

the visionary

FALL 2019 EDITION

We Are
GROWING

**TIMING IS
EVERYTHING,
OR IS IT?**

Understanding **RISK**
at the Portfolio Level

Valuable Charitable
Planning Solutions

PAY IT FORWARD
WITH US

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lee.
stoerzinger^{INC}
RETIREMENT SPECIALIST

autumn welcome

Dear Clients and Friends,

What an amazing time of year! I love the landscape of the red and orange leaves, the crisp morning air, and the tranquility of a nighttime bonfire. Autumn is such a beautiful season of change to share with those close to you.

In this issue, we reflect on some of the changes happening in our office. We're excited to provide more information about our growing staff (page 3) and the important role each team member plays (pages 4-5).

Andy Roth, our Operations Manager, writes his first article for us this issue. On pages 6-7 he discusses the topic of market timing and its potential consequences. I provide information regarding asset allocation, risk and diversification on pages 8-9. I also share information on charitable planning solutions (page 12) that may prove useful as we move into the season of giving.

We highlight another amazing client and her experience paying it forward on page 13. And for our valued clients be sure to see page 14 for more information about our upcoming Client Appreciation Party.

I wish you and your families peace, health and joy this season and always.

All my best,

Lee Stoerzinger, CFP®

President

We Are Growing (if you haven't noticed)

Written by Lee Stoerzinger, CFP®

Over the past few years, you may have observed that we've added several new staff members to our firm. We have received quite a few comments on this; everything from wondering if I'm retiring, to if we are growing too fast, or if we are taking on a large number of new clients. We thought it would be appropriate to share a little background on our growth to help give some perspective.

There are several key reasons why we have made proactive, strategic decisions to build our firm into what it is today.

CLIENT EXPERIENCE

A centerpiece of our service model is to provide insight that is truly different and valuable to each family we work with. Wealth management is not solely about managing money but providing overall knowledge through a long-term relationship. In order to provide this type of comprehensive client experience, we need to have people with a variety of skill sets in place.

A CHANGING WORLD

As our firm has become more sophisticated over the years, so have the needs of our clients. This has given us the opportunity to bring on staff members with specific specialties while also allowing us the benefit of offering a team approach to services.

THE FUTURE OF OUR INDUSTRY

We watch the goings on in our industry closely. This includes regulatory, trends, investment tools, demographics, etc. What we have seen is consolidation of smaller firms, increased regulations and an aging advisor population. In order to meet the needs of our clients as well as keep growing in a solid and healthy manner, we need to stay ahead of the curve in all areas.

RESOURCES

There are many financial services firms in this country. Our research has shown that many intend to create top-end services but aren't willing to invest in the resources to actually do it. We have dedicated countless hours and much of our own capital to develop a firm which places tools and talent at the forefront of our client relationships. We are not growing to provide less service to our existing clients, but much more, with a goal of leading the field in all we do.

As the founder of Lee Stoerzinger, Inc., I am proud of the firm we have built, and can honestly say we currently have the best team we have ever had. Each of us looks forward to doing our best to add value to your life, and to help you optimize your wealth. Thank you for the opportunity.

Investing involves risk. No investment strategy can guarantee positive results. Loss, including loss of principal, may occur.

“WHAT WOULD YOU SAY YOU DO HERE?”



The title of this article was inspired by Twentieth Century Fox's 1999 movie "Office Space."

We've carefully crafted the roles of each staff member at Lee Stoerzinger, Inc., so we can consistently meet the unique needs of each and every client. Everyone on our team has important responsibilities specifically designed to assist all clients personally so we can help them optimize their wealth and realize their goals.



LEE STOERZINGER, CFP®
PRESIDENT

Lee is our company founder and President. He is our lead advisor engaging in client meetings, overseeing investment recommendations and managing our senior client relationships. Lee actively analyzes industry trends, regulatory changes, and is strategically focused on market conditions.

MATT BENSON
REGISTERED REPRESENTATIVE

Exceptionally skilled in providing financial advice and planning recommendations, Matt is a primary point of contact for our clients. He takes an active role in client meetings, managing portfolios and is the liaison to our institutional partners. Matt is always available to our clients to provide guidance on a wide variety of topics and concerns.



ANDY ROTH
OPERATIONS MANAGER

Andy is the primary support for both Lee and Matt. He is our lead researcher and assists in the development of financial plans. Andy is often present in client meetings, is our technology expert, and he is responsible for overseeing all the internal operations of our office.



MAGGIE STOERZINGER
RELATIONSHIP MANAGER

A member of our staff for over sixteen years, Maggie is an essential part of our team. As our Relationship Manager she provides ongoing support to our clients, ensuring everyone feels valued and appreciated. Maggie serves our clients in meaningful ways, delivering personal touches and recognizing the special moments in their lives.

