Spring 2017 Edition

The Ultimate Guide for the Successful Steward

Welcome to the Spring Edition of *The Ultimate Guide For the Successful Steward,* Fourth Dimension Financial Group's newsletter.

Changes call for innovation, and innovation leads to progress. -Li Keqiang

I've never talked about it publically, but Fourth Dimension Financial Group came to be as a result of one of the most painful experiences of my life. While our twins were in the Intensive Care Unit at Toledo Hospital, given a 20% chance of survival, the owner of the firm where I worked decided he needed to move forward without me. It was devastating, not just for the fact that I was without a platform with which to serve my clients (and earn an income), but because my family's very foundation appeared to be crumbling beneath us. How could I concentrate on finding a way to earn money while we were in full crisis mode with our pound-and-a-half babies in the ICU and three other young daughters at home? To put it simply, any and all strength I had within me was necessary to navigate this chapter of my life.

A very long story made very short, I began a consulting practice for other advisors, which allowed me to work from home, while serving the families that stuck with me through many months of professional and personal uncertainty. If you've noticed that I often share my gratitude with you for trusting us with the planning of your life savings, this is where that deep, persisting gratitude comes from. I was extremely humbled then and still am now.

While working as a consultant to other advisors to help them build their practices, it struck me that I should be investing more into my own business. From those ashes, Fourth Dimension was born. And as these things tend to go, the opportunity to 'start over' with fewer and only the most committed clients, was a great blessing, allowing me to narrow my focus to serving a very specific client, people nearing or in retirement. Prior to that, I was a generalist like most advisors are. After all, if I had less time to focus on my work because of family needs, I'd better get really good at doing my work and at the highest level possible.

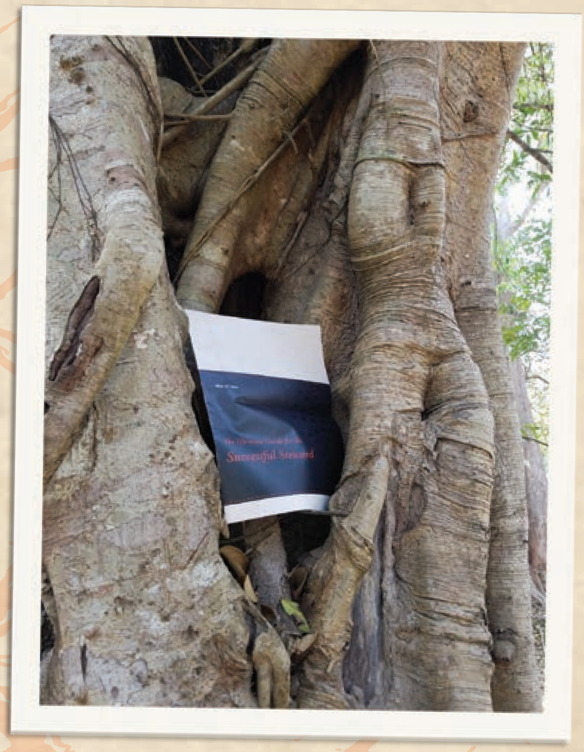
I share all of this because we're seeing great changes in our world, politically and economically. A new political era coincides with rising stock markets and pressured bond markets. Because of this, we've invested in additional relationships and resources in order to better help you navigate these dynamic times. In this edition, you'll hear from Stephen Hanley, our in-house Investment Strategist with Evergreen Wealth Management. In fact, he'll have a regular featured article in each Steward. He has a lot of wisdom to share with us as we consider investing through times of great volatility and rising interest rates. Additionally, our good friend, Richard Chamberlain, will bring us insights from the realm of estate planning. This is an integral component of a successful plan and is also a planning area that is ever-changing.

Part of the reason we're having this conversation is because of the pain of great changes I've experienced in my life and career. Just as I have a story, you have yours. As we continue to serve you in ways that help you positively shape your story, we'll get to hear Stephen and Richard's insights as well, adding depth and breadth to your financial planning.

I've said it before, and I'll say it again…I'm so deeply grateful for the trust you've placed in us and in me. We often don't appreciate the light until we've experienced the darkness.

