

# CARITAS FINANCIAL



Second Quarter 2018

## Larry's Reflection

Songbirds are highly skilled in the beautiful music they make. Did you know there are some 9,000 known species of birds? <sup>1</sup> About 4,000 are classed as songbirds. <sup>2</sup> There are also many Financial Advisors that have obtained just the required securities registration. Caritas Financial Consultants can be likened to the songbird virtuosos for they go beyond the required designations. The Financial Consultants of Caritas have a medley of professional designations which demonstrate core competencies such as the Certified Financial Planner™ (CFP®), Chartered Financial Analyst (CFA®), Chartered Alternative Investment Analyst (CAIA®) and Accredited Investment Fiduciary (AIF) designations.

The songbird songs have a great variety and that too describes the Caritas team. According to the All About Birds Organization some birds hatch knowing what songs they will sing but a true songbird has to learn how to communicate effectively. As a team we have various skillsets and we learn from each other. As the many individual sounds of the songbird, Caritas strives to blend our skills to serve you better, our clients.

Not everyone is aware of all it takes to deliver the Caritas client experience. Behind the Caritas Approach is a team that works hard at ensuring each client is properly serviced. Caritas employees work together to prepare and execute each client strategy meeting. The Financial Consultants deliver the client's final strategy and plan thanks to a wonderful support staff.

We want you to know that just like we enjoy listening to the songs of the songbirds, we appreciate working with you, our clients!

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*"I can't change the direction of the wind, but I can adjust my sails."*

-Jimmy Dean

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### Brain Teaser:

I can travel from there to here by disappearing, and here to there by reappearing. What am I?

### Last Newsletter's Brain Teaser:

Q: I start with M and end with X. I have a never ending amount of letters. What am I?

A: Mailbox

## In This Issue

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<sup>1</sup>[www.amnh.org/about-the-museum/press-center/new-study-doubles-the-estimate-of-bird-species-in-the-world](http://www.amnh.org/about-the-museum/press-center/new-study-doubles-the-estimate-of-bird-species-in-the-world)

<sup>2</sup> [www.britannica.com/topic/browse/animals/birds/songbirds](http://www.britannica.com/topic/browse/animals/birds/songbirds)

<sup>3</sup><https://www.allaboutbirds.org>

## Market Update

A theme that may garner more attention this year is that certain economic and market indicators may have peaked, and that we may have seen the best out of this expansion. However, the context is critically important here. Reaching these points with a strong economic backdrop is expected and indicates the potential for continued growth; in addition, historically, we've seen an average of four more years of stock gains after triggering these market signals. So, although we are in the later stages of the economic cycle, we don't believe a recession is looming.

Against this backdrop, we maintain the forecasts we set forth at the beginning of 2018, following the passage of the new tax law. We expect up to 3% gross domestic product growth for the U.S. economy, with tax cuts, government spending, and deregulation measures providing support. As expected, accelerating economic growth and rising interest rates continue to pressure bonds. We maintain our forecast of flat to low-single-digit returns for bonds (as measured by the Bloomberg Barclays U.S. Aggregate Bond Index), but believe high-quality bonds may provide diversification benefits for investors' portfolios.

We expect strong earnings to remain the key driver of stock gains, thanks to the benefits of the new tax law. Given that we are in the later stages of this economic cycle, with factors such as increased trade tensions and geopolitical uncertainty at play, we do expect greater volatility may be ahead. But it's important to remember that experiencing these ups and downs is a normal aspect of our market environment. Overall, we expect to see continued economic and market growth in 2018 and beyond.

*The opinions voiced in this material are from LPL Research and for general information only and are not intended to provide specific advice or recommendations for any individual security. To determine which investment(s) may be appropriate for you, consult your financial advisor prior to investing. All performance referenced is historical and is no guarantee of future results. Indexes are unmanaged and cannot be invested into directly. Economic forecasts set forth may not develop as predicted. There is no guarantee that a diversified portfolio will enhance overall returns or outperform a nondiversified portfolio. Diversification does not ensure against market risk. Investing involves risks including possible loss of principal. No investment strategy or risk management technique can guarantee return or eliminate risk in all market environments. Bonds are subject to market and interest rate risk if sold prior to maturity. Bond values will decline as interest rates rise and bonds are subject to availability and change in price. The S&P 500 Index is a capitalization-weighted index of 500 stocks designed to measure performance of the broad domestic economy through changes in the aggregate market value of 500 stocks representing all major industries. The Bloomberg Barclays U.S. Aggregate Bond Index is a broad-based flagship benchmark that measures the investment-grade, U.S. dollar-denominated, fixed-rate taxable bond market. The index includes Treasuries, government-related and corporate securities, MBS, ABS, and CMBS.*

## Caritas Photo

### Album



Ev and Penny recently joined friends and family for a surprise retirement celebration at The Wild Goose



Caritas Financial weekly staff meeting

## Looking Ahead:

### Upcoming Events:

#### Medicare Seminar

Thursday, August 16th  
5:30 pm register - 6:00 pm  
presentation

#### Annual Client Appreciation Clambake September

#### Preparing for Your Retirement

Thursday, September 20th  
5:30 pm register - 6:00 pm  
presentation

#### Social Security September

#### Long Term Care with an Elder Law Attorney October

#### Antique Roadshow

Thursday, October 25th  
5:00 pm Check item in - 6:00  
appraisals begin

#### Estate Planning November

*Please confirm the location of  
each event before attending.*

*Check our website and Facebook  
page for our upcoming events. If  
you have not already, please "Like"  
us on Facebook!*

For more information contact  
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Source: Dimensional Fund Advisors LP. Indices are not available for direct investment. Their performance does not reflect the expenses associated with the management of an actual portfolio. There is no guarantee investment strategies will be successful. Investing involves risks including possible loss of principal. Investors should talk to their financial advisor prior to making any investment decision. There is always the risk that an investor may lose money. A long-term investment approach cannot guarantee a profit.

