SPRING 2017

THE JENTNER REPORT

Wealth Management Strategies from Jentner Wealth Management

INSIDE THIS ISSUE

The Problem with Market Timing

A common strategy is to figure out which investments to buy and when. However, market timing can lead to disappointing returns.

President Donald Trump took office earlier this year, and still, half of our country is optimistic, and the other half is frightened.

Many investors are wondering what they should do. Is it time to get out of the market because of the uncertainty? Or is it time to get in (or stay in) because of the opportunity to improve our economy?

Regardless of which side of the aisle you may be on, here is some food for thought:

1. The market does not care what you or anyone else thinks it will do.
2. History shows that reliable market predictions are relatively rare. Even if some forecasters occasionally get it right, no one consistently gets it right.
3. Missing just a few of the market's best days is detrimental to long-term investment returns. For instance, over the past 20 years, $10,000 invested in the S&P 500 would have grown to more than $48,000. Missing only the 10 best days during these 20 years would cut the return in half.

If someone was able to miss the worst days in the market, their returns would be exponentially higher. The problem is that the worst days are just as difficult to predict as the best days.

Our behavioral biases lead to poor investment decisions. We tend to get out because of fear, and we tend to get in because of confidence or greed.

If the expected long-term return of the market is essentially positive, investors who are out of the market for any period of time can expect to earn lower returns than those who implement a buy-and-hold strategy. We recommend you use diversification to mitigate risk, instead of market predictions.

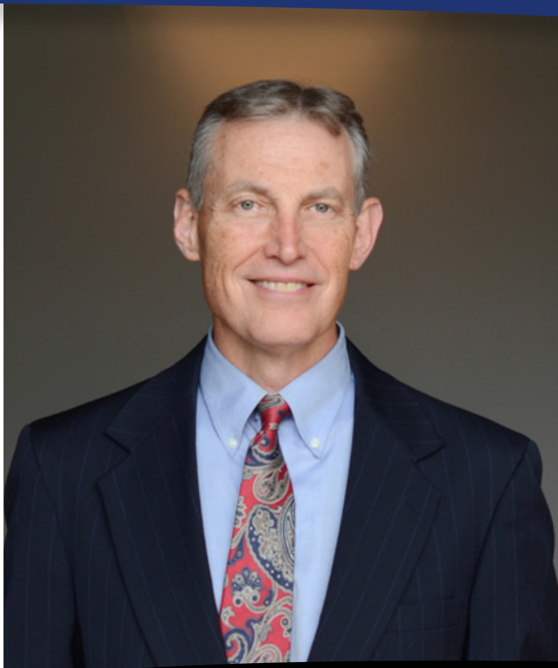
The Jentner Report is published periodically by Jentner Wealth Management.
3677 Embassy Parkway, Akron, Ohio 44333 | 330-668-1000 | 1-866-JENTNER

JENTNER WEALTH MANAGEMENT

THE PRESIDENT'S WORD

Working with a CFP® Professional

Once someone becomes a CERTIFIED FINANCIAL PLANNER™ practitioner, the requirements to maintain the credential are stringent and carefully monitored.



Bruce Jentner, CFP®, President

Who should you hire to help you plan for a financially secure and independent retirement? Income tax planning and compliance is complicated. Legal planning is challenging. Financial and investment planning can be overwhelming. As such, most of us need some level of financial, legal, and tax planning assistance. Rare is the person who can do it all themselves.

In my opinion, the quarterback for your financial and investment planning team is an experienced, fee-only CERTIFIED FINANCIAL PLANNER™ fiduciary who does not sell any financial or investment products and who works with you to coordinate the expertise of your legal, tax, insurance, and investment professionals for your benefit.

Most financial professionals have a code of conduct. But the CFP® professional is distinguished from other professionals because they are required to follow specific Rules of Conduct and Financial Planning Practice Standards. CFP® professionals who do not conduct themselves according to these Rules and Standards are subject to the Disciplinary Rules and Procedures enforced by the Certified Financial Planner Board of Standards.