All the best,

Adam B. Cufr, RICP®



Stewards - Here and Abroad

One of our Stewards, Kathleen, proves over and over that there are amazing travel destinations that many of us never even consider when planning our bucket list trips. This year, she traveled to Myanmar and Cambodia! The photos are stunning and eye-opening. While in Siem Reap, Cambodia, she took these photos of her copy of this newsletter and the amazing tree in which it found itself, proving that the Steward is almost everywhere!

Thanks, Kathleen, for including us in your vacation. It's certainly a pleasure to see you living out your dreams.

"The only constant thing in our lives is change."

by Richard Chamberlain

Richard Chamberlain,
Founder and principal attorney of Chamberlain Law Group, Ltd

Most people already understand that regular maintenance is necessary with almost any item, to avoid major problems and the potential for much higher expense down the road. They have regular medical checkups, meet regularly with their financial advisor to make sure their retirement planning is still on track, bring in their vehicles on a regular basis to have oil changed and tires rotated, and might even have a maintenance contract on their furnace and air conditioner. What some people might be surprised by is the need to maintain their estate plan.

Some people view their estate planning as a one-time event, as something that they do once and never have to think about again. However, it's important to remember that your estate plan is designed to control your assets and provide for your loved ones, meeting all of your planning goals. Any or all of these things can change, and your estate plan should be changed to keep up. You need your plan to actually work when it's needed.

You're probably familiar with the old cliché: "The only constant thing in our lives is change." The funny thing about clichés is that they usually have a strong basis in fact. Life is constantly changing around us, and as things change in your life, your estate plan must be updated and maintained to keep up with the changes.

Think about your current estate plan and what it's designed to do. Has anything changed since the time you set it up? Will your plan still work the way you need and want it to? When we are working with our clients to help them keep their estate plans working correctly, we see changes in these issues most frequently:

- Adding/adjusting specific gifts to charities or specific people (like grandchildren, for example);
- Adding or removing primary beneficiaries;
- Adjusting contingent beneficiaries (the people who receive the distribution if the primary beneficiary is not living);
- Changing HOW a beneficiary receives their distribution (for example, as an outright distribution or in a protective trust share);
- Changing who will have control of your assets if you become incapacitated or pass away (either who they will be or the order they will serve in); and
- Changing who will make medical decisions for you if needed away (again, either who they will be or the order they serve in).

In addition to making changes to their existing planning, we also meet with our clients as aspects of their lives change. For example, when a spouse passes away, some adjustments may need to be made in their legal documents. If someone is going into an assisted living facility or a nursing home, there may be some new planning that will need to be put into place. If you have a significant amount of money in your retirement accounts and want to provide additional tax savings and asset protection for your beneficiaries, additional planning tools are available to accomplish that objective.

The whole idea is for you to view your planning as something that needs to be reviewed regularly and adjusted as needed. If you'd like to discuss your planning and how to keep it maintained, please feel free to give us a call at **419-872-7670**, or you can email me directly at **richard@chamberlain-law.net**.

An Excerpt from

Advance - Your Guide to 401K Wealth Building

I'll bet there are a lot of families we serve that aren't aware that Fourth Dimension provides retirement plan services to a number of businesses and non-profit organizations across the state. We serve as the Plan Advisor on 401(k) plans, helping to educate plan participants and ensure that employers remain compliant with 401(k) rules and regulations. In this role, I write a quarterly newsletter called 'ADVANCE – Your Guide To 401(k) Wealth Building' that's distributed to the participants in the retirement plan.

I'd like to share with you an excerpt from a recent newsletter, since the subject matter applies to all investors who are yet to retire. Also, if your employer offers a 401(k) or company retirement plan, and could benefit from a higher level of support and local service, please consider making an introduction. We'd be very grateful!

Why a market decline would be REALLY good for many 401(k) investors...but not all.

When you chose to invest in your company's 401(k), you made a really great decision, for a number of reasons. First, you're committing to defer some gratification now for a much greater benefit later. That may sound simplistic, but a LOT of people just can't get there. Good for you. Because your 401(k) offers a company match, you're taking advantage of a very powerful benefit, sort of free money (you're earning it, no doubt). You're also practicing dollar cost averaging, the strategy of adding the same amount of money each pay period, regardless of whether the market goes up or down. You're on autopilot.

