

# MOLDENHAUER & ASSOCIATES

## JULY NEWSLETTER

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

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It appears that the pandemic is in the rear-view mirror. Western New York seems to be opening a bit slower than much of America. With the nicer weather in front of us, life should improve.

Well, it has happened. We held two educational seminars in June. One was at the Orchard Park Country Club and the other at Illio's in Hamburg. These are the first we have held since the beginning of the COVID pandemic. They were well attended, and everyone seemed happy. While we will skip July, beginning in August we will be back on a normal schedule, holding two to three seminars each month.

The office continues with the systematic remodeling schedule. With the 1st floor finished, we will have new conference room chairs for the three main conference rooms. Work is starting on the 2nd floor and will probably continue until completed in the fall. We are excited to see signs of a better tomorrow.

I have spoken previously about the negative affect proposed tax law changes may have on a large portion of the American citizen population. While I am not a CPA, I have read, in depth, a variety of articles related to the before mentioned.

Whether you are a business owner, a farmer, a professional, or simply a middle-class citizen who has been prudent and accumulated a net worth, you would be foolish not to be concerned. Whether it is income tax, capital gains, step up in basis, or estate taxes, have a discussion with a competent advisor.

People may say the new rules have not been finalized yet. While that is true, with each passing day the window to protect yourself and those you love is starting to close. Whether you first speak with your financial advisor, your attorney, or your accountant, verify that they have a handle on the proposed rule changes that may affect your planning.

Before I close, let me remind any reader who might have fallen off our regular twice a year review schedule because of COVID or some other reason, our staff is dedicated to serve you. We hope you will call or email our office to get back on a regular service schedule. Please contact your advisor or send an email to [info@moldenhauerassociates.com](mailto:info@moldenhauerassociates.com)

*Richard Moldenhauer*  
Richard Moldenhauer





## INVESTOR SENTIMENT IS SHIFTING

*This year, markets have experienced an odd phenomenon.*

A recent survey shows that 63% of investors are more interested in protecting their financial assets and planning for uncertainty in the future than anything else.<sup>1</sup>

There are many reasons for this change, but here are a few of the most impactful to keep in mind.

### Pandemic worries.

One reason for this shift is directly related to life prior to COVID-19. Nearly two-thirds of those surveyed believe protecting their financial assets and preparing for uncertainty are more important to them now than before the pandemic. Additionally, roughly 45% of those surveyed believe the shift in priorities will last beyond the pandemic.<sup>2</sup>

### Market Rally.

This year, markets have experienced an odd phenomenon, to say the least. Historically, if one sector lags, other sectors often come along that can buoy a portfolio. But recently, the broader market has been trending higher, which appears to benefit a variety of investing styles. This may create further uncertainty moving forward, causing investors to be more cautious than usual.<sup>3</sup>

### What will the Fed do?

As the economy continues to improve, some believe it's only a matter of time before the Fed changes its monetary stance. Investors of course want strong growth but at the same time, they don't want the Fed to raise interest rates if inflation increases for a sustained period of time. As always, it's impossible to predict exactly what will happen, but many believe it will be difficult for the Fed to maintain its current strategy.<sup>4</sup>

## Stay the course.

Your portfolio was built to reflect your goals, time horizon, and risk tolerance. Periods of market uncertainty are expected from time to time, but that uncertainty should not drive a "knee-jerk" reaction with your investments.

As always, if you have any questions about recent market behavior or just want to chat about your portfolio we're here for you.

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

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

The Roth IRA offers tax deferral on any earnings in the account. Withdrawals from the account may be tax free, as long as they are considered qualified. Limitations and restrictions may apply. Withdrawals prior to age 59 ½ or prior to the account being opened for 5 years, whichever is later, may result in a 10% IRS penalty tax. Future tax laws can change at any time and may impact the benefits of Roth IRAs. Their tax treatment may change.

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Citations.

1. Financialadvisoriq.com, April 22, 2021
2. Financialadvisoriq.com, April 22, 2021
3. Cnbc.com, April 19, 2021
4. Cnbc.com, April 19, 2021



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## INFLATION & THE REAL RATE OF RETURN

*Is your money gaining or losing purchasing power?*

The real rate of return is an important personal finance concept to understand.

It's the rate of return on your investments after inflation. The real rate of return indicates whether you are gaining or losing purchasing power with your money.

So with inflation checking in at a 5% annual rate, does that mean any investment with less than a 5% rate of return is losing purchasing power?<sup>1</sup>

That's where it gets a little complicated.

In theory, any investment with less than a 5% rate of return may lose purchasing power. But the financial markets are giving mixed signals about how long they expect inflation will stay at its current level. Fed Chair Jerome Powell has indicated that the inflation numbers we are seeing won't be long lasting and can be attributed to improving economic conditions.<sup>2</sup>

In the end, the real rate of return is only one factor to consider when building a portfolio. Your time horizon, risk tolerance, and goals are the primary drivers.

We work with financial professionals who monitor inflation to determine whether it's here to stay or whether it may start to trend lower. But if inflation is starting to worry you, please reach out. We'd welcome the chance to hear your thoughts.

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Citations.

1. CNBC.com, June 10, 2021
2. CNBC.com, May 3, 2021



## WHAT CLIENTS SAY

This past week I had lunch with an old dear friend and client. During our conversation, he told me a couple of nice things about our staff and advisors; the folks that provide him ongoing service. The comments were about the skills of the staff and the competence and concern of their service advisor. It made me feel good.

Then they shared that they sent their close friends to a seminar. I asked why and they said that the friend had lost confidence in their previous advisory firm. They felt the only time they saw or heard from their past advisor and firm was when they wanted to sell them something.

When I started working in this business, I was 26 years old and fresh from military service in Vietnam. At that time, I believed financial people should study their craft and provide the best honest service they could provide. If anything, the world has become more complex and solid financial advice and service is more important than ever.

This is our purpose; it is why our firm has been successful. As always, I hope all clients stay on a regular service cycle. If for any reason, you are not seeing us on a regular basis, please try to get back on schedule. Years ago, when I was the primary speaker at seminars, I always said "people do not plan to fail they simply fail to plan". Procrastination is a serious affliction that can destroy the very best of intentions.

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## UPCOMING EVENTS:

Our upcoming seminars are at:

### Bravo Café & Catering

Tuesday, August 10, 2021 at 6 p.m.  
5781 Seneca Street  
Elma, NY 14059

### JP's Pub

Thursday, August 12, 2021 at 6 p.m.  
1986 Lakeview Road  
Lake View, NY 14085

We encourage clients who live in the area to consider attending with a friend or two. We find that the best way to introduce new potential clients to our firm is when an existing client brings a friend to one of our seminars. As you know, these are informational/educational events. We are not there to convince people that we are the only firm to consider working with. Rather, we do believe that our firm offers a quality opportunity for those people looking for a new advisor relationship. Please consider attending an upcoming seminar in your neighborhood with a friend. You may register for a seminar by calling 716-662-4361 or through our website at [www.moldenhauerassociates.com](http://www.moldenhauerassociates.com).

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