

MOLDENHAUER & ASSOCIATES

MAY NEWSLETTER

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With winter behind us and a nice spring just starting, I felt it might be time to write this month's newsletter. During April, two dear people, who were long time firm clients, passed away. We all grieve for those families and pray for their healing.

We're off to a great start in 2019. John Ring tells me that our younger team members continue to develop/enhance their skills and capabilities. As I observe from some distance this time of year, the team continues to get better each day. Jennifer and Laura continue to find new ways to improve our service model, enabling the advisors to deliver better work to our clients and provide the service our clients tell us is such a valuable part of working with Moldenhauer & Associates. A year ago, this team was shorthanded and putting in extra time to rise to the occasion. This year, they have made great progress.

I am very grateful for all of the wonderful employees we have at Moldenhauer & Associates. Everyone plays an important role in the work we do for our clients. As much as I hesitate to recognize one employee over the others, I have been hearing about the great work Greg has been doing lately. Brett tells me he has been putting in the extra effort and hours and it is really paying off! Even though our firm is over 45 years old, we continue to be fortunate for our continued and significant growth. Thank you to all of our clients in supporting and encouraging our growth by referring your friends, family members and co-workers to us. Because of this growth, we are always looking to hire people we think will fit well with our employees, and give us the opportunity to be

even better for our clients. We encourage clients and firm friends to recommend people to the firm. If you'd like to communicate directly with me related to possible recommendations, drop me a note at: richm@moldenhauerassociates.com.

Let me share a bit of personal information. Many of you know that I live in Charleston and have been here more than 5 years. I work from a home office in Charleston, with the staff up in Orchard Park assisting me remotely. As I fly in and out of WNY several times a year (and spend a big chunk of summer in WNY), I am learning to work in both locations. The doctors at Duke provided a positive report during my last visit and, each day, I make an effort to lead a complete and normal life. Kathy and I will be in WNY for a week in May. Perhaps, I'll see some of you at the office.

Richard Moldenhauer
Richard Moldenhauer

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THE COST OF PROCRASTINATION

Don't let procrastination keep you from pursuing your financial goals.

Some of us share a common experience. You're driving along when a police cruiser pulls up behind you with its lights flashing. You pull over, the officer gets out, and your heart drops.

"Are you aware the registration on your car has expired?"

You'd been meaning to take care of it for some time. For weeks, you had told yourself that you'd go to renew your registration tomorrow, and then, when the morning comes, you repeat it again.

Procrastination is avoiding a task that needs to be done – postponing until tomorrow what could be done, today. Procrastinators can sabotage themselves. They often put obstacles in their own path. They may choose paths that hurt their performance.

Though Mark Twain famously quipped, "Never put off until tomorrow what you can do the day after tomorrow." We know that procrastination can be detrimental, both in our personal and professional lives. From the college paper that gets put off to the end of the semester to that important sales presentation that waits until the end of the week for the attention it deserves, we've all procrastinated on something.

Problems with procrastination in the business world have led to a sizable industry in books, articles, workshops, videos, and other products created to deal with the issue. There are a number of theories about why people procrastinate, but whatever the psychology behind it, procrastination may, potentially, cost money – particularly, when investments and financial decisions are put off.

As the example below shows, putting off investing may put off potential returns.

Early Bird.

Let's look at the case of Cindy and Charlie, who each invest a hypothetical \$10,000 to start. One of them begins immediately, but the other puts investing off.

Charlie begins depositing \$10,000 a year in an account that earns a hypothetical 6% rate of return. Then, after 10 years, he stops making deposits. His invested assets, however, are free to keep growing and compounding.

While Charlie fills his account, Cindy waits 10 years before getting started. She then starts to invest a hypothetical \$10,000 a year for 10 years into an account that also earns a hypothetical 6% rate of return.