Working with a CFP® professional does not guarantee success, nor does it guarantee ethical advice. However, the CFP Board of Standards takes its oversight of CFP® professionals seriously. Each year, there are about 1,000 investigations, resulting in about 100 complaints requiring further action by the CFP Board of Standards.

Life is too short, and financial planning is too complicated to take either for granted. Working with an experienced, fee-only CFP® professional to help chart your course and to provide guidance when making prudent financial and investment decisions will likely increase your ability to achieve your goals while enjoying financial independence.

The Lure of Compelling Advertisements

There are so many different ways to manage your investments. You might want to manage the money yourself, or you might hire a professional manager.

Here is a well-known but sometimes overlooked fact of life: No one invests their money unless they believe the investment will likely benefit them. As a result, companies marketing their investment services prepare compelling statements to catch your attention and convince you they are well above average in their ability to deliver superior results to you.

Let me give you an example that recently came across my desk. An investment company made the following claims:

Our Process

We listen to your goals to make sure we understand your investment needs. Then, we do our research.

Our Results

85% of our assets outperformed their benchmark or peer medium on a five-year basis.

Firm Profile

40 years of history
$218 billion under management
Over 900 employees and 200 investment professionals

Wow! This sure sounds compelling. Especially because independent research indicates that the vast majority of actively managed investment companies deliver results that are below their benchmarks.

But, wait a minute; there are footnotes. If you read the fine print at the bottom of the page, it says that these returns are gross of fees and do not include accounts that were terminated. Isn't that convenient? The results described are not what the investor actually receives. The results are before the investment company deducts their fees and expenses, and the underperforming accounts are not included in the results.

Be careful that you do not fall prey to technically accurate (if you read the small print) but potentially misleading sales pitches. Rather, consider working with a fee-only fiduciary who helps you understand what is in your best interest.

Your Advisor May Not Be a Fee-Only Advisor

Few investors understand how their financial advisor gets paid. The confusion stems from the public's lack of understanding of two common terms: fee-only and fee-based. As well, many advisors are not forthright in providing clear and understandable disclosures about their compensation.

The term fee-only is reserved for advisors who only get paid directly from their clients through a flat fee, a percentage of assets under management, an hourly fee, or a project fee. For example, a fee-only advisor might charge a 0.25% quarterly management fee for managing an investment portfolio.

What can become confusing is the term fee-based. This term has been adopted by many brokers and agents who recognize that fee-based sounds similar to fee-only. Fee-based advisors are licensed to receive commissions through a broker-dealer or insurance companies while also charging a fee for some services.

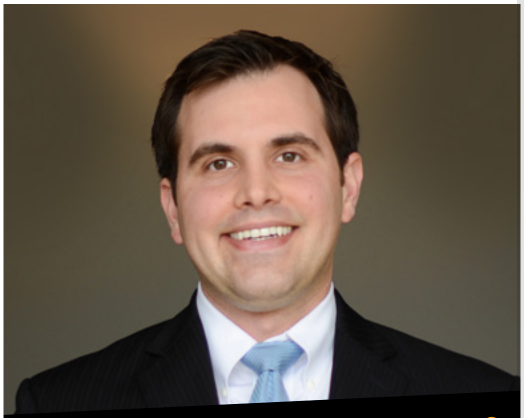
The confusion goes beyond how people are compensated. Fee-only investment advisers are legally required to work in their clients' best interest as a fiduciary 100% of the time. In contrast, brokers and agents generally work under a less-stringent suitability sales standard—was the sale of their product or service suitable? They fall under a fiduciary standard when they are doing advisory work and a suitability sales standard when they are doing commission work.