When you step back and consider these three factors: saving for the future, receiving the benefit of the match, and dollar cost averaging; you're putting yourself in a very wealth building-friendly posture. Because you're in this posture, you're setup well for any number of economic seasons. In fact, you should secretly be wishing to see your account value decline. That's right, you should hope that the markets drop, causing you to "lose" money in your 401(k). What?!
When the market declines, your systematic investments (dollar cost averaging) will be buying you the same companies as before, but on sale now. Each share of a company that your contribution buys you will be cheaper now than before, and when the market eventually grows again, those shares have more opportunity to grow with the market. In other words, you're hoping for a big investment sale.

While this might make logical sense, some people struggle with the notion of seeing their account value drop. Let's revisit your company match. If you're receiving a match on the money that you're contributing to your retirement plan, then the market would have to decline A LOT for you to even lose enough money to impact the money that you invested. Here's a simple example to illustrate this:

You invest 3% into the 401(k) and receive a 100% match, a match of 3%. That totals a 100% return on your savings. If the market drops, it will have to drop 50% before it's cut through the match and affected 'your' investment. See how that works?

All of this should encourage you to take a long-term view of your 401(k) investing, and possibly push you to be fairly aggressive (more stocks) in your investment model.

BIG CAVEAT: If you're near retirement, say 5 years or less, you may consider meeting with us or another advisor to put a plan together for your retirement. That plan may include a more conservative approach to investing. With less time to invest and ride-out market declines before needing the money, a more measured approach may be warranted.

While a 401(k) investor shouldn't throw caution to the wind, a winning investment philosophy may allow you to better understand the risk and reward dynamics of long-term investing.

As always, please let us know how we can help you in your investing and financial planning.

Until next time, *Advance!*

Investing Insights

by Stephen L. Hanley

Chartered Portfolio Manager® and owner of Evergreen Wealth Management, Stephen Hanley, assists many of our clients through customized portfolio solutions and sophisticated investing strategies. Each quarter he'll be sharing his investing insights with us in an effort to provide context for the events of world markets.

Change of Seasons

Happy spring season to everyone! As always, it was a long Northwest Ohio winter, but spring is finally here. There's nobody more grateful for this occasion than children. All winter, my kids seem to build energy just waiting for that day when the weather finally breaks and they can explode through the doors to enjoy the warmth. If you've spent time with kids, then you know that overwhelming anticipation for spring to truly arrive with the promise of sunnier days ahead.

In a similar fashion, it seems the markets have been experiencing a little bit of energy release and euphoria as well. The anticipation of good days ahead seemingly created a newfound confidence for investors of all risk appetites. Things have been going quite well in the stock markets. And while this growth is to be enjoyed, we must also keep our expectations well-grounded for the long-run. Make hay while the sun shines, but be careful to store some seed for the next season!

'Be fearful when others are greedy' is wisdom echoed by many great investors over the past century. It seems relevant to consider this sentiment today as much as any time in recent memory. March 15th marked the 106th consecutive trading session that neither the Dow Jones Industrial Average (DIA) nor the S&P 500 (SPY) declined 1% during any one day. That streak was then finally broken on March 21st with a slightly greater than 1% decline. This is notable for investors because the streak was the seventh longest in stock market history for the Dow and the 10th longest for the S&P 500. As of the end of the first quarter, the Wilshire 5000 and S&P 500 (stock market indicators) have increased 5.12% and 5.53% respectively. The Barclays Aggregate Bond Index (bond market indicator) has increased 0.79% (Folio Institutional Data). These are very solid gains to start the year for investors of all risk levels.

Stephen L. Hanley,
Investment Strategist
Evergreen Wealth Management

Another interesting fact is, since the election (11-4-2016), the S&P 500 has increased a whopping 13.31%. To put that in perspective, since 3-31-2014 (3 years ago) the S&P 500 has gained 26.19%, **with over 50% of these returns coming since Election Day**. This is a great example of how markets can experience low returns for a lengthy period, almost 3 years in this case, and then catch up quickly, surprising investors. Patience pays off again. So with solid gains over such a short period, what might we expect going forward? Should we start to be fearful with others appearing greedy?

