THE
JENTNER REPORT
Fall 2014

Wealth Management Strategies from Jentner Wealth Management

Daniel J. Bloom, CFP®

INSIDE THIS ISSUE

JENTNER WEALTH MANAGEMENT ACQUIRES LIVING WELL FINANCIAL

Jentner Wealth Management has acquired Living Well Financial Group of Fairlawn, Ohio, and is welcoming its owner Daniel J. Bloom, CFP® to Jentner Wealth Management as the Director of Financial Planning.

In 2009, Daniel founded Living Well Financial Group, a financial services firm dedicated to providing comprehensive financial planning coupled with investment advisory services. More recently, Daniel desired to join a fee-only wealth-management firm focused on the same core philosophies of financial advice and passively engineered investment management. Daniel brings $25 million in assets under management and 30 clients with him. With this transition, Jentner Wealth Management has 175 clients with more than $260 million of assets under management.

"I've been in the industry for nearly two decades, and during that time I've seen so many firms who are lining their pockets and not working in the best interest of their clients. The most important criterion for me was finding a fee-only firm that is held to a fiduciary standard. I know my clients will be served well by Jentner Wealth Management because they are fee-only and do not receive commissions, so they always have their client's best interest at heart," said Daniel, about why he decided to join a larger firm.

Bruce Jentner, president of Jentner Wealth Management, said, "We are thrilled to welcome Daniel to the team. His commitment to personal client relationships, comprehensive financial planning and globally diversified investing will be a tangible benefit to our current and future clients."

To support new clients and growing client portfolio, Jentner hired three new employees in 2014. Daniel will manage financial planning activities for clients of Jentner Wealth Management and will work closely with the firm's other CERTIFIED FINANCIAL PLANNER™ professionals.

JENTNER WEALTH MANAGEMENT IS 30

Bruce Jentner founded the fee-for-service firm in September 1984 for clients who sought financial advice without being sold investment or insurance products. In 1998 the firm became fee-only: no financial products, and all advice on a 100% fiduciary basis. It also transitioned to an investment philosophy that employs globally diversified, passively engineered, low-cost investments, rather than active management, which has been shown to be historically disappointing. The firm has since grown to five CERTIFIED FINANCIAL PLANNER™ professionals, six support staff, and client investments totaling more than a quarter of a billion dollars. With a new location, Jentner is positioned for continued growth. Jentner Wealth Management serves pre-retirees, retirees, owners selling privately held businesses, business executives, professionals, and non-profit foundations and endowments.

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The President's Word

The tradeoff between preserving capital & preserving purchasing power

We all face tradeoffs in life. We also face tradeoffs when we invest, which can make a big difference in your standard of living!

Life requires careful balancing of competing demands. Most of us face the tradeoff between working longer hours for financial success and spending more time with family. No amount of business success will compensate for failure at home. There is not one right answer. Each of us must understand the tradeoffs and attempt to find our best balance.

Similar tradeoffs exist with successful investing. Risk/return is a common investment tradeoff: the competing demand between the preservation of capital and the preservation of purchasing power. Preserving capital means a better night's sleep during economic uncertainty; purchasing power helps ensure a comfortable standard of living in the future when taxes and inflation can increase one's cost of living.

Some investors equate risk with volatility, feeling the fluctuations of their investments in real time. Other investors equate risk with a diminishing standard of living. Unfortunately, sometimes the risk of inflation may not be immediate. For example:

- You can virtually guarantee the preservation of capital by investing in Treasury Bills as long as you accept the corresponding potential for the loss of your purchasing power.
- You can preserve purchasing power by investing in asset classes with expected returns exceeding inflation, if you accept price fluctuations that can temporarily impair your capital.

In practice, investing isn't so simple. It takes time to discover that investing in T-bills and other low volatility investments eventually erodes your purchasing power as you "safely go broke."

Individuals rarely have clear-cut objectives and many times do not understand the tradeoffs they face. As humans, we often allow short-term emotions to confuse our long-term, logical plans. Investors who succumb to the cycle of fear and greed end up chasing returns with disappointing results.

By understanding the tradeoffs, you will be better able to invest in a carefully designed, diversified portfolio that is the right fit for you. You owe it to yourself to work with a trusted financial advisor who is not trying to sell you something but is helping you design your appropriate mix of investments.

Visit **jentner.com** to learn more.

Bruce A. Jentner, President
Jentner Wealth Management

Not all financia

Financial Credentials Matter

Needing income tax returns prepared, we seek help from an expert, usually a CPA. When we need legal help, we seek help from an attorney. However, when it comes to investing, hundreds of credentials are touted by people trying to market their expertise to you.

There are many, many financial professionals in our community; most of them want to invest your money, and all of them know you want to work with an expert.

