

## Argus Financial Consultants Team

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Hello Everyone,  
We would like to introduce our newest Argus staff members: Crystal Schneider, who joined us in May, as the Client Relations Manager, and Monica Zweedyk, who joined in September, as a Client Services Associate.

Also, we are proud to announce that Argus celebrated **10 years** in November! We hope to celebrate in the new year, and look forward to many more years of helping you reach your financial goals. Thank you for your support!

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*Excellence is Defined by the Success of Our Clients*

Winter 2017

## The Inevitable/Probable/Possible/Maybe-Yes-Maybe-No Recession of 2017

As it has been every single day of the seven years since the Great Recession officially ended in June 2009, this morning's financial journalism is surely replete with some or another tinpot guru's forecast of the next one, which is invariably held to be right around the corner.

The identity of this morning's forecaster of doom is immaterial, as is his or her record of accurate predictions. (I am thinking in particular of a chap who has been forecasting economic and financial Armageddon at least since 1995, and who is quite regularly interviewed on CNBC saying exactly the same things he's been dead wrong about for more than 20 years.) If journalism has done its level best to scare you out of the market today, then it can go home knowing it's done its job. Tomorrow it will rustle up yet another Jeremiah.

Some catastrophists will be forecasting a relatively long recession, some a short one. Some expect a deep recession, others a relatively shallow one. If you're like most casual consumers of financial media, these refinements will probably be lost on you, exactly as their purveyors intend. Your nuanced analysis is not wanted here. Your job is just to clap your hands to either side of your face in distress—kind of like the kid in the Home Alone movies—and cry, "Ohmigosh! A recession! We have to get out of the market!"

Your financial advisor—bless him or her—will almost certainly have other ideas, and I will leave you to have that conversation privately. My modest goal in this little essay is simply to flesh out the vague and therefore scary notion of "recession," to the point where you see (a)

that it has not historically been the catastrophe it's cracked up to be, and (b) that you can't make investment policy out of it, in the sense of timing an exit from, and subsequent re-entry into, the equity market based on the fear (or even the reality) of recession.

First, in the form of a fearless and unequivocal prediction, here's the headline: There is either going to be an economic recession in 2017, or there is not. And the subhead: Like all short-term economic phenomena, recessions are not consistently predictable.

There; we've gotten that out of the way. Don't you feel better? You don't? Well then, let's press on.

Let us begin by defining the term "recession" as does the National Bureau of Economic Research, which is the official arbiter of economic expansion and contraction here in these United States. It's "a period of temporary economic decline during which trade and industrial activity are reduced, generally classified by a fall in GDP in two successive quarters."

As gently as I possibly can, may I draw your attention to the first adjective in that definition? Yes, it's "temporary," as in "temporary economic decline." There, perhaps, is our first clue, to wit: "temporary economic decline" is importantly different from "end of the world."

Next, let's see if we can't begin at least historically to get our arms around the incidence and depth of recessions. (By the way, there is a startlingly good article on recessions on Wikipedia, under the title "List of U.S. recessions.")

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Following this line of inquiry, we find:

There have so far been eleven recessions since the end of World War II. The average time the economy was in recession was eleven months. The shortest episode was six months in 1980; the longest, unsurprisingly, was the eighteen months of the Great Recession, from December 2007 to June 2009.

From VJ Day in August 1945 through September 2016, the U.S. economy has been in recession 122 out of 854 months, or a tad more than fourteen percent of the time.

The average of the eleven postwar recessions took the U.S. economy down 2.2%. Here the outliers are 0.3% in 2001, and 4.3% in the Great Recession.

After acknowledging freely that all of these data taken together don't prove anything—any more than the past ever proves the future in any useful way—it seems to me that we can soberly conclude the following:

At least historically, recessions in the U.S. economy in the postwar era have been (a) temporary, (b) relatively shallow, and (c) relatively short, at least in comparison with the overwhelming (86%) percentage of the time during which the economy has been expanding.

Now, helpful as these data may be, they probably don't get you where you want to go.

That's because you're probably less interested in the dry facts of recession—comforting though you should find them—than in what recessions do to the equity market, and what actions if any you should take to defend yourself. Perfectly understandable, but not something I can document in this short space. So let me make a suggestion.

Your advisor—who occasionally sends you these little essays because he/she subscribes to my newsletter—has a table of post-WWII bear markets: when they started, when they ended, and how much the market declined in the interim.

Wikipedia's excellent article on recessions contains similar data: when a recession started (per the NBER), when it ended, and how much the economy contracted.

To the extent that you are worried about a recession in the relatively near future—and again, if you're not, the financial media are falling down on the job—have a twenty-minute meeting with your financial advisor, and compare the dates of the recessions with the dates of the bear markets.