NICOLE FORD
CLIENT SERVICES & HR GENERALIST

Nicole is often the first point of contact when calling and visiting our office. In her diverse and important role she is responsible for scheduling meetings, communicating with clients and executing transactions to support each client's plan. Nicole also utilizes her talents in professional development by leading our human resources department.



CHRISTY FROST
MARKETING STRATEGIST

In her role as Marketing Strategist, Christy is our lead communicator. She plans client events and is responsible for the development and execution of our website, the *Envisionary* newsletter, email and print communications. Christy oversees our brand and helps to ensure Lee Stoerzinger, Inc., is a thoughtful and contributing part of the community.

Timing is Everything, OR IS IT?

Written by Andy Roth, Operations Manager



“Hindsight is 20/20” or as Yogi Berra might have said—50/50. This mind-set is all too familiar. Humans are generally overconfident in our ability to predict what will happen in the future and overestimate our ability to make good decisions. Maybe you’ve seen this behavior in your children at school following a challenging test. “I’ll do better next time” or “Now I know what to expect” is often heard after to justify future confidence. As Mr. Berra said, “We made too many wrong mistakes.”

This behavior is present in how many people try to manage their finances. The markets are incredibly volatile and we’ve heard that “past performance is no indication of future results.” Despite this, people still try to “time” the market. They think that correctly buying or selling their investments will give them all the reward without the downside. This behavior works against our success.

Timing looks easy in hindsight. Who couldn’t have seen the Great Recession coming? What about the indicators? What about the metrics? “It was obvious that a market downturn was right around the corner.” Because of this, the itch to try and outsmart the market creeps back in when the news cycle turns negative. It looks easy until we realize that almost no one was able to predict the severity, timeline, or the ultimate recovery of that landmark event.

The allure of market timing can be hard to resist. Even the “experts” struggle to consistently get the decisions right. Market returns tend to come in lumps, meaning that a handful of specific days have an outsized impact on client experience. Historically, in a period of 10 years or more, missing the 10 best days can cut your cumulative return by 50% or more! Being out of the market at the wrong times can sabotage lifetime goals.

Another broad example of timing behavior took place in March ’09—the month that the U.S. equity markets

finally bottomed out. That March we also saw a record number of investors fleeing stocks and trying to stem their continued losses. At the last minute they decided they couldn’t stomach any more. They lost sight of long-term goals, sold stock, and ultimately made their temporary losses permanent.

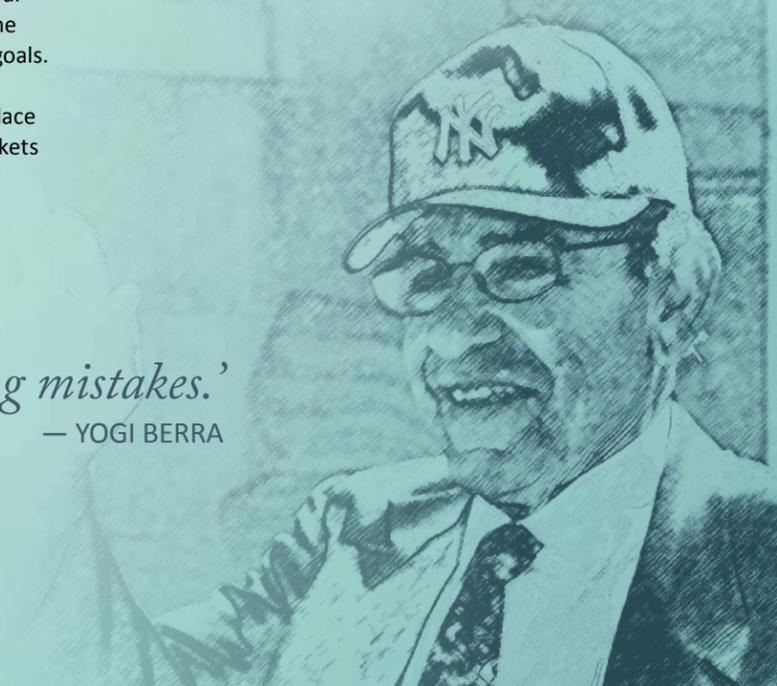
“Knowing” when to get back in is another problem. How do we know when turmoil has passed? Who knew that April ’09 was the start of our recovery? The paralysis of getting back in can be just as damaging as the decision to get out. Many of those investors who sold waited months or even years to get back into the market.

Our view is that no investor, professional or otherwise, can consistently time the market. Because we know people are drawn to the siren song of market timing, we believe strongly in establishing a financial plan built first-and-foremost on your specific goals, centered on personal risk tolerance and time horizon. We want to control what we can control, manage risk through diversification and active management, and keep an optimistic long-term outlook. Only when your personal circumstances change should we modify the plan.

