6195 W. Quaker St., Orchard Park, NY 14127 // 716.662.4361
www.moldenhauerassociates.com

MOLDENHAUER & ASSOCIATES

JUNENEWSLETTER

Editor: Richard C. Moldenhauer, CLU, CEP, RFC *Chartered Financial Consultant*

I often look forward to writing for the monthly newsletter. The past month was sad for several reasons. For the firm, we were saddened by the passing of three clients whom we truly appreciated and cared deeply for. When we work closely with people, a real bond develops. At sad times, there is little that can be said, but those people will be missed.

It has been a busy time for our staff and the firm itself. As we grow and take on new responsibilities and capabilities, we are always stretching to be better than we were yesterday. Our advisors are growing and our team is striving to exceed yesterday's excellence.

I think it is critical that we work on our strengths and eliminate our weaknesses, as is true with life, in general. This is easier said than done.

The firm is looking to add two qualified people to be considered for our Advisor Trainee Program. Technology as well as good communication skills are essential.

In the past, we have found that advertising does not work as it once did. We have also found that the placement agencies promise but usually do not deliver. So periodically, I ask clients and friends to help. It seems that our best hires have come from referrals and people that know about our firm. So, I reach out to you the reader. If you know of a person, man or woman, young or not so young, with experience or without experience, consider introducing that person to our firm. They and we will be grateful, and you may be opening a door to an exciting career for them. As a firm we can only grow by adding great people. Please help us if you can.

I was in WNY in early May and will be returning in June. We have seen grandchildren make their First Communion and be Confirmed. The fishing in WNY was good and the fishing in South Carolina has improved.

As I close this brief article, I urge you to not procrastinate about your financial and estate planning. Work on your personal goals and objectives. We are here to assist you on your schedule.

Hope to see you in the near future.

Richard Moldenhauer

Richard Moldenhauer

Find us on Facebook

ADJUSTING YOUR PORTFOLIO AS YOU AGE

As you approach retirement, it may be time to pay more attention to investment risk.

If you are an experienced investor, you have probably fine-tuned your portfolio through the years in response to market cycles or in pursuit of a better return. As you approach or enter retirement, is another adjustment necessary?

Some investors may think they can approach retirement without looking at their portfolios. Their investment allocations may be little changed from what they were 10 or 15 years ago. Because of that inattention (and this long bull market), their invested assets may be exposed to more risk than they would like.

Rebalancing your portfolio with your time horizon in mind is only practical.

Consider the nature of equity investments: they lose or gain value according to the market climate, which at times may be fear driven. The larger your equities position, the larger your losses could be in a bear market or market disruption. If this kind of calamity happens when you are newly retired or two or three years away from retiring, your portfolio could be hit hard if you are holding too much stock. What if it takes you several years to recoup your losses? Would those losses force you to compromise your retirement dreams?

As certain asset classes outperform others over time, a portfolio can veer off course.

The asset classes achieving the better returns come to represent a greater percentage of the portfolio assets. The intended asset allocations are thrown out of alignment.[1]

Just how much of your portfolio is held in equities today? Could the amount be 70%, 75%, 80%? It might be, given the way stocks have performed in this decade. As a StreetAuthority comparison notes, a hypothetical portfolio weighted 50/50 in equities and fixed-income investments at the end of February 2009 would have been weighted 74/26 in favor of stocks by the end of February 2018.[1]

Ideally, you reduce your risk exposure with time.

With that objective in mind, you regularly rebalance your portfolio to maintain or revise its allocations. You also may want to apportion your portfolio, so that you have some cash for distributions once you are retired.

Rebalancing could be a good idea for other reasons. Perhaps you want to try and stay away from market sectors that seem overvalued. Or, perhaps you want to find opportunities. Maybe an asset class or sector is doing well and is underrepresented in your investment mix. Alternately, you may want to revise your portfolio in view of income or capital gains taxes.

Rebalancing is not about chasing the return, but reducing volatility. The goal is to manage risk exposure, and with less risk, there may be less potential for a great return. When you reach a certain age, though, "playing defense" with your invested assets becomes a priority.

Richard Moldenhauer may be reached at 716-662-4361.

Provided by Richard C. Moldenhauer, CLU, CEP, RFC, ChFC

Citations.

1 - nasdaq.com/article/how-to-prepare-your-income-portfolio-for-volatility-cm939499 [3/26/18]

THE ABCS OF IRAS

This popular retirement savings vehicle comes in several varieties.

What don't you know?

Many Americans know about Roth and traditional IRAs, but there are other types of IRAs. Here's a quick look:

Traditional IRA

(or deductible IRA) is an individual savings plan for anyone who receives taxable compensation. IRA assets may be invested in any number of vehicles, and contributions may be tax-deductible. Earnings in a traditional IRA grow tax-deferred until withdrawal, but will be taxed when withdrawal begins - and withdrawals must begin by the time the IRA owner reaches age 70½.

Roth IRA

offers you tax-free compounding, tax-free withdrawals if you are older than age 59½ and have owned your account for at least five years, and the potential to make contributions to your IRA after age 70½ without having to take RMDs.

SIMPLE IRAs

are qualified retirement plans for businesses with 100 or fewer employees.

SEP

stands for Simplified Employee Pension. These traditional IRAs are set up by an employer for employees and funded by employer contributions only.

Spousal IRA

is actually a rule that lets a working spouse make traditional or Roth IRA contributions on behalf of a non-working or retired spouse.

Inherited IRA

is a Roth or traditional IRA inherited by a non-spousal beneficiary.

Group IRA

is simply a traditional IRA offered by employers, unions, and other employee associations to their employees, administered through a retirement trust.

Rollover IRA.

Assets distributed from a qualified retirement plan may be rolled over into a traditional IRA, which may be converted later to a Roth IRA.

Education IRA

(Coverdell ESA) provides a vehicle to help middle-class investors save for a child's education.

Consult a qualified financial professional regarding your IRA options. There are many choices available, and it is vital that you understand how your choice could affect your financial situation. No one IRA is the "right" IRA for everyone, so do your homework before you proceed.

Richard Moldenhauer may be reached at 716-662-4361.

Provided by Richard C. Moldenhauer, CLU, CEP, RFC, ChFC

UPCOMING EVENTS:

Our June seminars are at:

Terry Hills Golf Course & Banquet Facility

Tuesday, June 12, 2018 at 6 p.m.
5122 Clinton Street Road
Batavia, NY 14020

Ilio DiPaolo's Restaurant

Thursday, June 14, 2018 at 6 p.m.
3785 South Park Avenue
Blasdell, NY 14219

We encourage clients who live in the area to introduce potential clients to our firm by bringing a friend to one of our seminars. These are informational and educational events. We are not there to convince people that we are the only firm to consider. Rather, we believe our firm offers a quality opportunity for people looking for a new advisor. Please attend a seminar in your neighborhood with a friend.

Richard Moldenhauer is a representative with Commonwealth Financial Network. Call him at 716-662-4361.

Securities and advisory services offered through Commonwealth Financial Network, Member FINRA/SIPC, a Registered Investment Advisor, Fixed Insurance products and services offered through Moldenhauer and Associates.