the responsibility to include keeping scheduled review meetings. If a meeting must be canceled or postponed, calling to reschedule is a client's responsibility. We are as near as the phone or an email. A staff person answers our office phone Monday through Thursday between 8:00 am and 6:00 pm and on Friday between 8 a.m. and 4 p.m. Messages left after hours will be returned the next business day.

Clients are welcome to attend an informational seminar once each year as our guests. If possible, bring a friend as our firm grows primarily from referrals from our clients.

Who is the smartest person you know? It is you. You know your strengths and weaknesses and you are a good judge of character. This is especially true when it relates to you and your family. As human beings, we tend to procrastinate related to important issues including financial planning. Procrastination never makes things easier and often it does damage. We do not have the ability to require you to take action but we are here, at your request, to assist you in taking the steps that can improve your lives and the lives of those you care for.

I believe, if properly applied and utilized, the Client Wealth Guide can be a tool that is a big step in addressing a client's financial planning concerns. Our staff is here to help you if you have a serious interest.

As I end this month's article, I hope your life is good and your future even better.

*Richard Moldenhauer*

Richard Moldenhauer



## ESTATE ISSUES TO CONSIDER

I am writing this article from the perspective of a non-attorney financial consultant who has worked for 46 years with middle class people and small business owners and professionals of all sizes and shapes.

It seems like yesterday that my career started. I had forever to get good at my career and accumulate assets to provide for my children's education and my retirement. The years flew by and I was good at what I did. I worked hard and accomplished most of my objectives.

As time goes by fast, procrastinating is not wise. Establishing a plan as soon as possible is very important. Most people have vague relationships with financial people, attorneys and accountants. Often, these folks are limited in areas of expertise. An accountant who has never owned a business becomes a poor adviser for a business owner. An attorney who specializes in auto accidents is a poor choice for estate or business planning. A broker or an agent who does not have the needed experience or credentials is not a great counselor.

Education, experience and wisdom is essential for advisor selection.

While I am still involved with our growing business, my son Brett is the real boss and leader of the firm. I am a lucky fellow. Today most of my time is focused on the estate and business areas. While I am interested in working with a few serious people, whoever you choose as an advisor will expect that your interest is sincere and serious. It must be more important to you, than the advisor, for planning to be successful.

Here is where the recommendations come in. By the way, I still review the same things for clients and myself on a regular basis.

- Wills, Power of Attorney, and Health Care Documents – these should be reviewed periodically. The older you get, the more often they should be reviewed. Things change often and mistakes are costly.
- Beneficiaries on all financial instruments should be reviewed as often as wills. Caution is important and trusts should be considered. Years ago, I'd ask people what they might have done if they inherited money outright at too young an age. It happens and it can be avoided.



- If you are healthy and have assets you'll never spend, consider estate enhancement using life insurance. The right concept can solve tax issues and substantially increase the size of an estate.
- Wealthy people use insurance for charitable giving often minimizing taxes and setting up inheritances for loved ones with the same multi-purpose dollars.
- Letters to children and other loved ones. Ask about the Family Survivors Guide and Family Document System. While the new client Wealth Management tools replace part of the FDS, certain tools are still only available in the FDS.
- Meet with your advisor regularly and ask questions about your concerns.
- Going back to the estate leverage ideas in section #3, consider the benefit of the Care4Life Rider that is automatic on newer permanent insurance policies. The cost can be much lower and more beneficial than a standard Long Term Care Policy.
- MOST IMPORTANTLY..... do not wait too long. Bad things happen when we least expect them to happen. When we wait too long, the cost of planning can be really unaffordable. So address these issues now.

If we, at Moldenhauer & Associates, can assist you with your estate planning, please let us know. Our low cost, fee based approach can assist you presently and the long term benefits will be of comfort to your family.

## WILL YOU BE PREPARED WHEN THE MARKET COOLS OFF?

*Markets have cycles, and at some point, the major indices will descend.*

We have seen a tremendous rally on Wall Street, nearly nine months long, with the S&P 500, Nasdaq Composite, and Dow Jones Industrial Average repeatedly settling at all-time peaks. Investors are delighted by what they have witnessed. Have they become irrationally exuberant?

### The major indices do not always rise.

That obvious fact risks becoming “back of mind” these days. On June 15, the Nasdaq Composite was up 27.16% year-over-year and 12.67% in the past six months. The S&P 500 was up 17.23% in a year and 7.31% in six months. Performance like that can breed overconfidence in equities.<sup>1,2</sup>

The S&P last corrected at the beginning of 2016, and a market drop may seem like a remote possibility now. Then again, corrections usually arrive without much warning. You may want to ask yourself: “Am I prepared for one?”<sup>3</sup>

### Are you mentally prepared?

Corrections have been rare in recent years. There have only been four in this 8-year bull market. So, it is easy to forget how frequently they have occurred across Wall Street’s long history (they have normally happened about once a year).<sup>3,4</sup>

The next correction may shock investors who have been lulled into a false sense of security. You need not be among them. It will not be the end of the world or the markets. A correction, in a sense, is a reality check. It presents some good buying opportunities, and helps tame irrational exuberance. You could argue that corrections make the market healthier. In big-picture terms, the typical correction is brief. On average, the markets take 3-4 months to recover from a fall of at least 10%.<sup>4</sup>

### Are you financially prepared?

Some people have portfolios that are not very diverse, with large asset allocations in equities and much smaller asset allocations in more conservative investment vehicles and cash. These are the investors likely to take a hard hit when the big indices correct.

You can stand apart from their ranks by appropriately checking up on, and diversifying, your portfolio as needed. Thanks to the recent rally, many investors have seen their equity positions grow larger, perhaps too large. If you are one of them (and you may be), you may want to try to dial down your risk exposure.

Do you have an adequate emergency fund? A correction is not quite an emergency, but it is nice to have a strong cash position when the market turns sour. Are your retirement and estate plans current? A prolonged slump on Wall Street could impact both. Many older baby boomers had to rethink their retirement strategies in the wake of the 2007-09 bear market.

Finally, a deep dip in the equity market should not stop you from consistently funding your retirement accounts. In a downturn, your account contributions, in essence, buy greater amounts of shares belonging to quality companies than they would otherwise.

A correction will happen – maybe not tomorrow, maybe not for the rest of 2017, but at some point, a retreat will take place. React to it with patience, or else you may end up selling low and buying high.

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

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Citations.

1 - [money.cnn.com/data/markets/nasdaq/](http://money.cnn.com/data/markets/nasdaq/) [6/15/17]

2 - [money.cnn.com/data/markets/sandp/](http://money.cnn.com/data/markets/sandp/) [6/15/17]

3 - [fortune.com/2017/03/09/stock-market-bull-market-longest/](http://fortune.com/2017/03/09/stock-market-bull-market-longest/) [3/9/17]

4 - [investopedia.com/terms/c/correction.asp](http://investopedia.com/terms/c/correction.asp) [6/15/17]



## UPCOMING EVENTS:

Our September seminars are at:

### Old Orchard Inn

Tuesday, September 19, 2017 at 6 p.m.  
2095 Blakeley Road  
East Aurora, NY 14052

### Terry Hills Golf Course & Banquet Facility

Thursday, September 21, 2017 at 6 p.m.  
5122 Clinton Street Road  
Batavia, NY 14020

### The Countryside Inn

Tuesday, September 26, 2017 at 6 p.m.  
2049 Sandridge Road  
Alden, NY 14004

### Orchard Park Country Club

Thursday, September 28, 2017 at 6 p.m.  
4777 S. Buffalo Street  
Orchard Park, NY 14127

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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