A new Department of Labor Fiduciary Rule would require all advisors to act as fiduciaries when providing advice for qualified retirement plan accounts, including Individual Retirement Accounts. This could be a welcome improvement for the protection of consumers. Originally scheduled for implementation on April 10, 2017, this new DOL requirement is being delayed until June 9, 2017 to provide more time to undertake an economic and legal review of this pending fiduciary rule.

There may be a "best interest exception" allowing brokers and agents to recommend commissionable products as long as they disclose the commissions more clearly and sign a statement indicating they believe their recommendation is in their clients' best interest in spite of the commissions. As currently written, this new DOL rule would not require advisors to act as fiduciaries for non-retirement accounts.

We recommend working with a financial fiduciary who is committed to act in your best interest 100% of the time without the influence of any commissions. In our opinion, this is important for all accounts, retirement and non-retirement accounts alike.

We recommend you determine how you want your advisor to be compensated. You should clearly know if only you are paying your advisor or if they are also receiving a commission incentive. You should also know if they are legally required to place your interests first all of the time or just some of the time. As well, you should require full, understandable fee disclosure so you can make an informed decision.



Matthew R. Jentner, CPA, CFP®
Director of Wealth Management

What Are Your Investment Biases?

Economic behavioral science indicates that many people pursue financial strategies they believe will benefit them but actually harm them in the end. Do you have any harmful investment biases?

Many of you have read our financial commentary over the years in this newsletter. Our objective is to provide food for thought to help you develop a sound financial and investment plan. Here are 12 questions for you to consider.

1. Do daily market fluctuations matter to your long-term investment plan?
2. Is daily market news important or just interesting?
3. Do you believe that anyone can successfully time when to be in or out of the market?
4. How important are investment costs?
5. How important is transparency when working with a financial professional?
6. Do you, personally, need guarantees?
7. Is uncertainty good or bad for a successful investment plan?
8. Do you think investing is just another form of gambling?
9. Is winning the lottery the only way to economic independence?
10. Are you better off doing it yourself or getting professional, experienced assistance?
11. Who do you trust to put your interests first?
12. Who is responsible for your economic wellbeing? Is it your employer, the government, or you?

Remember, actions speak louder than words. There are many opinions out there. What do you believe? Give us a call if you'd like help sorting this out.

Jentner Wealth Management
3677 Embassy Parkway, Akron, Ohio 44333
330-668-1000 1-866-JENTNER

ADDRESS SERVICE REQUESTED

SPRING 2017

The Jentner Report

Wealth Management Strategies from Jentner Wealth Management

Social Security Planning

On average, there are about 10,000 baby boomers who are reaching retirement each day in the United States. Making the transition from investing something out of every paycheck during your working career to withdrawing something from your retirement account each month in retirement can be a challenging and somewhat frightening transition. Determining a safe withdrawal rate requires careful scrutiny of your needs, your life expectancy, and your investment portfolio. We recommend seeking assistance from a qualified and experienced CFP® advisor to help you with this.

Delaying your Social Security retirement benefit can also provide an excellent hedge for your retirement independence if:

1. You live longer than you expect,
2. Future inflation is higher than you expect, or
3. Your future investment return is lower than you anticipate.

Every year you delay your Social Security retirement benefit, your initial monthly benefit will increase by 8%. You can delay your Social Security benefit all the way to age 70 if you desire. And if you delay, the annual Social Security inflation increases will be applied to your higher Social Security benefit for the rest of your life.

Due to longer life expectancies, if you are in good health and have a normal life expectancy, it may make sense to delay your Social Security benefit. Keep in mind, if you are married and one of you passes away, the surviving spouse will receive the higher of your two benefits. Because you can never outlive your Social Security benefit, this places less pressure on your retirement investments to fund as large of a portion of your retirement cash flow.

With people living longer and longer, if you and your spouse are healthy, delaying your Social Security retirement benefit is something to consider.

THE JENTNER REPORT

The Jentner Report is published quarterly by Jentner Wealth Management, 3677 Embassy Parkway, Akron, Ohio 44333, 330-668-1000.