



PHRONESIS

WEALTH MANAGEMENT

phronesis [froh-nee-sis]: From Greek phrónēsis meaning “prudence, practical virtue and practical wisdom. It implies both good judgement and excellence of character.”



CLIENT CONNECT

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SPRING EDITION • 2023

DEAR CLIENTS,

I hope you enjoy this year’s spring newsletter! In this newsletter I am going to reminisce about the past, speak about the current, and speculate about the future.

It was some 15 years ago that we last had a major, long-term downturn of the world’s equity markets. Most of you experienced that with me. It was a very trying time as our country contemplated whether or not to bail out our banking industry. This crisis was brought on by the amount of free money and easy credit that was available in the previous decade. Today, we are experiencing another banking crisis brought on by a decade of easy money and easy credit. However, today’s banking industry is much more capitalized and stronger on their balance sheets than in 2008. This does not mean we won’t experience any banking failures, nor a major market correction, but it should be known that banks are truly much better off financially. But also understand that banks also rely on your trust. The trust that you will not run to the bank and demand all your money. I do not believe any bank can withstand a deposit withdrawal of greater than 20 to 25% of its deposit base.

As in 2008-2009, we believe the markets are resilient and will rebound. But it only does so with those trusting in the system. Trusting the fact that time in the stock market is what most likely makes you money. The more time you spend in the stock market the more chances you can take distributions and be up on your dollars. I believe 2023 is no different. Time is what you need to be successful in this market.

This does not mean we won’t make any adjustments to your portfolio(s) as we are planning to make adjustments as stated in our most recent Market Review email in May.

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However, even in that email, we mentioned we will not know what asset categories will be best for safety should the market start to correct. Is that safety in federal government securities? Is that safety in banking assets? Or is that safety in holding strong dividend paying or growth company stocks?

Reminiscing back far enough, many of you knew me when I had a business partner. Although I don't have that business partner today, I absolutely do have **Paul Weaver**. And Mr. Weaver is as good as any other financial adviser, or partner, I have worked with. So, I am very happy to have Paul in our practice. And more importantly, I hope everyone will continue to welcome him into your meetings. Paul is not here to replace me, he is here to assist you.

Going back years ago, my former business partner and I managed money on an individual basis. However, as we grew, we saw many limitations with this. We saw that in order to trade we had to speak with each client individually. This is not only time-consuming but was inefficient at best. As such, over the years we have evolved to a discretionary basis and to the use of models. With both of these we feel we are adding value for our clients. As I stated in this transition, I was looking at many other opportunities to build **Phronesis Wealth Management** into a 100 year firm. That quest continues today.

In terms of this quest, I am announcing that we will be adjusting our appointment schedules next year. It is more about efficiency and processes, not the number of appointments, or who you meet with. At the same time, we may be adding some short phone calls in addition to our semi-annual meetings. Our goal is to make sure our required minimum distribution clients meet with us in certain months, our business owners should meet with us in a different month, etc. Again, the goal is just to be more efficient with our hours and your time.

The team at **Phronesis Wealth Management** plans to continue this deep dive into how we run our operations and we continue to explore how we can provide more value and be more efficient. Part of this will include adding additional staff this year. This in turn will free up more time for those deeper dives that we believe will add value to our clients and to our practice.

Please be aware there is not a day that goes past that I do not think of how I can improve and streamline our practice. It truly is my goal to make **Phronesis Wealth Management** the Premier Financial Planning and Asset Management Company in Maryland (*even though it will not be the biggest, as this is not a part of the plan*). We are always open to suggestions, and we truly believe that the changes we have made, and are making, are in the best interest of our clients.

Wishing you a fantastic summer.

All the best,
Richard

QUOTES & JOKES...

"The most difficult thing is the decision to act, the rest is merely tenacity."

—**Amelia Earhart**

Q: What did the seed say to the flower?

A: OK, Bloomer!



**Do you know
someone who
could use
our expertise?**

Whether it's a business owner or an individual whose financial needs are anything but simple, we'd be thrilled if you made an introduction.

THE PHRONESIS PERSPECTIVE

NEW DIGITAL INFORMATIONAL RESOURCES

While it may seem overwhelming at times thanks to the digital age we are living in, too much information is rarely a bad thing. With text, email, social media and every other form of communication out there wanting our instant attention, we thought it would be refreshing to add two new informational resources to our website phronesiswealthmanagement.com that you can check out *at your leisure*.



Last fall, we began offering monthly blog articles on our website that speak to current news and concerns, as well as information our team feels might be of interest to our clients. Topics to date range from steps to defining your legacy, to explaining the Backdoor Roth IRA, and most recently touching on what is involved when asked to be someone's trustee. Our blog articles can be found under the "About" section on our website.

Would you like to see more of Richard? Well... you can, digitally! Earlier this year, we launched a Youtube Channel called the **Phronesis Perspective with Richard Osman**. In these short 2-3 minute videos, Richard takes the time to answer pressing financial questions, hoping to take some of the mystery out of complex financial issues. You can check out his thoughts on a variety of financial topics of interest including the markets and the Secure 2.0 Act. You don't have to search on Youtube for our channel, we have also made them available on our website under the "Resources" section.

While we are currently discussing topics we feel are of interest and/or importance, we would like to know what YOU would like us to either write or talk about. Please send an email to team@wearephronesis.com with your suggestions or questions.

FOOD FOR THOUGHT



Would you prefer to be a participant, or an owner, of your 401(k)? Did you know that when companies get acquired, merge, change 401(k) vendors, or close down/declare bankruptcy, this can cause a lock up of your 401(k) for an indefinite period?

While your money doesn't disappear, your access to it may not be immediate. Fortunately, the bulk of your 401(k) funds are likely safe. However, if you are able to transfer them into an IRA, you can own your retirement account instead of just being a participant. A 401(k) plan participant has four options (*and may engage in a combination of these options*):

- Leave the money in his/her former employer's plan, if permitted;
- Roll over the assets to his/her new employer's plan, if one is available and rollovers are permitted;
- Roll over to an IRA; or
- Cash out the account value.

Let us share with you how we can navigate successfully through these decisions and discuss how to maximize your benefits. If any of your friends, co-workers, or members of your family are looking for guidance, we'd be happy to help them out as well.

HOW CAN WE HELP?

If you are not getting the best level of service, you should be! Please reach out to us immediately if you have any questions or concerns.

How large is the Naval Academy campus, (known as the Yard) in Annapolis?

- A. 262 acres B. 524 acres
C. 466 acres D. 338 acres



The first person to email team@wearephronesis.com with the correct answer will win a \$25 Amazon gift card.

The answer to our last trivia question "What is the snowiest city in the world?" is B. Amori City, Japan. Every year, Aomori City experiences an average annual snowfall of 312 inches.



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ANNUAL COMMUNITY SHRED EVENT AT SHIPLEY'S CHOICE

We had a fantastic turnout for this year's free **Community Shred Event** at Shipley's Choice Clubhouse parking lot in Millersville! Special thanks to **Chesapeake Paper Systems** for securely destroying 35 huge bins of paper documents, and to **Kona Ice of Annapolis** for being on site with their frozen treats!



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