Spring 2018 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.

We made it! Another winter enters the books and we finally move into spring with thoughts of new growth, warmer days, and…allergies. Well, it can't all be great. As such, the stock market decided to retreat a bit from its record-setting run. It's not a free-fall, but we're reminded that seasons are a normal and healthy reality in the world of investing.

On a personal note, I had an odd experience recently. When sitting down for our family dinner one night, I asked Carie where Anna, our oldest daughter, was. "She's at work." Wow, that just didn't sound right. We're in that phase of life now? I knew she'd chosen to get a job, but the reality of it hit me when those words made it to my ears. "She was just born!" I guess they grow up fast.

This month, we're lucky to have contributions from Estate Planning Attorney, Richard Chamberlain, and Investment Strategist, Stephen Hanley. Both offer us insights into the fundamentals of their respective crafts, both of which are critical to our planning success. Dave Bensch added his thoughts as well, with a prescription for a healthy financial plan in this edition's Back to the Basics.

And while you may have caught this announcement in a recent Fourth Dimension Weekly Newsletter, we have a new team member to introduce to you. Josh Rochon is a Certified Financial Planner™ and brings with him significant advanced planning experience. His arrival is a really big deal for us and I hope you'll join us in celebrating this significant step we're taking to better serve you and more families in and around Northwest Ohio.

So, it's with great enthusiasm that I write this Spring Edition of the Steward. I hope you have a warm and wonderful winter reprieve. As always, I'm so thankful to have the opportunity to serve you. If you, or anyone you know who may be looking to plan a successful retirement, has questions or needs assistance, please reach out to us. We'd be very grateful for the introduction.

All the best,

Adam B. Cufr, RICP®

Meet Josh

Over the years, Fourth Dimension has committed to an unrelenting focus on the families we serve. That can look like a lot of different things: adherence to a Fiduciary Standard, commitment to regular ongoing communication (like this newsletter and the *Weekly Newsletter*), progress review meetings, and fun social events. And while these very outward expressions of client engagement are easy to see, there's another subtle commitment that's less obvious and a bit more nuanced.

One of the most powerful forces acting on a financial advisor is the pressure to grow, grow, grow. More, bigger, and faster is the message we hear loudly from our industry. Investment managers generally want more assets to manage, insurance companies want more business placed, and marketers want us to want more so that they can sell us their marketing services. And while Dave and I are not categorically opposed to growth, we believe strongly that growth for growth's sake is a very distant second to giving our clients what they need in order to meet and exceed their objectives. Your objectives. As a result of this thinking, we've resisted the big shiny building, the large impersonal staff, and the pursuit of industry awards that often accompany more-bigger-faster.

With this in mind, it's a really big deal for us to welcome somebody new to our team. Because we're so protective of you, and we're so aware that a new addition to the family can be so involved, we don't let just anybody in. Fortunately, the person I want to introduce you to isn't just anybody.

Meet Josh. Joshua Rochon is a CERTIFIED FINANCIAL PLANNER™ who brings with him ten years of financial planning experience. He's worked with families that often require complex planning solutions, many of them executives and entrepreneurs, while serving at large financial institutions. This depth of experience is sure to be a very valuable resource to you and to us, but he also happens to be a very kind person who's passionate about his faith and his family. In other words, he's a great fit for Fourth Dimension and we're lucky to have connected with one another and made the decision to work together. If you'd like to see Josh's complete bio, please check out the 'Team' tab on our website, www.FourthDimensionFinancial.com.

In the coming weeks, months, and years, we're excited to introduce Josh to you and to leverage his immense skills to create new opportunities for more people to plan for a successful retirement as you have. We're confident that his arrival marks a new phase at Fourth Dimension, a new opportunity to serve families and businesses at an even higher level.

Please help us welcome Josh to Fourth Dimension. Feel free to introduce yourself to him; his email is Josh@FourthDimensionFinancial.com.

Is Buying a House like Buying a Stock?

