



# ELSASS FINANCIAL GROUP, INC.

Investments, Insurance, Retirement & Estate Planning Services

Year~End 2008 Newsletter

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## From My Desk

We would like to touch base with you on recent events in the investment markets and our thoughts for you at this difficult time. We would also like you to consider a few recommendations we are making at this time.

One of the by-products of the "credit crisis" is that nearly all investment classes, not just stocks of financial companies, have been punished. Indeed, international and emerging markets in particular are down significantly in recent months.

Going forward, we are encouraging all of our clients to take a close look at their tolerance for risk as demonstrated by recent market activity. Obviously it is one thing to intellectually accept risk; it's another thing to experience it. The difficult decision is to decide how you want to behave as an investor going forward.

What makes this a difficult decision is that markets change quickly, as we have seen. Historically, moves to the upside come just as fast and strong as downside moves, and usually when investors least expect, and generally in hindsight. This is why asset allocation and "staying the course" are keys to having a productive portfolio over a multi-year time frame.

The obvious downside to maintaining your equity allocation is that there is a high probability of continued pain over the "short term" which could be a year or more (not that we know...). The upside to maintaining your positions is that when the recovery comes (and it will at some time) you will be rewarded for your steadfastness.

The downside to making a significant shift to an asset preservation mode is that you will lock in your account value with little chance to participate in the next market move up (whenever that is) and you may threaten your long term goals. The upside to such a move is it will provide a greater chance to preserve current account values and may prove more emotionally satisfying.

One thing that could prove to be treacherous is to try and "time the market" and try moving between preservation and "opportunity" based on 4-8-12 week conditions. If you decide your tolerance for risk is not as high as your current portfolio allocation, we need to think of any changes as being a 12 - 24 month commitment.

*Continued on back*

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#### Serving members by appointment only at:

- Canton Police & Firemen's CU - Canton
- Community One CU - N. Canton/Canton
- Golden Circle CU - Massillon/Canton/Alliance
- Summit Federal CU - Akron/Salem
- Superior Savings CU - Massillon

### What Would MacGyver Do?

The following items are in MacGyver's "Toolkit for Tough Economic Times". They can also help you weather the difficult financial times we are ALL experiencing.

**Scissors - Watch your expenses:** Cut "extras" where you are able to until the economy picks up again. When you must make purchases look for sales, there will be a lot of them through the end of the year (and beyond).

**Piggy Bank - Save more than last year:** Increase your contributions to your 401(k), IRA, or other savings and retirement accounts. Make sure you're well diversified (see *Spy Glass*).

**Calculator - Do your tax planning BEFORE the end of the year:** Make your gifts and donations before December 31<sup>st</sup>; this will help with your tax bill on April 15<sup>th</sup>.

**Tape Measure - Plan to work longer than you had planned:** This will increase your SS check and hopefully your 401(k) and other savings, giving you additional funds for retirement. It might just make you feel better and help you to live a longer, more fulfilling life.

**Spy Glass - Review your investments with us:** Small changes in your allocation of funds now may help you take advantage of the market recovery that always follows these downturns. We're happy to help you review any of your accounts and options help you to determine an allocation that will meet your investment goals, objectives, and time frame.

**Duct Tape & WD-40:** Turn off your TV . . . Go do something that you enjoy!



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### **Financial Organization Kits**

The end of the year is a great time to get your financial records in order.  
We still have a number of these kits available; want one? Give us a call, we'll send one to you.

*Cont from Kevin's Desk -*

SO, what are we recommending? No matter what your feelings toward risk, asset allocation, etc. cash is always king. Take a look at your cash flow needs over the next 12 months. Don't factor in any debt/line of credit opportunities as a stop gap measure. If you think there is any possibility of needing cash from your portfolio (err on the side of "more than enough") then let's take a look at the best way to make that cash available in your accounts and get it into a safe environment.

Secondly, we would like you take this time to review your overall financial planning. As we all know, things in our lives change and lately we have been receiving a number of client requests to revisit goals and strategies. If you, like many others, also have questions about your situation, we have placed a brief, one-page questionnaire on our website, [www.elsass-efg.com](http://www.elsass-efg.com), that asks you to assess your current state. Please take some time to answer it the best that you are able and share your answers with us. Our position as your financial resource and sounding board is not limited to providing investments, it is also to help you define and achieve your goals.

Lastly, give us a call and let's talk about how you are doing, what your thoughts are and see what makes the most sense for you. If we're not available when you call, it's because we're on the phone, but leave a message and we'll call you right back.

### **2008 RMD Deadline Approaching**

Are you OK on your Required Minimum Distribution (RMD) for 2008? If you're 70½ or older and have IRA's you must take out a required minimum amount annually. Give us a call if you have any questions about this or would like help figuring out what you need to pull from your accounts.

### **2009 Rule Updates for 403(b)'s**

There are many updates to how 403(b) plans are to be run in 2009. . . . Please check out our website for details and much more valuable information:

[www.elsass-efg.com](http://www.elsass-efg.com)



### **SEASON'S GREETINGS!!**

from the **ELSASS FINANCIAL GROUP** ~  
*Bill, Marli, Eric, Karl, Kevin,  
Colleen, Jonee & Cheryl!!*

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