What if an advisor presented a business card with CRQ, IAF and RIE after their name? (These are the same credentials used by the now infamous money manager, Bernard Madoff.) The research firm Paladin Registry has identified more than 260 financial designations that advisors currently tout. According to Paladin, "The vast majority are worthless."[1]

Competent, ethical financial advisors spend years studying and taking exams to obtain legitimate credentials. Some financial salespeople and want-to-be advisors attempt to earn your trust by taking shortcuts, even buying and using fake credentials to convince you they are financial experts.[1]

Be careful when you seek financial advice. When it comes to managing money, no credential guarantees competence. However, some will help you find an advisor with strong financial training. In my opinion, the top two financial and investment credentials are:

1. CFP® – CERTIFIED FINANCIAL PLANNER™, trained to provide a combination of financial planning and investment advice.
2. CFA – Chartered Financial Analyst, trained to provide investment research if you are seeking specific investment expertise.

L ADVICE IS CREATED EQUAL

Understand the Fiduciary Standard

"With the outlook of a uniform fiduciary duty now bleak, it's astonishing to think the prospects to better protect investors looked so bright four years ago."[2] These are the words of Mark Schoeff Jr, a writer for Investment News, a publication for financial advisors.

On July 10, 2010, President Obama signed the Dodd–Frank Wall Street Reform and Consumer Protection Act, giving the Securities and Exchange Commission authority to require all financial advisors to act in the best interest of their clients. This "fiduciary standard of care" currently applies only to investment advisors – not to investment brokers or insurance agents.

Yes, every financial advisor claims to be an expert you can trust, an undocumented claim that is a sales tactic 75% of the time.[3] However, the legal loyalty of brokers and agents is to their company, not their clients. Barbara Roper, director of investor protection at the Consumer Federation of America, said, "It's about distinguishing advice from a sales pitch."[2]

Does this sound confusing? Sure it does. When the consumer thinks they are receiving financial advice that is in their best interest but instead is receiving a sales pitch, there is room for abuse.

What should you do? If you want financial and investment advice that places your interests first, work with an advisor who falls under a fiduciary standard of care. Always! Not some of the time – always. Ask if they operate under a fiduciary standard of care 100% of the time. It is your responsibility to carefully select who you will work with. Make sure you and your advisor place your interests first!

1. "Degrees of Trust," Worth.com, February-March 2014.
2. Investment News, Fiduciary duty rule: No way out, by Mark Schoeff Jr., July 14 – 18, 2014.
3. Paladin Registry – www.paladinregistry.com

Jentner's CERTIFIED FINANCIAL PLANNER™ Professionals

Leaving a True Legacy

Leaving a legacy has much more to do with character than with money. Two stories show this.

Story 1: Crime-boss Al Capone virtually owned Chicago. Capone's lawyer, Easy Eddie, whose skills kept Big Al out of jail, was paid very well.

Eddie had one soft spot: a son he loved dearly. Eddie made sure his son had the best of everything, yet he wanted him to be a better man than he was. To rectify the situation, Easy Eddie cleaned up his tarnished name by testifying against the mob. Within the year, his life ended in a blaze of gunfire on a lonely Chicago street.

Story 2: As a fighter pilot in the South Pacific, Butch O'Hare discovered his fuel tank had not been topped off. Without enough fuel for his mission, he was ordered to return to the ship. On his way back, he discovered a Japanese squadron headed for the American fleet. Butch O'Hare dove into the formation with 50 calibers blazing, attacking one after another, weaving in and out of the now-broken formation. Expending all his ammunition, he continued the assault, diving, trying to clip a wing or tail. Finally, the squadron took off. O'Hare returned to his carrier, becoming the Navy's first Ace of WWII and the first WWII aviator to receive the Congressional Medal of Honor.

A year later, 29-year old Butch was killed in combat. His hometown of Chicago named its airport in his honor.

What do these stories have in common? Butch O'Hare was Easy Eddie's son.

Our true legacy is much more than our money.

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Smart, successful investing boils down to one question…

Are you interested in the entertainment value of the stock market, or is your primary goal to maximize returns and minimize your risk in an effort to reach your long-term financial goals? The choice is as simple as that.

Let's illustrate this point. You are the contestant in a game. There are ten boxes, and you know how much is in each box.

Which box will you choose? (Remember, you know how much is in each box.)

$1,000	*$2,000*
$3,000	*$4,000*
$5,000	*$6,000*
$7,000	*$8,000*
$9,000	*$10,000*

This is not a trick question. Anyone would choose the $10,000 box.

Let's change the rules a little. The boxes have been mixed up, and this time only the $8,000 box is shown.

???	*???*
???	*$8,000*
???	*???*
???	*???*
???	*???*

Now which box will you choose? The answer is also obvious – you would choose the $8,000 box.

Why? Because the chance of increasing your winnings is not worth the risk of choosing an amount substantially less, unless of course you are a gambler; in which case, you are probably not a serious investor.

With the stock-market indices consistently beating 75% to 85% of all mutual funds, it is a testimony to the gargantuan advertising budget of the financial industry that so many investors forego the sure thing of the $8,000 box in search of something better. Wall Street spends $20 billion dollars a year in advertising dollars trying to convince you to forego the $8,000 box in search of something better.

Step back and ask yourself…

Is it worth the risk?
Is it worth my time?
Is it worth my money?

Wall Street says it is. (What else are they going to say?) The next time you ponder these questions remember how quickly you chose the $8,000 box.

Thank you to *The Coffee House Investor* for this illustration.

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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."

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