We don’t control interest rates, the strength of the dollar, domestic politics, geopolitical turmoil, oil prices, the tax regime, or Wall Street valuations. Using these to dictate our decisions can be damaging. We can only control our own behavior. As you assess current events through the lens of hindsight remember that “The future ain’t what it used to be.”

‘We made too many wrong mistakes.’

— YOGI BERRA



UNDERSTANDING **RISK** AT THE PORTFOLIO LEVEL

Written by Lee Stoerzinger, CFP®

When we think about investing and money management, there are certain things we have come to understand as rules of engagement. These are items like “buy low, sell high,” “don’t try to time the market,” “keep your emotions out of it,” and “follow a disciplined approach.” One thing which seems to be at the top of the list is “diversify.” There are many reasons for diversification, such as not having all your eggs in one basket, reducing risk, preserving capital, etc. In line with that is one thing which is rarely discussed, let alone understood. Where does risk come from in portfolios, and how does it affect performance?

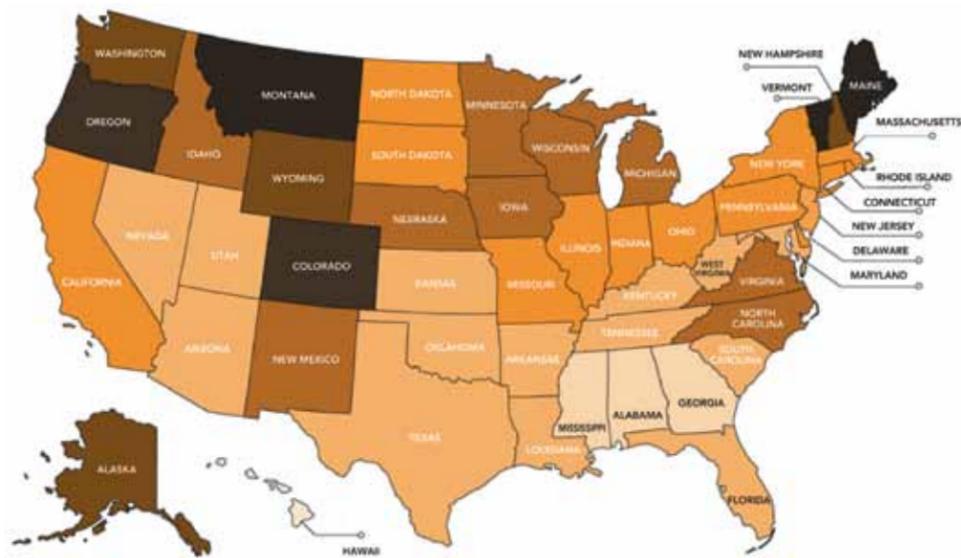
As the investment industry has matured over the years, it has become a forgone conclusion that we need to diversify our investments. Think about the choices we have in our 401ks. They are basically a sliding scale from conservative to aggressive, and one must choose which fits best for their personal situation. If we are more risk averse, maybe we put 20% in stocks and 80% in bonds. For the risk takers, they may place much more in stocks. However, it still leaves out the most important part; how do we actually measure the risk in the choices we make?

Let’s say we have a traditional 50/50 portfolio. This means 50% is in stocks and 50% is in bonds. We may feel solid in this decision because we have enough growth opportunity and downside protection as well. However, while the stocks may only be 50% of the total, they may represent 95% of the total risk. (Read that again.) It’s not just what percent is in each, but how it works together overall. So, it becomes important to not only know how the stock side is built, but what else we are using on the conservative side to mitigate on the downside. For example, think about twelve ounces of liquid, half is beer and half whiskey. Drinking the beer may be quite mild. However, drinking six ounces of whiskey may produce a different result. The ratio is the same, but it would be important to understand where the risk comes from.

One of the things we offer as a firm in the advanced planning area is a deep understanding of asset allocation and how to manage risk. With the speed in which markets move and a truly global investment arena, it has become essential to understand risk on a much deeper basis than just ratios of asset classes, which is what so many firms offer today. This includes correlation analysis, using non-traditional assets, and even behavioral science to manage expectations. We understand that markets have done well in recent times and have made this analysis less obvious. Much of this becomes clear when markets move downward or sideways. This also happens to be when it matters most, and when we add the most value to our clients.



THE STATE OF CRAFT BEER



KEY



BREWERIES: 0-0.9 1-1.9 2-2.9 3-4.9 5-6.9 7-8.9 9-11.9

PER 100,000 21+ ADULTS

by **C+R**
RESEARCH

If it seems like there's a new craft brewery popping up on every corner, it's not your imagination. The craft beer industry, born from entrepreneurs frustrated by mass-produced beer made with cheap ingredients, has exploded nationwide.

