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THE GENWEALTH JOURNAL

10 Year Anniversary

Michael P. Leanza, CFP® CERTIFIED FINANCIAL PLANNER™
Founder and President

In May, The GenWealth Group celebrated 10 Years as an independent firm. We had a team celebration and took stock (*no pun intended*) of where we've been. To guide us forward, we formalized our "**Core Values**" (or a framework for decision-making). Interestingly, we discovered that the values we want to embody for the future, are essentially the same ones we've been practicing all along!

In the coming months, you'll hear about how we live these values with clients and our community. So here they are...

1. Be Big. Be Bold.

"At The GenWealth Group, we do things our way to deliver the best results for our clients. We are not afraid to challenge the norm to achieve better results."

Group-think is prevalent on Wall Street and regulations can be a real challenge to independent thought. The impetus for starting The GenWealth Group was a desire to do things *the right way*. From the simple use of efficient, exchange traded funds (ETFs) to our "Momentum" trading strategy, we build a custom strategy for each client. We seek bold thinking like the use of leverage and risk-management with "All Season" investing to add value for our clients.

2. Have Fun.

"We work here because we want to be part of a winning team and are willing to do what is needed to achieve success. We strive for work-life balance and we don't take ourselves too seriously."

I'm excited to come to work every day. (*Ok, almost every day*). When we started out, we didn't want an under-staffed, disorganized, hard-selling culture. As owners, we foster a positive work experience that allows our team to enjoy life when they leave for the day.

3. Take Great Care of Our Clients and Our People.

"We deliver value through independent advice, superior service and comprehensive financial planning. We offer time and expertise to our clients because they are the lifeblood of the firm. In our culture, we have mutual respect among our clients and our team."

After 10 years, it's clear that you need two things to be successful in this business: (1) great clients (check) and (2) a dedicated team of highly skilled employees (check).

For clients, investing and financial planning can be an inherently confusing process. We aim to make it less so. Now more than ever, I believe that our team wants to know they're making a difference for clients. I think we are hitting the mark and our exceptional client and employee retention speak to it.

...continued p. 4



Retire Ready...

True Cost of Homeownership

Martin A. Scott, CFP® CERTIFIED FINANCIAL PLANNER™

As clients approach retirement, they often look for ways to reduce monthly spending once on a fixed income. One of the biggest expenses is the cost of owning a home. We often hear the question: “Should I just sell the house and rent?” There might be some merit to that idea and we can help you consider the implications. Aside from the mortgage, you need to take a closer look at some of the “hidden costs” of homeownership.

Property Taxes—New Jersey has the nation’s highest property taxes, a significant carrying cost to homeowners in this state.¹ This cost has increased by 1.6% and 2.3% over the past two years, respectively.¹ **Estimated annual cost: ~2.31% of home value.**²

Repairs/Improvements—Regardless of the age of a home, it will require repairs and improvements at some point. **Estimated annual cost: ~1% of home value.**³

Maintenance—Homeowners are responsible for maintaining their property (i.e.: yard work and snow removal). Those that live in townhomes or condominiums will most likely have to pay an association fee. **Estimated annual cost: ~1% of home value.**

Utility Bills—These costs generally include gas, electric, and water bills. During the winter (heating season) and summer (cooling season), the amounts are generally at their highest. **Estimated annual cost: ~1% of home value.**

Insurance—In many situations, a family’s home is one of their largest assets, so it is prudent to maintain homeowner’s insurance regardless of mortgage status (Lenders generally require insurance when approving a loan). **Estimated annual cost: ~0.35% of home value.**⁴

In summary, the cost of homeownership is not just about the mortgage payment. Even if you own your home outright, there are other costs that will continue to trail on. **For example, if you own a home worth \$750,000, you still need to budget another \$42,500 per year just to pay the taxes and maintain it.** The purpose of this article is to not discourage homeownership as it can be a valuable asset (tangibly and intangibly) to any family. However, when making a decision about *entering into homeownership (or remaining the owner), it is important to understand the financial implications beyond the monthly mortgage payment.*

Cost	Annual Estimate of Home Value
Property Taxes (NJ)	2.31%
Repairs/Improvements	1%
Maintenance	1%
Utility Bills	1%
Insurance	0.35%
Total	5.66%

1 “New Jersey’s Highest-in-the-U.S. Property Taxes are Rising Again” By Elise Young. February 23, 2018 <https://www.bloomberg.com/news/articles/2018-02-23/new-jersey-with-highest-property-taxes-sees-bills-rise-again>

2 “N.J. had highest property taxes in nation in 2016 (again), study finds” By Jeff Goldman. April 6, 2017 http://www.nj.com/politics/index.ssf/2017/04/nj_still_has_highest_property_taxes_in_nation_stud.html

3 “The Huge, Hidden Costs of Owning a Home” By Liz Weston. April 25, 2016 <https://www.nerdwallet.com/blog/mortgages/the-real-cost-of-your-house/>

4 “What is the Average Cost for Homeowners Insurance?” By Ashley Henshaw <http://homeguides.sfgate.com/average-cost-homeowners-insurance-3020.html>