All expressions of opinion are subject to change. This article is distributed for informational purposes, and it is not to be construed as an offer, solicitation, recommendation, or endorsement of any particular security, products, or services. Investors should talk to their financial advisor prior to making any investment decision.

## Tuning Out the Noise

### For investors, it can be easy to feel overwhelmed by the relentless stream of news about markets.

Being bombarded with data and headlines presented as impactful to your financial well-being can evoke strong emotional responses from even the most experienced investors. Headlines from the "lost decade" can help illustrate several periods that may have led market participants to question their approach.

**May 1999: Dow Jones Industrial Average Closes Above 11,000 for the First Time**

**October 2002: Nasdaq Hits a Bear-Market Low of 1,114**

**March 2000: Nasdaq Stock Exchange Index Reaches an All-Time High of 5,048**

**September 2005: Home Prices Post Record Gains**

**April 2000: In Less Than a Month, Nearly a Trillion Dollars of Stock Value Evaporates**

**September 2008: Lehman Files for Bankruptcy, Merrill Is Sold**

While these events are now a decade or more behind us, they can still serve as an important reminder for investors today. For many, feelings of elation or despair can accompany headlines like these. We should remember that markets can be volatile and recognize that, in the moment, doing nothing may feel paralyzing. Throughout these ups and downs, however, if one had hypothetically invested \$10,000 in US stocks in May 1999 and stayed invested, that investment would be worth approximately \$28,000 today. When faced with short-term noise, it is easy to lose sight of the potential long-term benefits of staying invested. While no one has a crystal ball, adopting a long-term perspective can help change how investors view market volatility and help them look beyond the headlines.

### THE VALUE OF A TRUSTED ADVISOR

Part of being able to avoid giving in to emotion during periods of uncertainty is having an appropriate asset allocation that is aligned with an investor's willingness and ability to bear risk. It also helps to remember that if returns were guaranteed, you would not expect to earn a premium. Creating a portfolio investors are comfortable with, understanding that uncertainty is a part of investing, and sticking to a plan may ultimately lead to a better investment experience.

However, as with many aspects of life, we can all benefit from a bit of help in pursuing our goals. The best athletes in the world work closely with a coach to increase their odds of winning, and many successful professionals rely on the assistance of a mentor or career coach to help them manage the obstacles that arise during a career. Why? They understand that the wisdom of an experienced professional, combined with the discipline to forge ahead during challenging times, can keep them on the right track. The right financial advisor can play this vital role for an investor. A financial advisor can provide the expertise, perspective, and encouragement to keep you focused on your destination and in your seat when it matters most. A recent survey conducted by Dimensional Fund Advisors found that, along with progress towards their goals, investors place a high value on the sense of security they receive from their relationship with a financial advisor.

Having a strong relationship with an advisor can help you be better prepared to live your life through the ups and downs of the market. That's the value of discipline, perspective, and calm. That's the difference the right financial advisor makes.

1. For the US stock market, this is generally understood as the period inclusive of 1999 - 2009.
2. As measured by the S&P 500 Index, May 1999–March 2018. A hypothetical dollar invested on May 1, 1999, and tracking the S&P 500 Index, would have grown to \$2.84 on March 31, 2018. However, performance of a hypothetical investment does not reflect transaction costs, taxes, or returns that any investor actually attained and may not reflect the true costs, including management fees, of an actual portfolio. Changes in any assumption may have a material impact on the hypothetical returns presented. It is not possible to invest directly in an index.

# Firm Update

If you recall, the temperature dropped to the thirties with high winds on April 5th, Cleveland Indians Opening Day. A great day for baseball –right! Fast forward to Memorial Day, the temperature hit 93 degrees at Cleveland Hopkins Airport breaking the previous record of 92 degrees set in 2012.

Living in northeast Ohio we have become accustomed to wild swings in the weather – so this comes as no surprise. I think there was one change that caught many of us off guard. That change is in the Electric Utility Industry, and specifically the changes at FirstEnergy . We serve a large contingent of FirstEnergy employees, and in our discussion with these clients most find it hard to believe the significant changes that have occurred.

The Caritas team has been assisting FirstEnergy employees for over 20 years. Much of the assistance comes in the form of education and helping employees make informed financial decisions. FirstEnergy recently offered a severance package to employees and they had a little over two weeks to decide if they would accept the offer. With limited time, Caritas developed and delivered seminars to the eligible employees. You could almost feel a collective sigh of relief at the conclusion of the seminars. The Financial Consultants opened their schedules to accommodate the urgent needs of the employees.

The Caritas team recognizes that our clients deal with change. The changes could be health issues, divorce, retirement or other family challenges. The Caritas team is committed to providing clients the highest level of service. Always keeping in mind the meaning of the word Caritas, “charity, kindness and compassion for others.”

## Contact Us

Give us a call for more information about our services and products.

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Securities and advisory services offered through LPL Financial, a registered investment advisor. LPL Financial and Caritas Financial are separate entities from FirstEnergy.

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