Cindy and Charlie have both invested the same \$100,000, but procrastination costs Cindy, as Charlie's balance is much higher at the end of 20 years. Over 20 years, his account has grown to \$237,863, while Cindy's account has only grown to \$132,822. Charlie's account has not only put the power of compound interest to work, it has also allowed the investment returns more time to compound.¹

This is a hypothetical example of mathematical compounding. It's used for comparison purposes only and is not intended to represent the past or future performance of any investment. Taxes and investment costs were not considered in this example. The results are not a guarantee of performance or specific investment advice. The rate of return on investments will vary over time, particularly for longer-term investments. Investments that offer the potential for high returns also carry a high degree of risk. Actual returns will fluctuate. The types of securities and strategies illustrated may not be suitable for everyone.

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

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

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Citations.

1 - nerdwallet.com/banking/calculator/compound-interest-calculator [12/13/18]

TAKING CHARGE OF YOUR FINANCIAL LIFE

Delegating responsibilities to others may lead to problems down the road.

When you are putting together a household, it isn't unusual to delegate responsibilities. One spouse or partner may take on the laundry, while another takes on the shopping. You might also decide which one of you vacuums and which one of you dusts. This is a perfectly fine way to divvy up household tasks and chores.

One household task it's valuable for both partners to take part in, however, is your shared financial life. It's important, regardless of your level of wealth or stage of life. Counting on one spouse or partner to handle all financial decisions can create a gap for the other partner. Should the one in charge of the money separate, become severely disabled, or pass away, that may leave the other partner in a bind. A situation like that is probably difficult enough without adding additional stress.

A study conducted in April 2018 surveyed 1,662 American couples, covering households where one partner has primary budgeting responsibility as well as couples where the responsibility is shared evenly. For the latter, 87% of respondents indicated that they were "confident" in taking full responsibility, should it become necessary. For the former, only 52% of those partners who were not actively involved indicated that same confidence.¹

Begin the conversation.

If you are the partner who isn't steering the household finances, ask yourself why. It may be that you have preconceived notions about how difficult it might be to educate yourself to make informed decisions. Maybe you know how to do it, but you would simply rather not be bothered. It's also possible that you recognize that your spouse or partner has a particular expertise in these matters and doesn't need your help.

Regardless of the reason, it's probably a good idea that you should at least be able to hop into the driver's seat, should misfortune strike your household. In that unfortunate circumstance, you should feel confident that whatever the reason or the duration, you won't have any unnecessary concerns about managing your household's finances.

For example, what if you have insurance that covers extended care, in case of a severe injury that causes your spouse or partner to be away from work for an indefinite period? How will you be certain that the claim is made? Who will make sure the bills get paid? The job will fall to you.

Getting involved.

The good news is that through communication, regular conversations, and a little effort, you can probably learn what you need to know in order to help yourself in these situations. Part of this, too, may be meeting and getting to know the financial professional who works for your household.

If it's your first time, start simple. You may find worksheets helpful in guiding you on how to plan out a monthly household budget. There's software that may help, but a budget doesn't need to involve anything more than pen and paper, if you prefer. You'll find several worksheets available online. You will also want to talk with your spouse or partner about the monthly budget they use, as it will likely be helpful if you are both on the same page – perhaps, literally.²

The more knowledge you have, the more confident you can become.

Starting the conversation is just the first step. It may take you some time to become comfortable in taking a greater role in the decision-making, but when you do, you may feel more confident if the responsibility ever falls solely to you.

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Citations.

1 - nytimes.com/2019/03/01/business/retirement-finances-couples.html [3/1/19]

2 - thebalance.com/basic-monthly-budget-worksheet-1289585 [3/12/19]



UPCOMING EVENTS:

Our May seminars are at:

The Lumber Yard Restaurant

Thursday, May 16, 2019 at 6 p.m.
18 S. Federal Street
Perry, NY 14520

Terry Hills Golf Course & Banquet Facility

Tuesday, May 21, 2019 at 6 p.m.
5122 Clinton Street Road
Batavia, NY 14020

The Century Manor

Thursday, May 23, 2019
401 E. State Street
Olean, NY 14760

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.

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