



The Lighthouse

WINTER 2023



**What a great time to
be a Western New Yorker!**

Winter is such a great season to reflect on the beautiful area in which we all live. The leaves have fallen, the Buffalo Bills are in full action, the Sabres are on the rise and our cultural institutions are receiving international prominence. We are truly a community of good neighbors and those that visit Western New York from the outside will often comment on the wonderful attitude of our people and how grounded we are in general. Let's not forget our world class architecture and the number of high-quality family-owned restaurants that continue to dot our community. Let's also not forget how during trying times this community pulls together and Western New Yorkers truly look out for their neighbors. It is inspiring to live in WNY and at Moshides Financial Group we are very grateful for the trust that our dear clients have put in us to help them realize their financial dreams.



MOSHIDES FINANCIAL GROUP

Your Guide to Financial *Freedom*

moshidesfinancial.com



A PIECE OF MIND

with JOHN MOSHIDES, CLU, CHFC, AEP, CLTC

Accumulation and Distribution: two different mindsets

It has been said there is no substitute for experience. As I approach the conclusion of my 42nd year in this wonderful business, I have observed many things about human psychology as it relates to financial planning in general and retirement income specifically. The two periods of retirement income planning are often referred to as:

1. "The **accumulation phase**" when investors are typically saving for retirement
2. The "**distribution phase**" when people start to draw on their investment assets to supplement social security and pensions to help meet their retirement income needs.

Here is the difference. During the accumulation phase investors tend to be excited and optimistic that they are starting down the road of proactively preparing for their rainy day. This period is not without concerns and anxiety as people are often wondering if they are saving enough to meet their future goals, have they selected the proper asset allocation based upon their current age and have they started early enough to fully meet their future needs. I would say in general, people during the accumulation phase are pleased that they are "in the game," and hopefully, growing their investment assets and net worth from one year to the next.

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The shift in psyche seems to occur when someone retires and recognizes the need to start withdrawing a certain amount each month or each year to meet their income needs. This is the inflection point where accumulation is now overtaken by **distribution needs** which leads to the age-old question... "Am I going to run out of money?" This question has even become more complicated the past two years as inflation has reared its ugly head and put more pressure on the amount one must withdraw to meet escalating income needs.

It is especially challenging for those who want to retire earlier than normal retirement age which is traditionally thought to be age 65. Preplanning is a critical point. Proper financial modeling is designed to help us provide multiple "what if" scenarios so our clients can determine the likelihood of successfully achieving the retirement dreams which, of course, need to be supported by adequate retirement income.

With people living longer in retirement and inflation stubbornly present, it is essential to plan well in advance to make sure you are doing your best to prepare for the retirement you have always dreamed of. Our team is well prepared to help you address these most important considerations.

A MILLENNIAL MINUTE

with BENJAMIN WHITFORD, MBA, AIF



A Proper Financial Plan

The component of a proper financial plan is a question that we often are asked by clients, and it's a question not easily answered. As every family has their own unique goals and objectives, but there are several key components we would encourage everyone to consider.

Typically, our clients are either saving for retirement, investing for the future, paying down a debt or creating a proper insurance or estate plan. Sitting with a trusted advisor is often an important step in creating a successful financial plan. Below, I will discuss a few concepts we often recommend.

Address Your Current Situation

You will need an unbiased view of your current overall financial picture. We often can provide the feedback you need to make informed decisions for the future. Remember all progress starts with telling the truth!

One of the more important parts of developing a successful financial plan is to first identify what your monthly expenses are and determining what is available to fund your 401k plan and to save money from take home pay. You will also need to establish your objectives as you look forward into the future. What's important to you ... retiring early, buying a house, or paying off student debt to name a few.

Set Goals

When setting goals, it is important to define the time periods of each goal. Are they short, mid-term or long term.

Short Term: It can be as simple as building a savings account and taking advantage of the higher interest rates that are currently available.

Medium-Term: You may be interested in establishing an aggressive debt repayment plan. For younger people the consolidation of student debt to reduce interest expenses is often advantageous.

Long-Term: Investing for retirement. Should you be contributing to your 401k plan on a pre-tax basis or an after-tax Roth, what's right for you? Is there room in your budget to aggressively pay down the mortgage on your home and if so, does it make sense.

Establish a Budget (and sticking to it)

Once you determine what your monthly expenses are to support your lifestyle the next topic to address is how much you should be saving into your retirement account and is there money from after-tax take-home pay that can be invested either in the bank safely or in an after-tax investment account.

Periodic Reassessment

Time has a way of changing even the best laid plans. Therefore, you should periodically review your plan to assess your progress in relation to your set goals. Keep an eye on how quickly you are paying down debt, are you meeting your savings goal, is it possible to increase the percentage you contribute into your 401k plan and do your legal documents need to be reviewed.

If you found any of these concepts interesting and would like to discuss them any further, please don't hesitate to reach out to our office to meet with John or myself.