If you have ever gone through the process of purchasing a house then you already understand the basic concepts of analyzing a stock; they're not much different. I was reminded of this recently as my wife and I began agonizing over the possibility of moving again to support our growing family. Since we have four girls and one boy, I recommended to my son, Gavin, that he and I start bunking in the basement once the teenage years hit as an easy solution to an otherwise complex challenge. Naturally, my suggestion was met with an eye roll from my wife, which I think means no. Given this resistance to my idea, we've engaged in the house-buying process, which I'll illustrate is not unlike buying a stock.

1. Location, location, location

Buying a great house in a terrible neighborhood is not going to help your home value. Similarly, when it comes to owning stock in a company, the same approach holds true. For example, no matter how great a horse and buggy company was in the 1920s and 1930s, the rapidly changing industry completely eliminated all of these companies by 1939. It is often best to try to avoid companies being completely disrupted by new competition. Like a great house in the wrong neighborhood, you simply can't do enough to 'fix' that house to make it a solid investment. When buying stocks as long-term investments, it's better to own companies with wide moats around them or economic barriers to outside competition whom can easily adapt to the changes of the landscape around them, thus keeping them 'in the right neighborhood'.

2. Make your money on the buy—do not overpay

Before you make an offer on a house, you naturally check the neighborhood for comparable house sales to get an idea of what people are willing to pay. Seeing house prices in the context of specifics like square footage, material quality, added amenities, yard size, and other factors allow a fair price to emerge. If comparable homes aren't selling for comparable prices, it begs the question, "Why?".

Stock analysis is done in the exact same manner. Why would I be willing to pay $25 for every $1 of earnings to own Microsoft but only $15 for Apple? In short, they operate in completely different neighborhoods. Microsoft derives a large number of sales from consistent subscription-based software and cloud services. However, Apple relies heavily on product sales. Product sales ebb and flow more on style, competition, and economic activity when compared to a monthly subscription payment. The certainty of payments and a revenue stream is higher for Microsoft and therefore generates a higher acceptable value per dollar of earnings. It's like comparing a home with granite counters to one with laminate. Of course, both are within the "normal" price range for the neighborhood and worth a good look. By contrast, Netflix's stock asks that a buyer pay $105 per $1 of earnings! Since we make our money on the buy and not the sell, it's best to avoid those companies that have excessively high prices compared to the neighborhood in which they exist. Sometimes they work out, but more often than not it becomes hard to find a buyer down the road at the price we paid. Do not overpay!

3. Plan on staying 5 years to make money

Compound interest. Compound interest is the eighth wonder of the world. He who understands it earns it ... he who doesn't ... pays it. Compound interest is the most powerful force in the universe. – Albert Einstein

Time is the magic behind any investment. Given enough time, we know consumption in a free market will grow. As consumption grows, the price of goods grows, which fuels more revenue and a higher dollar amount of consumption. This cycle is the foundation of inflation. Because inflation will happen, most home prices will increase, given enough time. For example, materials to build a home will likely cost more 10 years from now, therefore your home is likely to be valued higher as well.

Inflation, the rise in prices, is also the reason we're forced to invest in the first place. If we were to simply hold each dollar in our hand, it would lose value as its purchasing power declines relative to rising prices. To combat this loss of money value, we own stock in companies that are able to leverage the dollar to create a profit or interest for us that outpaces inflation. Therefore, the magic of investment returns versus inflation is time. If you make a smart purchase, waiting a long period of time allows a certainty to get all of your money back, and very likely much more.

4. Focus on the foundation, not the glamour

It's easy to get caught up in the glitz and glamour of a hot stock. Oftentimes a company story can blind investors to what is really going on underneath the surface. When I look at a house, the first place I head is into the basement to check out the foundation and construction quality. Given enough time, we can fix the minor stuff by refreshing the paint, bringing any home back to style. However, if the foundation has issues, it becomes a large uphill battle with many unplanned expenses. Similar to the basement, our first look for any company is its balance sheet. We want to know what type of cash, assets, and debt the company holds. Sales will ebb and flow over long time periods, but we must ensure the foundation is strong. We want to validate that 10 years from now, the company will still be standing which will allow time, inflation, and interest to accrue in our favor. You can have all the bells and whistles, but if the foundation looks questionable then we'll look elsewhere.

