Newsletter
Winter 2017

Elsass Financial Group, Inc.

GENERATIONS *of* TRUSTED ADVICE

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2016 and the New Year (of Risk)

Karl Elsass

You may not have thought about it this way, but through our lives, we balance risk and reward, not just in investing, but in nearly all other aspects of our life.

I have been thinking about this recently in a few different situations related to my boys. They are learning to drive at the moment, and besides helping to usher in some grey hair, it makes me think of risk. They (or their mother and I) could choose to postpone this process until they are older, or maybe even until self-driving cars are mainstream – wanting to lower the risks. Also thinking of risk, we were hiking recently and due to the weather conditions, we needed to put extra non-slip straps on our shoes. We could have chosen to stay inside and not go out and see the beautiful, snow covered trails, for fear of a possible fall. Or, with our 'yak tracks' straps on our shoes, we could go out and see the beautiful winter scenery. As you can see where I am going with this, sometimes we need to take a little risk, to achieve some type of reward. Whether it is an experience, a view, transportation, or investments.

This is somewhat of a good analogy of our investment philosophy. We believe clients should not hide in fear by being completely out of the market. We feel there has needed to be, and should continue to be, a balance of taking a little bit of risk in order to achieve some benefit / return. However, 2016 was full of situations where the market's volatility created a sense of uncertainty. In the case of investments, this risk means volatility (or specifically the risk of down markets and account values). We feel some of these risks may still be present in 2017, and some others might have been pushed out a bit in to the future. However, we feel they are still there. We don't want this to sound negative or pessimistic, especially because we are actually cautiously optimistic. However, in trying to manage the risk / return situation, we need to certainly continue to consider these risks.

In 2016, for many of our clients, we utilized one or a combination of a few strategies to address investment risk One strategy is to lower the portfolio risk level to decrease the potential downside (and potential upside). The second is to utilize the risk mitigation strategies we have spoken of in previous newsletters. Third, we have utilized some third party money managers who actively adjust their portfolios under different conditions. These strategies can decrease the overall risk, but can also possibly decrease the potential return in certain situations. There may be time frames where the portfolio returns are flat or lag the overall market as a result of preventing a catastrophic downturn.

The 24 hour news cycle adds to this confusion, by sensationalizing daily events which can make things *seem* better or worse than they really are. Also, their focus on a specific index, such as the Dow Jones or S&P 500, may not really be a good comparison for most investor's portfolios which typically are made up of a mixture of stocks and bonds. Even when I hear someone say, "we'll go to cash" to avoid risk – I always say (or think), there is still a risk of inflation or other opportunity costs that are present. There will always be risks to manage, one cannot typically avoid risk without also giving up returns. We just need to find the proper balance of risk and possible reward that best matches our individual client's ability to weather the ups and downs of the market and achieve their goals and objectives.

If we have not recently had this discussion in person (or over the phone), and you would like to review your risk / reward situation and how your portfolio has done, or might react in the future, please contact us for a review.

Even if we have spoken in the past year, but not in the past few months, and you have questions about interest rates, or the markets; contact us any time. We want you to feel comfortable with your portfolio and that it is on track to achieve your goals.

Fraud Alerts

There seems to be an uptick in different types of consumer fraud in the past few years, and in doing some research on the subject, I am really quite concerned by this trend.

The types of fraud are varied, and I was not only concerned with the rapid growth rates I found, but also the different types of fraud I knew nothing about. We have had some clients and family members have the unfortunate experience of being connected to some sort of fraud.

Identity theft is still very high on the list, and protecting your personal information is as important as ever. However, there are other scams such as: fake debt collection phone calls, fake prize / sweepstakes / government grant / lottery scenarios, and imposter scams that all seem to involve believing the person on the phone or computer is different than who they truly are. If something does not seem right, or is out of the normal for communication with that person or company, be extra careful and do not hesitate to verify. Here are some quick tips:

- ✓ Check out the Federal Trade Commission -- https://www.consumer.ftc.gov/scam-alerts
- ✓ If you have any question of the identity of a caller (or a text), quickly tell them you will call them back on the number you have for them. Most likely you will have a number for the person or business that is calling you. If not, you should not be giving any personal information to them.
- ✓ For additional resources on identity theft, look to: https://www.consumer.ftc.gov/features/feature-0014-identity-theft
- ✓ Also, you can check your local police department website as well. They often have helpful updates.

As always, if something seems too good to be true, be extra careful. If something does not sound or feel right, be sure to ask a few different trusted advisors (your CPA, lawyer, us at EFG, family members, or the policy department). Even though technology is making it easier for some scams to occur, it is also making it easy for us know about some of the new different scams. Be sure to take advantage of the resources you have. You can never be too careful!

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

GIVE US A CALL TO BRING YOUR FILES UP TO DATE !

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Last newsletter we started adding a personal note on one of our families here at EFG. This time around, it is my turn – so here goes! Michelle and I celebrated our 23rd wedding anniversary last fall. It is amazing to think that our 25th is now less than 2 years away. Michelle is busy as ever with teaching and helping keep up with the boys. She is the reason I am able to juggle work and family like I do. I could not do it without her. The boys are 15 years old, soon to be 16, and are finishing up their 10th grade year at Wadsworth High School. Henning is involved with running and runs cross country in the fall and track in the spring. Jacob is heavily involved in soccer. He is on the high school team in the fall, and then during the winter and spring, plays with a club team from Canton. They both also play in the high school bands and are involved with a number of other groups. I could not be more proud of them. They juggle crazy schedules including academic classes which consist of honors and AP classes, while playing in band and doing their sports. They work hard at everything they do! This year, we had a great family challenge – to run a 5K running race each month of the year. Actually, not only did we do that, we also ran a 15K in Columbus and Michelle ran the half marathon in Akron. Running as a family has been such a fun thing to do together. I am truly blessed.

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