THE
JENTNER REPORT
Spring 2013
Wealth Management Strategies from Jentner Wealth Management

Long-term global prospects remain bright

Why? Because of the emergence of a global middle class – consumers with enough income for food, clothing and shelter, plus discretionary purchases. Today the *global* middle class is about 1.8 billion strong, and is projected to grow to 5 billion consumers by 2030 – with $56 trillion annual income to spend, nearly three times as much as they spend today.[1]

This global middle class will want a higher standard of living:

- meatier diets, bigger houses, better hygiene
- air conditioners, electronics, and cosmetics.

This middle class will also demand more from governments:

- better access to health care, clean water, sewers, improved roads, and schools.

This spells opportunity for U.S. businesses in consumer and business goods, as well as insurance, consulting, financial services, medical, engineering, and architecture. Tourism will increase all over the world.

Today Americans account for about 20% of all global middle-class spending. By 2030, American middle-class spending is projected to be just 8%. Measured globally, the U.S. middle-class population is projected to decline from 12% today to just 4% in 2030.[1]

This global growth in the middle class will be challenging to all of us, for instance as we accommodate cultural differences in packaging, marketing, and product ingredients. American companies have brand names known worldwide. The race to reach this mass of new customers is on.

In spite of our current economic challenges, there is reason to hope for the future. Challenges and short-term volatility will remain. But investors who diversify in domestic and international companies are likely to earn respectable long-term returns if they are patient and disciplined.

1. The Kiplinger Letter, July 27, 2012

INSIDE THIS ISSUE

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The President's Word

The Serenity Investor

God, grant me the serenity to accept the things I cannot change, the courage to change the things I can, and wisdom to know the difference.

The old saying about "not worrying about things we can't control and concentrating on those we can control" applies to retirement planning and investing.

There are two levers an investor can directly control – how soon and how much you save. By focusing on these two levers, an investor has a higher probability of successfully preparing for retirement than by trying to pull other levers like trying to beat the market, or trying to predict when to be in or out of the markets.

Starting to save early in a career makes a big difference. For instance, someone who saves $800 monthly beginning at 45 years old, and who puts their deposits into a blended portfolio of stocks and bonds which earns an average annual compounded return of 6%, ends up with a hypothetical $353,000 at age 65.[1]

But someone who starts saving half that amount (only $400 monthly) at age 25 and never increases their savings rate (even though their income will increase over their career), ends up with a hypothetical $743,000 at retirement, over twice the amount saved by the late starter.[2]

In order to catch up, the late starter would either have to increase their savings rate, delay their retirement, or take on more risk in an attempt to earn higher returns.

Higher savings rates can have a more positive impact on wealth accumulation than shifting to a more aggressive portfolio. Most of us do not have the courage to invest in a more aggressive portfolio 100% invested in stocks. When stock markets decline, people with such portfolios unsuccessfully attempt to time the markets or they become frightened and stop making deposits.

Remember, you do not control the markets or the market returns. But you do control how much you invest from each paycheck, and how soon you start. Start early, and as your income increases, gradually increase the percentage that you invest into your long term investment portfolio.

Bruce A. Jentner, President
Jentner Wealth Management

1. PV = 0 PMT = 9600 n = 20 i = 6
Solve for FV = 353,142
2. PV = 0 PMT = 4800 n = 40 i = 6
Solve for FV = 742,857

Expansion and relocation to Embassy Parkway in Fairlawn

We are excited to announce the expansion and relocation of Jentner Wealth Management's offices to 3677 Embassy Parkway, Akron, Ohio 44333. The new location offers easy access to Interstate 77, West Market Street and Cleveland-Massillon Road and is close to our current location.

The new facility will include The Center for Financial Excellence, an educational event center. The 1,500 square-foot event facility will host seminars, workshops and lectures as well as networking events, business meetings and VIP gatherings. The goal of the Center is to bolster the financial wellbeing of both our community and our clients and to educate key professionals, such as accountants and attorneys, in prudent financial management.

Client meetings will take place at our new location beginning in April. We will notify you when we have made the move and will assist you in finding the new building. Look for more information to come.

We will host an official grand opening in late spring. Please watch for your invitation. If you'd like to invite a family member, colleague or friend who may benefit from meeting us, please contact us at info@jentner.com or 1-866-JENTNER.

Investing Isn't Fun Anymore!

Apparently, investors aren't having "fun" anymore. A recent survey[1] found that a majority of investors say investing isn't as fun as it was, while several years ago over two-thirds of investors said they enjoyed investing.

Investor fatigue from recent volatile markets plus concerns about personal finances contribute to this negativity. People have become tired of the constant volatility. It appears that many just can't seem to find strategies they're happy with.

