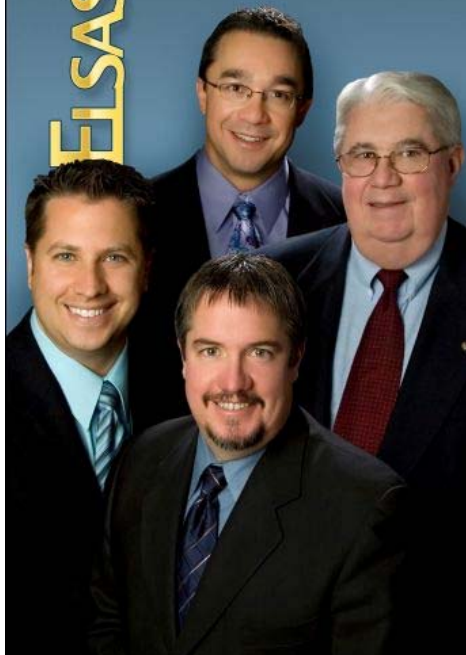




Generations
of
Trusted
Advice



KARL ELSASS, CFP®, AIF®, CLU®, ChFC®
ERIC ELSASS, LUTCF
KEVIN CHIU, CFP®, MBA
BILL ELSASS, CLU®, ChFC®, CASL®, LUTCF
DICK CLAUSS, LUTCF (not pictured)

ELSASS FINANCIAL GROUP Offices:

Wadsworth:*



125 West Boyer St., Wadsworth, OH 44281
330.336.9292 ♦ 800.886.8334
330.336.1418 Fax

Canfield:



132 S Broad St, Ste 202, Canfield, OH 44406
330.702.9950 ♦ 866.702.8334
330.702.9951 Fax

Risk:

The Economy, The Markets, and My Twin Boys

KARL E. ELSASS

I have learned a great deal from my boys over the years; and most recently, I gained some further insight on the subject of risk. This summer, I had the opportunity and joy to watch my two sons try things that they have done before, as well as face a few great, new challenges that they had not experienced in the past. It was very interesting to watch how they each viewed the challenges, how they reacted to them, and what they gained from them. Although they share a birth date, a bedroom, and so many experiences through their 10 years, they are both very different in many ways. Knowing that taking on risk is often necessary for gain (reward or profit), I noticed how my boys view and experience risk.

One of the adventures where I saw these issues this summer was when we went rappelling. From the top of the first cliff where we started, and from where we could not see the bottom, I began watching my boys very closely. First, because as I said, we could not see how far down it was! However, after that, I was watching their reactions, the questions they asked, and the expressions on their faces. From the small group of us on top of the cliff, the guide asked who wanted to go first. It was no surprise to me my one son wanted to go first and instantly raised his hand. The guide talked carefully about the ropes, the knots, the safety block, the route, and what to expect. This son listened intently, got connected to the rope, and happily walked over the edge of the cliff without any hesitation. My other son watched carefully, and although he knew what to expect, he found he was much more nervous than he thought. He struggled with his fears some when he started, but when he was done, he was thrilled! He also had a ton of more confidence. With each rappel, he understood what to expect, just a little better.

When I look back at this experience, I see how they and other people view and experience risk differently. This is something I have learned about and seen with clients before, but was reinforced with this experience with my sons. There are some people who look at a situation, calculate the risk, and then welcome it -- as they know what to expect. There are others, who even though they know what they might expect, they find themselves nervous and concerned in different situations.

From my standpoint, I also know some calculated risks are good. Although some of what we have seen recently from Washington and the economy gives all of us some pause, try to take a look at the bigger, long-term picture of risk. For my sons to experience some of the joys, such as rappelling this summer, they first had to take some risks. Risks and uncertainties are inevitable with investments. Actually, they often create the opportunities that drive the growth we all are seeking. This seems again to be one of those times of uncertainty. However, look to your past. Try to gain from perspective of how things went through other times of uncertainty. We have been through many over the past 20 years. We might experience pain and fear in the short-term, but try to keep focused on your long-term goals.

If you wish to discuss the economy and the markets, please feel free to call our office. We can talk about your long-term plans and goals, but also share some insight we hear about the current situation and what you might expect during this most recent time of uncertainty. Risks are inevitable, but they often create great opportunities.

3 Steps to protect yourself from "Facejacking"

*From CounterMeasures, A Trend Micro Blog
Trend Micro Inc*

Article from Rik Ferguson

It's sometimes difficult to believe but our social networking accounts have become, in many cases, a part of our lives which we entrust with a wealth of sensitive information and personal correspondence. Social media is rapidly overtaking email and instant messaging as the preferred communication medium of a generation, our personal and professional lives coexist within a single inbox that holds in some cases not just our messages but also our more frivolous chats.