WEALTH MANAGEMENT PROCESS with JEFFREY WOHLFAERT

Asset Allocation, Diversification and Fund Selection Criteria

Asset allocation and diversification* are key concepts in investing that can help manage risk and improve returns over time. Asset allocation refers to how an investment portfolio is divided among different asset classes, such as stocks/stock funds, bonds/bond funds, and cash equivalents. Diversification refers to spreading investments within and across these asset classes.

Proper asset allocation and diversification are important because different asset classes tend to perform differently under different market conditions. Stocks generally provide higher returns over the long run but with higher volatility. Bonds provide more stable returns but lower long-term returns. Cash provides stability but historically lower returns.

By allocating assets across stocks, bonds, and cash, an investor can balance risk and return in their portfolio. The exact allocation depends on the investor's risk tolerance, investment goals, and time horizon. A younger investor with a high-risk tolerance may allocate 80% to stocks, 15% to bonds, and 5% to cash. A retiree may prefer a more conservative allocation like 40% stocks, 55% bonds, and 5% cash.

Diversification works to help reduce the volatility of a portfolio because when some assets underperform, others may outperform. For stocks, it means spreading money across different sectors, market caps, investment styles, and geographic regions. For bonds, it generally means buying high-quality government and corporate bonds with different maturities.

A few keys to proper diversification include:

- Investing in 15-20 funds across different sectors and industries. Avoid concentrating too heavily in one sector or asset class.
- When investing in bond funds, look for investment-grade bonds with maturities ranging from short-term to long-term.
- Consider alternative assets like real estate, sector funds or hedge funds for further diversification and could offer some downside protection.
- Rebalance periodically to maintain target asset allocations as markets shift.

Personal Notes

Welcome Casandra!

We welcome the newest member to our company Casandra McDonald. Casandra joined us the spring of 2023. She is a dedicated team player who strives for excellence and has been a great addition to our Moshides family! In her downtime she enjoys her role as a travel agent, cuddling her dogs and spending time at the hockey rink with her two sons Brayden and Lincoln cheering on Brayden from the stands.





Next, we will look at some criteria used to select which mutual funds or ETF's may be a fit for your portfolio. There are many data driven factors that we will not get into in this article but instead will focus on the broader criteria that are key to fund selection. Below are some important criteria to consider:

- **Fees** – Try to look for funds with low expense ratios. The lower the fees, the more of your money stays invested.
- **Diversification** – Funds that are broadly diversified across many stocks or bonds can help reduce your overall investment risk.
- **Past performance** – While past returns don't guarantee future results, a fund's long-term track record can give you an idea of its potential.
- **Investment strategy and objectives** – Make sure a fund's goals align with your own financial goals and risk tolerance.
- **Portfolio fit** – Choose funds that complement your existing portfolio rather than overlap too much.
- **Liquidity** – ETF's trade like stocks so they have higher liquidity than mutual funds. This makes ETFs better for tactical changes.
- **Tax efficiency** – ETF's can be more tax efficient than mutual funds in taxable accounts.
- **Index-based or active** – Index funds follow a market index while active funds aim to beat the market via stock picking. Both approaches have pros and cons.
- **Fund company and manager** – Our existing advisory platform researches the reputation, resources and stability of the fund company and managers. Our broker-dealer has very close relationships with many of the institutions in which we utilize their funds.

Taking the time to research and compare funds across these factors can help us make informed investment choices. We consider your specific needs and goals when weighing these criteria.

To wrap up, proper asset allocation and diversification require research and monitoring, but they are fundamental to managing the risks and returns of an investment portfolio. Working with a us can help develop and maintain an appropriate long-term investment strategy with diversification. If you would like to this further, please reach out to us to schedule a strategy meeting.

*Asset allocation does not guarantee a profit or protect against loss in declining markets. There is no guarantee that a diversified portfolio will outperform a non-diversified portfolio or that diversification among asset classes will reduce risk.

Congratulations Cheryl!

Join us in celebrating Cheryl Stoelting as we share some exciting news from her summer. Cheryl's son Jordan ties the knot in a heartwarming ceremony surrounded by family and friends. Followed by a lovely reception at the Buffalo Museum of Science.

Cheryl and her family also embarked on many adventurous journey's making memories on summer and fall camping trips in their beautiful RV!

Way to go Ben!

Ben has been awarded the Accredited Investment Fiduciary® (AIF®) Designation from the Center for Fiduciary Studies®, the standards-setting body for Fi360, a Broadridge company.



Half of a dozen and counting

Our sweet Lucille had a wonderful summer with family and friends celebrating many events, but mainly the news of expecting her 6th grandchild (Grandson #6)!

CLIENT SPOTLIGHT

Jaco Custom Grinding was started by Albert Bluemle Sr. in 1966 for the purpose of recycling thermoset scrap waste from his employer at the time Durez Plastics in North Tonawanda.

In its early days, Jaco operated as a small-scale venture with a team of 3-4 individuals and a single hammermill dedicated to grinding scrap plastic. This innovative approach allowed them to return the processed material to customers, embodying true recycling principles well before it gained widespread popularity. The success of this endeavor attracted attention, prompting other industrial clients to join in and recognize the financial and environmental benefits of recycling their waste instead of contributing to the landfill overflow.