It's undeniable that markets have been volatile since the 2008 bear. Yet, are investors missing the point? Some of these investors are confusing investing with speculation. It can be fun to buy a hot stock and reap a quick, large profit, just as it is fun to hit a slot machine for a big payoff.

But that is not investing. It is short-term speculation, and, just as in Las Vegas, it is as easy to lose money as it is to win it. Certainly many speculators have lost money in recent years as they were whipsawed by up-and-down markets.

Investing, on the other hand, is a long-term process of continually adding to a portfolio and giving it adequate time to grow when markets move upward. It may take several years of both small and big losses before a portfolio shows a profit.

But a patient investor who maintains a diversified exposure to markets and keeps adding to their portfolio usually comes out ahead. To quote Nobel-prize-winning economist Paul Samuelson, "Investing should be more like watching paint dry or watching grass grow. If you want excitement, take $800 and go to Las Vegas."

1. Research firm; Spectrem Group: Investment News, June 29, 2012, www.investmentnews.com/article/20120629/FREE/120629890

Want to stay financially informed?

Visit *www.jentner.com* to access our latest resources:

- *The Four Cornerstones of Prudent Investing* white paper
- *Investing Evidence That Demands a Verdict: Shedding New Light on the Active Versus Passive Investing Debate* white paper
- Weekly financial podcasts, which are also available on iTunes
- Blog posts on current financial topics

What Keeps You Awake at Night?

- *Worries about Increased Taxation?*
- *Confusion over Business Succession Planning?*
- *Transferring Wealth to Children and Grandchildren?*

Jentner Wealth Management is Here to Help.

Call us for a no-cost consultation.

Now may be an excellent time for you to review your financial plans with an experienced wealth-management advisor.

For a free consultation, call us today.

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Wall Street Got 2012 Market Calls Wrong

A recent WSJ article describes how a majority of professional investment managers got it wrong in 2012. From John Paulson's call for a collapse in Europe to Morgan Stanley's warning that U.S. stocks would decline, Wall Street got little right in its predictions for 2012.[1]

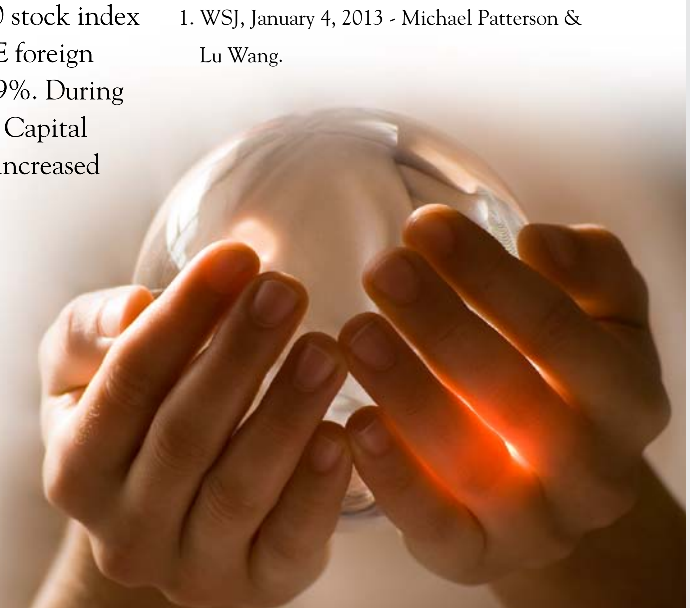
In spite of the *overwhelming* historical evidence that shows how difficult it is for anyone, amateurs or professionals, to predict market returns, people continue to move investments in and out of the markets. Over the past year, hundreds of billions of dollars have been withdrawn from stock investments with hundreds of billions of dollars being invested into fixed income investments. How well did that work for investors?

During 2012, the Dow Jones Industrial Average stock index increased by 10.2%. The Standard and Poor's 500 stock index increased by 16%. The EAFE foreign stock index increased by 17.9%. During the same period, the Barclay Capital U.S. Aggregate Bond index increased by only 4.2%.

We live in uncertain times. And we should be concerned. Government spending must be reduced because current levels are unsustainable.

However, in spite of these uncertainties, we must be careful we do not act foolishly with our long-term investment portfolios, trying to avoid short-term volatility or capture short-term gains. There are *literally* billions of people worldwide working in millions of companies who are developing, innovating, producing and selling goods and services to people who need and want them. There is good reason to stay invested for the long term. A diversified portfolio of stocks and bonds has historically earned successful, long-term, positive investment returns.

1. WSJ, January 4, 2013 - Michael Patterson & Lu Wang.



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"Strategic financial planning helps you achieve personal and objective goals by asking smarter questions, listening more carefully and applying sound financial and investment strategies. It is not something different or new; it's simply planning the right way."