



Elsass  
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GENERATIONS  
of  
TRUSTED ADVICE

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## What is in Your Best Interest?

Kevin Y.T. Chiu

Can you believe it is already November? I know it's a cliché, but time really does seem to go more quickly with each passing year. The coming year promises to be eventful with the election of a new President and all that this change entails. There are also some significant regulatory issues that are going to have a dramatic effect on the investment advisory business. Indeed, these changes are already being felt at some large, national investment firms.

Effective April, 10, 2017, the Department of Labor will be implementing new rules requiring all who provide retirement investment advice to retirement plans, to the plan fiduciaries, and to IRA's to abide by a "fiduciary" standard - putting their clients' best interest before their own profits.

Currently there are two standards of care in the financial industry. The majority of the public does not understand the two different rules under which financial advisors operate. Failing to be aware of this difference can have negative financial impacts.

Registered Investment Advisors (and their Investment Advisor Representatives) adhere to the fiduciary standard. Registered Investment Advisors (RIA) or an ERISA appointed Fiduciary operating under the "Fiduciary Standard," must:

- ✓ Put the client's best interest first.
- ✓ Act with prudence; that is, with the skill, diligence and good judgment of a professional.
- ✓ Not mislead clients; provide full and fair disclosure of all important facts.
- ✓ Avoid conflicts of interest.
- ✓ Fully disclose and fairly manage, in the client's favor, unavoidable conflicts.

Alternatively, the "suitability standard" requires that a broker, or Registered Representative, make recommendations that are suitable based on a client's personal situation, but the standard does not require the advice to be in the client's best interest.

So, how does this regulatory change effect our clients? Clients at certain large, national firms are already finding out that those companies will no longer work with them in the ways they always have and are being forced to change or move their accounts.

Here at the Elsass Financial Group, it has always been our philosophy to perform our duties with our clients' best interests at heart. In fact, as Certified Financial Planners®, we must pledge to only work as a fiduciary with our clients, even if previous regulations did not require it. Now, this does not mean that we won't have to make some changes for some of your accounts or that you won't experience some changes in the way we will be required to address certain types of retirement accounts. Unfortunately, at this time, the specifics of what some of these changes entail have not been finalized. We are working closely with our brokerage firm, Cambridge Investment Research, so that we will be able to continue to provide our services to you in the most seamless way possible. Cambridge has committed tremendous resources to designing these processes and we will be communicating directly with any of you who will be affected by these changes.

While we are somewhat concerned about the implementation of the new regulations and unintended consequences, we support the philosophy that all advisors should act in their clients' best interest. Stay tuned for updates as they occur.

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

## NEED A GIFT IDEA ?

If you are charitably inclined and/or you are in need of some tax breaks before the end of the year, gifts to charity can be an excellent way to achieve these ends.

In a previous newsletter, we discussed the Qualified Charitable Distribution. This is an option for IRA owners who are age 70 ½ or older. This technique allows funds to be paid directly to a qualified charity from an IRA and for that amount to be excluded from your adjusted gross income (AGI). This may preserve certain exemptions and deductions or limit increases in premiums for Medicare Parts B and D.

Another technique is to gift shares of stock that have increased (appreciated) in value. This is typically done from non-retirement accounts and enables one to transfer stock directly to a qualified charity and receive a charitable tax deduction without selling the stock first and incurring capital gains taxes.

If you prefer to gift money to your family, there are some techniques to maximize these gifts and avoid taxation. A person may gift up to \$14,000.00 per year to any one or

more individuals, with no limit on the number of these gifts. A married couple may gift \$28,000.00 to any one or more individuals per year, if done properly. For very large gifts, it is possible to make what amounts to a five year gift (up to \$70,000) if the funds are deposited directly into a 529 college savings plan.

Please give us a call if you would like more information on these techniques.

Since we cannot provide tax advice, we would encourage you to consult with your tax professional as well to see which strategy would work best for your situation.

**ARE YOUR ACCOUNTS MEETING YOUR GOALS?  
ARE YOUR BENEFICIARIES UP TO DATE?  
HAVE YOU RECENTLY MOVED, OR CHANGED  
JOBS?**

**GIVE US A CALL TO SET UP AN APPOINTMENT  
TO REVIEW YOUR ACCOUNTS AND BRING  
YOUR FILES UP TO DATE !**



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We thought we would introduce a new section to our newsletters, a sort of personal profile for one of us here at the Elsass Financial Group. Yours truly was selected to be first, so I will begin by telling you that I am very thankful to be wrapping up my 18<sup>th</sup> year with the group. It has been quite a ride from the late 1990's tech bubble (anybody remember that?) to the present. I truly believe that Karl and I help people and every day brings new challenges. My kids have grown up quite a bit and have made me very proud to be their dad. Alex is now a senior at Ohio University and will hopefully graduate in May of next year. If you know of anyone looking for a multi-lingual, travel savvy person, he's your guy. Ally is a junior at Youngstown State and was just accepted into their dental hygiene program, a kind of big deal since it is very competitive and she worked extremely hard for the last two years to make it. Riley is a freshman at YSU, majoring in Biology and she hopes to be working in neuro-research and maybe help find a cure for neuro-muscular disease, like ALS. Hey, why not her? Our baby, Kate, is a freshman at Canfield High School and just finished up her first season in the marching band. She did great, had a good time and the band was undefeated this year. Lynn is in her 29<sup>th</sup> year teaching elementary special education and is one of those fortunate people whose profession is their true calling. I don't think I could do her job for one day. I am looking forward to the coming year and to catching up with many of you. Best wishes to you all in the coming holiday season, I hope you'll be surrounded by those you love. Speaking of which, here is a shot of the crew from last year:



***The highest compliment our clients can give us is to recommend us to their family and friends. We appreciate your referrals !!***