A pivotal moment for Jaco occurred in 1985, (under the leadership of Albert Bluemle Jr. pictured above) when a research and development specialist from Dupont Corian approached them. This specialist sought specific colors of Corian, a countertop material, to be ground into precise sizes for integration into a new granite-like product they were developing. The collaboration began modestly, starting with 10 pounds each of Black and White Corian.

Over the years, Jaco fostered a unique and robust partnership with Dupont, involving the construction of plants, provision of contract services, and fabrication services, among other contributions. What initially began with a mere 20 pounds of Corian has transformed into a massive operation, now producing millions of pounds annually in over 300 color and size combinations. This extensive support is dedicated to the Corian business in Tonawanda, showcasing Jaco's commitment to excellence.

Jaco takes pride in its enduring association with DuPont, expressing gratitude for the dedication of numerous employees who have played a crucial role in the company's remarkable success.



ALBERT W. BLUEMLE
OF JACO CUSTOM GRINDING, INC.

Kitchen Korner with Lucille Capozzi

Holiday Cheese Ball Wreath

Ingredients:

- 1 pound cream cheese, at room temperature
- 2 cups shredded firm cheese, such as Cheddar, pepper Jack or Colby
- 2 teaspoons Worcestershire sauce
- Kosher salt and freshly ground black pepper
- 1/2 cup pickled piquante peppers, such as Peppadews, finely chopped
- 1/2 cup fresh parsley leaves, finely chopped
- 1/4 cup finely chopped fresh chives

Crackers, sliced bread or crudites, for serving.

Directions:

1. Line the inside of a 6-cup Bundt pan with plastic wrap. Process the cream cheese, shredded cheese, Worcestershire sauce, 1/2 teaspoon salt and few grinds of pepper in a food processor until smooth. Empty the mixture into a medium bowl, and fold in all but 2 tablespoons of the chopped peppers.
2. Spoon the cheese mixture into the prepared Bundt pan; pack it in, spread into an even layer and cover (or simply form the cheese mixture into a ball and wrap tightly with plastic wrap). Refrigerate until chilled, at least 1 hour up to 2 days.
3. Uncover and invert the cheese mold (or unwrap and transfer the ball) onto a serving platter. Sprinkle with the chives and parsley to completely coat the wreath, and garnish with the reserved 2 tablespoons peppers. Serve with crackers, sliced bread or crudites.



WHAT OUR CREDENTIALS MEAN



MBA (Master of Business Administration)

This is a postgraduate degree that focuses on business administration and management. It equips individuals with knowledge and skills needed to effectively manage businesses and make strategic decisions.



AIF (Accredited Investment Fiduciary)

This designation is designed for investment professionals who manage and advise on investment plans and portfolios. It signifies expertise in fiduciary responsibility and the ability to implement investment strategies in the best interest of clients.



CLU (Chartered Life Underwriter)

A CLU is a professional designation for individuals who specialize in life insurance and estate planning. They have expertise in various aspects of life insurance, including estate planning, taxation, and business succession planning.



ChFC (Chartered Financial Consultant)

This designation is geared towards financial professionals who have expertise in comprehensive financial planning. Individuals with a ChFC designation are knowledgeable about various aspects of financial planning, including investments, insurance, taxation, retirement planning, and estate planning.



AEP (Accredited Estate Planner)

This designation is for professionals who specialize in estate planning. It signifies expertise in the field of estate planning, including wills, trusts, gift taxation and other areas related to the transfer of wealth.



CLTC (Certified in Long-Term Care)

This designation is for individuals specializing in long-term care planning. Those with a CLTC designation have knowledge about long-term care services, and planning strategies for individuals who may need assistance with daily activities due to chronic illness, disability, or cognitive impairment.



MOSHIDES FINANCIAL GROUP

Your Guide to Financial *Freedom*

65 Bryant Woods South
Amherst, NY 14228

moshidesfinancial.com

We also recently launched our new, updated website which is full of educational videos, graphic overviews of our planning processes, financial calculators, our weekly market commentary and other useful tools we hope you will take advantage of. We also plan to post new educational videos on topics we think you will find interesting. We invite you to visit moshidesfinancial.com to take a look!

HOW TO REACH US

General Contact Information

Cheryl Stoelting, cheryl@moshidesfinancial.com

Operations Manager and Client Events

716-636-2525 • 716-636-2527 (FAX)

Cassandra McDonald, cheryl@moshidesfinancial.com

Director of Special Projects and Administrative Assistant

Lucille Capozzi, lcapozzi@financialguide.com

Director of First Impressions

Wealth Advisory Services

John C. Moshides, CLU, ChFC, CLTC, AEP, john@moshidesfinancial.com

Founder and Financial Services Professional

Ben Whitford, ben@moshidesfinancial.com

Financial Services Professional

Director of Financial Planning & Asset Management

Jeffrey Wohlfahrt, jeff@moshidesfinancial.com

Director of Financial Planning & Asset Management

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