Stephen L. Hanley,
Investment Strategist
Evergreen Wealth Management

5. Make sure it fits your needs

Buying a home that doesn't match your needs will eventually make you very restless. As our family has grown, we've encountered this feeling a number of times. Sometimes we can modify the home to fit our needs and other times we have to simply sell and move on. It's vital to be comfortable in your house or it becomes very difficult to allow time to work its magic.

We find this same principle vital to long-term investment success. Getting restless at the wrong time will permanently impair results. Matching a portfolio of investments to your needs so that you can feel comfortable owning it for 5-10 years is imperative. For example, if you're in a phase of life when you want or need solid income from your investments to meet your needs, then you should feel comfortable in an income-focused portfolio that'd designed to do just that. Perhaps you prefer higher growth investments that can match or beat the major indexes instead, in which case an income portfolio design would make you feel very restless as you watch growth markets potentially outpace your income portfolio.

Risk, return, income, tax, and investment style are like finding the right amount of bedrooms, ideal countertops, and most favorable layout in a home. We offer investment strategies that range from low risk to market-beaters; all with differing styles, pros, and cons. Finding the right match for your needs is the most critical component. After all, it's going to be where you call home for a long time.

Estate Planning Doesn't Have To Be Difficult

An effective estate plan allows you to make sure your assets are handled the way you want during your life and after your death. And contrary to popular belief, estate planning is more than just deciding who-gets-what when you pass away; it creates a custom roadmap for you and the future. While that sounds well and good, what happens if you don't get around to crafting your plan before it's too late? Simply put, you risk leaving behind a mess that will waste time and money, and could end up leaving your family in turmoil.

Over the years, I've heard many people share their belief that estate planning is "too complicated" or "too difficult" to undertake, so they put it off for later. Unfortunately, estate planning is one of those things that's easy to defer because it's often tied to thoughts of death, and who wants to dwell on that? So the healthy and relatively young often wait, pushing the task out to next quarter or next year before getting started. While human nature causes many of us to wait, the future isn't guaranteed, and a disability or death can occur without warning.

As estate planning attorneys, we spend a lot of time and energy reminding people of their mortality so they'll be motivated to get their planning in place. We've seen too many examples of estates gone awry because proper plans weren't in order when they were needed. In light of this, we've done everything we can to make the process of putting plans into place as easy as possible.

To simplify and streamline the estate planning process, we've developed a 3-step approach to guide our clients toward meeting their objectives. Because of this focused approach, we often hear from families that the hardest part of getting through our process was simply deciding to get started.

Education

Step 1 is Education. TWe teach about and discuss the issues involved in estate planning so that you can understand what's at stake and how to best approach those issues. We've even recently made this step even easier by putting free webinars on our website that can be accessed at your convenience on your computer or device. www.chamberlain-law.net/webinars.html

Design

Step 2 is Design. This is where we help guide you through the issues and options specific to your situation and help you create a plan to meet all of your objectives. We use our experience and expertise to help you determine the best answers for all of the different questions that need to be addressed for your plan.

Implementation

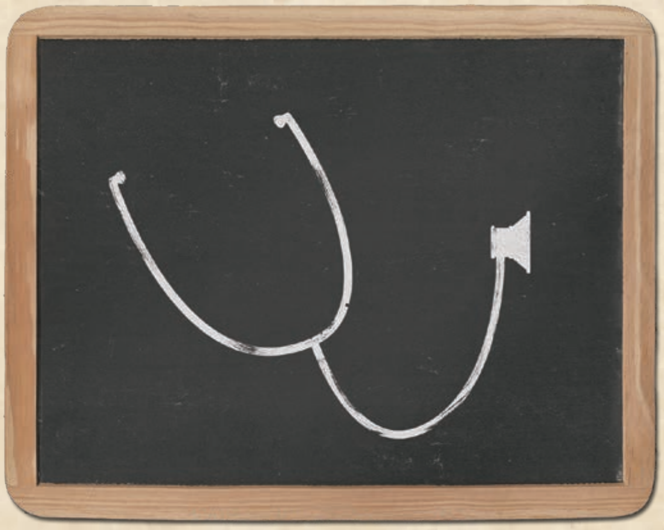
Step 3 is Implementation. In this step, we present your written plan to you for review and signature. If there's a trust involved, then this step also includes funding of the trust, where ownership of assets and beneficiary designations are changed to coordinate with the planning to make sure everything will happen as planned.