Facebook has built in some great features to stop even a person who has your password from accessing your account, this stuff isn't new, it's just underused and under-publicized. If you regularly log in from the same device or devices, you can train Facebook to recognize those machines. You can ensure that if someone tries to log in from an unrecognized device that you are notified immediately (if you're logged in). You can even make that person enter a code that will be sent as an SMS (text message) to your registered mobile phone.

- 1 – Log into Facebook and in the top right drop-down **Account** menu select "**Account Settings**".
- 2 – In the **Settings** screen that appears, click the **Edit or Change** link next to "**Account Security**".

Make the following changes:

- a - Tick the box to **enable secure browsing**, this will ensure that your communication with Facebook is always encrypted where possible and guard and password stealing tools like Firesheep.
- b – Under **Login notifications**, select whether you would like an email or SMS notification when an unrecognized device tries to access your account.
- c – Under **Login approvals** tick the box to have a security code sent to your mobile device, and you're all set. Even if someone knows your password, they still won't be able to login without the security code.

If you would like more information on protecting yourself from other various scams, please visit our website at www.elsass-efg.com and click on *Consumer Protection Information*.

Registered Representatives, Securities offered through Cambridge Investment Research, Inc., a Broker/Dealer, Member FINRA/SIPC.
Investment Advisor Representatives, Cambridge Investment Research Advisors, Inc., a Registered Investment Advisor.
ELSASS FINANCIAL GROUP & Cambridge are not affiliated.

NON-DEPOSIT INVESTMENT PRODUCTS ARE:

NOT FDIC OR NCUA INSURED • NOT OBLIGATIONS OF OR GUARANTEED BY A CREDIT UNION • INVOLVE INVESTMENT RISK • MAY LOSE VALUE.

*Office of Supervisory Jurisdiction located at: 125 West Boyer Street, Wadsworth, Ohio 44281

Roth IRAs and Roth Conversions

KARL E. ELSASS

In some ways it seems like Roth IRAs have only been around for a few years; however, they were set in to law 14 years ago in 1997. The theory and benefit of a Roth IRA is, that although you pay taxes on the contributions now, any future growth would be tax free. This is opposite of the traditional IRA where you typically deduct your contributions from taxable income when contributed, but pay tax when distributed in the future.

Most often clients establish a Roth IRA with annual contributions. In 2011, you can contribute \$5,000 if you are under 50 years old, and \$6,000 if older than 50. However, there is another way to establish or fund a Roth IRA -- converting a Traditional IRA to a Roth IRA. Again, although you would pay tax on the conversion value in the year you convert, the benefit would be that future growth and distributions would be tax free.

I remember in 1997, there was a significant discussion on whether one should convert their Traditional IRA to a Roth IRA. Over the past 14 years, we have seen interest in conversion come and go with different economic situations and political environments. Recently, we have seen an increased interest in the topic and felt the newsletter might be

a good venue for some general discussion. With the real possibility of tax rates being higher in the future, Roth IRAs could be even more valuable.

The question of 'to Roth or not' has a number of factors required for evaluation -- age / time frame, tax rates (now and future), other household taxable income, the amount and timing of the distributions planned from the accounts, and even some other factors such as other taxable deductions can play a factor. Although I often feel the best place to be in these situations is with a balance of accounts (if possible holding traditional IRAs, Roth IRAs, and individual or joint accounts), each client situation is different.

If we have not discussed this issue with you before, and you would like us to help you evaluate the benefit of a Roth or Roth conversion, please call our office. We would be happy to send you a brochure discussing Roth IRAs and Roth conversions. Or better yet, set a time for an appointment to review this involved discussion in person.



ELSASS FINANCIAL GROUP, INC.
125 WEST BOYER STREET
WADSWORTH, OHIO 44281

Market Update — 8/8/11:

I wrote the main article for this newsletter a few weeks back. As I write this now, the stock market indices are down 15+% from their recent highs. This is certainly a correction and one that affects many accounts. Most client accounts are actively managed, are not down as greatly as the market as a whole, and are actively doing things to try to help manage risk and maximize returns going forward. If we have not already done so, we would be happy to review your accounts and discuss this very recent market volatility. Please give our office a call.

Karl

DON'T FORGET... 2011 RMD

Have you satisfied your Required Minimum Distribution (RMD) for 2011?

If you are 70 1/2 or older and have IRAs, 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 the amount you are required to take.

Want to de-clutter your mailbox?

If so.....give us a call and we can help you receive information regarding your various accounts by e-delivery. This is a secure way to view confirmations, statements, and prospectuses. We also offer our newsletter by email. If you would like to receive our newsletter quarterly in the future by email, please email us at paperless@elsass-efg.com and we will be happy to email you a copy.

THANK YOU!

Our clients' referrals are the best thanks that we can receive.

If you know someone we can help, please give them our name. Also, we encourage you to share our newsletter or invite your family and friends to visit our website at www.elsass-efg.com.