Schwab Security Guarantee

Kimberly DiBlasi, Chief Operations Officer

Today's cyber environment presents challenges to keeping our personal data safe. We're pleased to share information about a Security Guarantee offered by Charles Schwab and Co, Inc (the primary custodian of our client accounts). They offer you this simple guarantee: Schwab will cover 100% of any losses in any of your Schwab accounts due to unauthorized activity. Schwab's Security Guarantee states:

The highest levels of security are only possible when we work together. To ensure your protection under this guarantee, it is your responsibility to:

- Safeguard your account access information. If you share this information with anyone, we'll consider their activities to have been authorized by you. Report any unauthorized transactions to us as quickly as possible.
- If you suspect you are a victim of fraud, please contact The GenWealth Group immediately at 973-761-0400 or Schwab at 888-3-SCHWAB.

We are committed to safeguarding your accounts and the privacy of your information, and we continually review our privacy policy and update it as necessary to protect you.

Here are some frequently asked questions about The Schwab Security Guarantee:

- Do I have to do anything to get this protection? *No. Schwab automatically provides this protection.*
- How does this guarantee work? *If you suspect you have been a victim of unauthorized activity in your Schwab account, notify Schwab at 888-3-SCHWAB immediately. We will promptly review your claim and assist you in taking measures necessary to protect you from further loss. You will be required to complete a notarized affidavit of fraud and to identify items of unauthorized activity.*
- Does the guarantee apply to accounts managed by independent investment advisors doing business with Schwab Advisor Services? *Yes. The coverage applies to unauthorized account activity in client accounts managed by independent investment advisors. However, keep in mind that transactions initiated by your investment advisor or other people to whom you have granted authority to act on your behalf, are considered authorized and not covered.*
- Does the Guarantee apply to my annuities or 529 college savings plan accounts at Schwab? *No. Annuities and 529 college savings plan accounts are not included because the assets are maintained by or held at a third party and Schwab cannot be responsible for any failure of those third parties to safeguard your information or protect your account.*

1 "Account access information" includes your login ID, password, or any other information used by Schwab to authenticate you; as well as payment devices such as credit cards, debit cards and checks. We may hold you responsible if we determine that you shared this information, or unauthorized activity was caused by your fraudulent conduct or gross negligence.

2 Reimbursement under the guarantee requires your timely reporting of unauthorized activity to Schwab. Schwab will not be liable for additional or increased losses resulting from a failure to report unauthorized activity in a timely manner. Different transactions have different reporting deadlines. More details are available in your account agreements, statements and trade confirmations.

3 "Authorized" refers to transactions and other activity initiated by third parties (who are not Schwab employees or Schwab companies), including the employees or agents of any business or any investment advisor to whom you have granted authority of any type over your account, including, for example, the authority to manage your account, or the authority to act under any other power of attorney you may have granted. Authorized actions also include activity initiated by your employer, your plan trustee (other than Schwab Bank), your third party plan administrator (other than Schwab Retirement Plan Services, Inc. or Schwab Retirement Plan Services Company) and their employees, representatives or agents that have access to your Employee Benefit Plan Account. Schwab will also not be liable for the failure of those third parties to safeguard your information or access to your account.

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10 Year Anniversary (Core Values)

...continued from p. 1

4. Be Energetic and Dynamic.

"We bring positive energy to work and we show it to our clients and our teammates. We work efficiently all day, every day. We do what's needed to get the job done".

If you stop by the office on a given Monday at 9:00am, you'll find us in our "Team Stand Up" meeting. We set the pace for the week and talk about what we need to be doing for you this week! It can get lively in there and it keeps us from being too sleepy on a Monday!

5. Be Generous.

"We offer generous compensation and benefits to our valued people. We charge clients fairly which makes our firm profitable and allows us to compensate well."

The financial services industry is getting more price efficient and we are too. Looking back at the basic services we offered 10 years ago, I see the difference in how extensively we advise clients today while maintaining current fees.

Our work can be intensive. For employees that have been with us 7-years or more, we've introduced a month-long sabbatical. Used widely in educational settings, sabbatical is being used sporadically in the private sector to ensure employee renewal and retention. It is a way to allow long term employees to refresh themselves and come back to their work rested and inspired.

We've come a long way in 10 years. We're motivated to continue to grow and improve and never let the client experience slip. I have a few things perking in my head about what's next. I'm hoping you'll continue to be delighted!



Important Announcements!

- ⇒ We're all using email more frequently these days. **However, we are unable to accept any requests for financial transactions or trade orders via email from clients.** For your own security and account protection, we require you to call our office at (973) 761-0400 to transact business in your accounts.
- ⇒ **We offer Notary Services for our clients!** Notarization is the official fraud-deterrent process that assures the parties of a transaction that a document is authentic, and can be trusted. If you wish to take advantage of this service, please call to arrange a time to come in and have the documents notarized.
- ⇒ We love seeing our clients face to face whenever possible. Nothing takes the place of sitting across the table (*with a cappuccino*) and talking things over. However, if you live further away or find it more convenient, we're now using **GoToMeeting** to share documents and conduct online meetings. We're happy to arrange this for your next meeting with us!