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

While it's still true that estate planning addresses some weighty issues and involves a lot of careful thought, following a tested process results in a higher quality outcome. Please don't let your belief that estate planning is too complicated stand in the the way of putting your house in order. Please don't leave behind a mess for those you care most about, leave behind memories of love and laughter. Please.

"To insure good health: eat lightly, breathe deeply, live moderately, cultivate cheerfulness, and maintain an interest in life." ~William Londen

Indicators of a Healthy Financial Plan



When you go to your Primary Care Physician for your annual check-up, there are many factors that determine your level of health – height, weight, blood pressure, and pulse are some common examples. There are some people that even take it to the next level and get blood work or additional tests to get an even clearer picture of their health.

Although it's fun to measure the size of your nest egg, the truth is: your retirement account balance is just one indicator of a healthy financial plan. We'd like to insure that you're considering all aspects of your financial life (and maybe give you a 'prescription' or two, if necessary). Although this is not an exhaustive list, we believe these five areas are critical to increasing the success of your financial plan:

1. Budgeting – The foundation of any financial plan is a budget. Some people do a monthly budget, and others do an annual budget. Either way, having a realistic idea of how much income you have per month/year and how that income is being used on expenses is something we highly recommend. If you don't have any experience with budgeting, we suggest that you take one month and write down all of your expenses in a note pad – everything from the electric bill to the latte at the coffee shop. By being more intimate with your expenses, you can determine which ones you need to eliminate or cut-back to best match your income.

2. Debt Reduction Plan – Your most powerful wealth-building tool is your income. When that income is earmarked for consumer-debt (credit cards, student loans, auto loans, etc.) it cannot be used for wealth-building. By intentionally paying off your debt earlier than scheduled, you will free up that income to work harder for you and as a side benefit, you will experience a sense of accomplishment and peace by not owing money to anyone.

3. Emergency Fund – After you've tracked your expenses for a month you should know how much income you need to fund your lifestyle. For some people, that number is $2,000 and for others it could be $10,000. Regardless of the number for your monthly expenses, you should have three-to-six months of that number set aside in a savings account at your bank or local credit union. If your living expenses are $3,000 per month, then you would try to have $9,000 - $18,000 in a safe account that's only used for emergencies. We also encourage you and your family to define an emergency – it's going to be different for everyone, but make sure you're on the same page with your loved ones (and if you're single, write down what qualifies as an emergency).

4. Charitable Giving – We believe that giving a portion of your income to a church or charity is an essential part of a healthy financial plan. Some faiths have clear instructions on giving, but regardless of your religious affiliation, giving a piece of your income to a worthwhile organization will not only help the church or charity do good work, but also help you stay involved in your community and show you the beauty of helping others.

We hope that you will take this financial check-up seriously, and if you need additional guidance in any of these areas, please let us know.

Dave Bensch,
Director of Operations
Fourth Dimension Financial

5. Insurance Audit – There are a lot of insurance options out there and having a solid insurance plan will be your best defense against the many 'viruses' that will try to infect your financial plan. At a minimum, the insurances we recommend are:

- Term Life Insurance
- Long-Term Disability Insurance
- Auto Insurance
- Home/Renters Insurance
- Health Insurance
- Long-Term Care Insurance (for readers over the age of 60)

Please make sure you understand how each insurance policy works, as there are nuances in each category.

Fourth Dimension Financial Group, LLC
27121 Oakmead Dr. Suite B
Perrysburg, OH 43551

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®

Adam Cufr, RICP®
Fourth Dimension Financial Group
Call (419) 931-0704
Email adam@fourthdimensionfinancial.com
Visit www.FourthDimensionFinancial.com