Peek Under the Hood

We are now over eight years removed from the market bottom of March 2009, when recovery from the 2008/2009 great recession began. With a 223% return from the S&P 500 since 3-1-2009 (Source: Morningstar) it is natural to ask, **when is the next big decline coming?** While we don't see any imminent signs of major declines, we remain cautious of a possible future bubble. In fact, we would prefer to see some added market volatility (ups and downs) this year to keep valuations, emotions, and investors in-check, and hopefully keep mob mentality of greed away from the general markets. However, we also know it's vital we stay the course and capture the good times when they come relative to acceptable risk.

As a whole, the stock market appears to be overvalued by around 5-10% based on expected company cash flows for 2017. How do we know this? The expected earnings rate for the S&P 500 for 2018 is $146.75 (about 6.1% earnings on todays value), up from this year's expected $131.28 (5.5% on today's value). **This implies the market as a whole is expecting earnings to accelerate by over 11% growth from now through 2018.** Where is this expectation coming from and is it possible? It appears this expectation of growth comes from a belief in future tax relief, decreased regulation, continued stable interest rates and stock share buybacks. While certainly possible, **we seriously question the ability for administrative policies to gain approval and work into company profits at such a quick pace**. A healthy response from the markets would be increased volatility as the timing of these macro events ebb and flow against a backdrop of each company's individual success or lack thereof.

On the flip side, we must remember the power of stable / inflationary environments to take the markets much higher than is otherwise considered fair or normal. After all, the market generally moves in anticipation of what might happen and not what has happened in the past. In a perfect world, markets pause and take a deep breath giving us little return or perhaps a slight decline as company earnings and cash flow catch up to current valuations. But we live in a world of emotional responses, which often drive market behaviors over the short-term. History shows plenty of examples when markets will charge through fair values, as no compelling alternative for investing money exists. Given the choice of safer bonds yielding 2-3%, a savings account yielding near 0% or stocks with a projected earnings rate of 5-6%, most will lean toward increasing stock exposure. While this is the right decision long-term, it also means more "fearful" investors are heavily invested in stocks. The longer this trend continues the less effort it will take to move the market down. An unexpected event that creates a little fear will likely drive the more sensitive short-term investors to sell stocks and create a market decline. The longer the market goes without a significant decline (10% or more), the larger the number of "fearful or sensitive" investors becomes. In simplest terms, this is how stock bubbles are created. We have seen many investors, both corporate and retail, continuing to move money from the "sidelines" and into the market during late 2016 / early 2017. Since 2009, many investors have kept larger amounts than usual in savings accounts yielding little to nothing. In addition, many corporations have improved efficiency with lighter work forces and larger cash holdings; leaving them with increased flexibility to buy back company stock and stabilize or push prices up. Agree or not, we also have an administration that is determined on driving favorable economic policies from both a business centric aspect as well as possible government stimulus spending. These forces could continue to drive prices upward barring any "fearful" event that spooks investors away. In short, there are still reasons to think equity markets will act favorably for a while longer.

Let us make hay while the sun shines, the farmers say. But also let us save up some extra seed for rainy (or dry) days whenever they may come. Enjoy the sunny warmth, you've earned it!

Evergreen Wealth remains committed to providing holistic investment solutions and financial planning. We remain honored for the trust you place in our wisdom to continue stewarding your assets and retirement journey.

Important Disclosures

**Results mentioned were taken using client accounts at Folio Institutional. You should login to your own account to view actual results specific to your accounts.*

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Index results do not reflect management fees and expenses and you cannot typically invest in an index.

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Fourth Dimension
—Financial Group, LLC—

Fourth Dimension Financial Group exists to help people seeking financial retirement achieve enough, live fully, and help others do the same. Appearing regularly in national industry publications and local media for retirement planning insights, Adam and his team of highly-focused and passionate advisors help clients achieve greater clarity in their planning.

Fourth Dimension's clients benefit from the use of world-class income planning, tax reduction, and risk management strategies, resulting in a retirement plan that works in any economic conditions rather than one built on hope and luck.

To your success,

Founder, Principal, and Retirement Income Certified Professional®

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