Spoiler alert: you will find that there is no correlation.

That is to say, among other things, that at least historically, even if you had been able to forecast when a recession would start and when it would end, you would still not have been able to derive a strategy for getting out of—and then back into—your equity portfolio.

In point of fact, you couldn't mathematically have forecast either the recession or the bear market, much less infer one from the other.

Don't take my word for this. Have the conversation with your advisor. See if he or she doesn't conclude—as I long since have with respect to my own personal investing—that over a financial lifetime, one has historically been better off just riding out the temporary declines in both the economy and the market.

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## Advisor Designations Explained

If you've ever wondered what those letters behind your advisor's name mean, you're not alone. While it may be easy to decode "CFP®" as Certified Financial Planner, you still may be left wondering, 'What does it actually mean to be certified?' Or, 'What is involved in the planning of a CFP?' We're hoping a little

insight into this abundance of abbreviations will not only provide clarity, but reassure you that your investments and goals are managed and valued by a group of both sincere and qualified advisors. First, our advisors have a variety of designations, some certified and some chartered.

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A **Certified Financial Planner™** has endured a rigorous, comprehensive exam provided by the CFP Board and is required to uphold a strict code of ethics, basically ensuring they put your interest ahead of their own at all times.<sup>1</sup> A **Chartered Financial Consultant®**, like a CFP, also upholds a similar code of ethics (The American College's Code of Ethics). Though instead of a Board exam, a ChFC® endures extensive training, that actually involves more courses than any other financial planning credential at this time.<sup>2</sup> Each advisor shares in the experience and ability to provide all-inclusive financial counsel, and are continuously submitting to ongoing education to stay current with the latest happenings in financial planning to best serve our clients. As you can see, the distinction of a CFP and ChFC lies mostly in the methods by which these designations are obtained.

A **Chartered Advisor for Senior Living™**, or CASL™, specializes in consulting mature clients regarding senior lifestyle topics, such as long-term care needs, estate planning strategies, and Social Security. As previously mentioned, a CASL also pledges to a strict code of ethics, and has spent many hours developing the knowledge and experience to assist clients in their later years of life.<sup>3</sup> The **Life Underwriter Training Council Fellow (LUTCF®)** specializes in life insurance, annuities, health and employee benefits, as well as financial advising and investments.<sup>4</sup>

Overall, our advisors consider the following components when developing an individual plan for your unique goals and financial situation: Establishing and prioritizing goals, gathering relevant facts, analyzing your situation, recommending strategies, tailoring and implementing appropriate programs for you, and periodically reviewing your progress and monitoring performance. For additional information on our advisor's designations and consultative approach, you can visit our website, at [www.EyeOnArgus.com](http://www.EyeOnArgus.com).

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<sup>1</sup>Certified Financial Planner Board of Standards Inc., *Why You Should Choose A Certified Financial Planner™ Practitioner* (Washington DC, n.d.)

<sup>2</sup>The American College, *What A ChFC Can Do For You* (Bryn Mawr, n.d.)

<sup>3</sup>The American College, *What A CASL Can Do For You* (Bryn Mawr, n.d.)

<sup>4</sup>"LUTCF," accessed Dec 14, 2016, [naifa.org/professional-development/pdp/lutcf](http://naifa.org/professional-development/pdp/lutcf)



## Social Security Tip

Did you know that Social Security benefits can be managed online? Beneficiaries can request a replacement Medicare card, replacement 1099 and change address, phone number and start or change direct deposit within their my Social Security account. In addition, beneficiaries can look at two years of historical payment data, overpayment details as well as deduction details.

All you have to do is create a my Social Security account at:  
[www.socialsecurity.gov/myaccount](http://www.socialsecurity.gov/myaccount)

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### **Gingerbread Cheesecake Dip**

#### Ingredients

- |                                |                             |
|--------------------------------|-----------------------------|
| 1 8-ounce package cream cheese | 1 tsp ground cinnamon       |
| 1/4 cup brown sugar            | dash nutmeg                 |
| 1/4 cup powdered sugar         | 4 oz. Cool Whip             |
| 3 Tbsp molasses                | Graham crackers for serving |
| 1 tsp ground ginger            |                             |

#### Directions

Beat cream cheese until smooth, about 1 minute. Pour in sugars and molasses and beat on medium speed until smooth. Mix in ginger, cinnamon, and nutmeg. Stir in Cool Whip until combined.

Transfer dip to a serving bowl and chill until ready to serve. Serve with graham crackers. Dip can be stored in airtight container for up to 1 week in refrigerator.

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