For craft beer enthusiasts, drinking beer has become less about alcoholic content and more about the quality and experience. Craft beer allows for constantly changing flavors, recipes and stories. Today, craft beer sales account for 24% of the \$114 billion U.S. beer market.

VINTAGE LEE



Written by Lee Stoerzinger, CFP®

In this, the 99th edition of our newsletter, we take a look back at Lee's message to clients at the dawn of the Millennium, January 2000. At that point nineteen years ago, our broker dealer name was Intervest International and our newsletter was named the 'Intervest Outlook.'



Intervest Outlook

2000

"My Millennium Wish To You"



(This is what I would look like with hair.)

As we begin a new century, my wish to you is for prosperity in all your ventures. May your family be close, and your relationships be solid. Let your work be fruitful, and your life well balanced. Most importantly, let your faith be strong, and your spirit shine for the whole world to see.

I look forward to working with each of you into the future. Thank you for your continued support of me, and Intervest International.

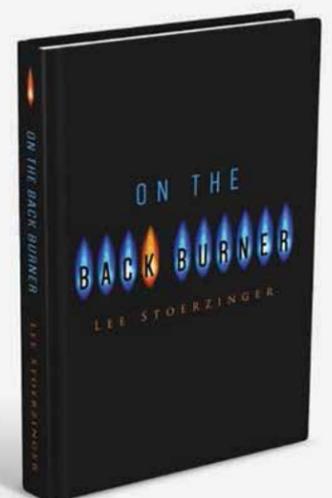
“Imagine how different the world would be if we all made a conscious choice to live in the moment with those who mean much to us.”

(excerpt taken from Lee's book, *On The Back Burner*)

Check out Lee's book...
On The Back Burner

It's a timely read uncovering the things we say are most important, but have put on the back burner of our lives.

amazon.com BARNES & NOBLE BOOKSELLERS



TRIVIUM

Definition: Studies intended to provide general knowledge and intellectual skills.

What is the only state that borders only one other?

Email your answer to advice@leestoerzinger.com or call us at 651-578-1600. All who contact us with the correct answer will be placed in a drawing for a \$30 gift certificate of your choice.

Congratulations to Deb M. who was chosen as our Trivium winner from last quarter. Deb correctly answered "Pronto Pup" to the question: Which fan favorite food, served on a stick, first arrived at the Minnesota State Fair in 1947? Jerry S. and Jim K. also answered the question correctly.

Valuable Charitable Planning Solutions

Written by Lee Stoerzinger, CFP®

The foundation of our country was built on charitable planning and it is an important part of our culture. Many organizations exist to serve the various needs in our society, and our governments provide various opportunities to citizens to give in a tax-preferred manner. We wish to highlight two solutions which could provide significant benefits to all involved as it relates to this area.

IRA DISTRIBUTIONS DIRECT TO CHARITY

Several years ago, a new law was put into effect which allows people age 70 ½ or older to make distributions from their IRA directly to a charity. This allows the investor to avoid full income taxes on the amount withdrawn, and the organization to recognize the gift. (One caveat is the contribution must be made out and delivered directly to the charity. Taking the cash and then writing a personal check does not qualify.) This becomes powerful because many people do not need their required minimum distributions to live on, and it provides a great resource.

STOCK TO DONOR ADVISED FUND

Many people have stock which has done well over the years and has become highly appreciated. For those who are charitably inclined, there is a great solution available. An investor could take the amount of stock that is appropriate for their planning purposes and donate directly to something called a Donor Advised Fund. In doing so, the investor avoids paying taxes on the entire gain of the appreciated stock. In addition, they also receive the charitable deduction in the year the gift is made at current market value (subject to income limits). The best part is that by using a Donor Advised Fund, the funds go into an account for later use and invested in a manner the person chooses. When the need for a gift to charity arises, the owner sends in a request and the funds are sent directly to the charity. This can be used for any qualified charity, including splitting between different organizations, for as long as the funds are in the account.

If you have questions or would like to get started with one of these charitable planning solutions, please contact our office.



Pay it **FORWARD**
Kindness is Contagious...

with **lee.**
stoerzinger INC
RETIREMENT SPECIALIST

Our Pay it Forward program is simply a way for us to appreciate and reflect on what we are thankful for in our lives. As a reminder, the program entails giving a \$100 gift card to a client who then "pays it forward" to someone they feel needs it most.

We are so grateful to Amy B. for her very thoughtful consideration in deciding how best to share the one hundred dollars. Amy paid it forward by gifting the money to a very special family in need. This family of five recently relocated back to Minnesota from Spain to care for the medical needs of many extended family members. The family's move has been a financial hardship and the gift will help them to buy clothes for their daughter who started high school this past fall.

Thank you, Amy, for sharing your story and reminding us how simple gestures can make a big impact in the lives of others.



Amy B., client since 2013

'This family felt blessed that they were thought of for this gift during a difficult season in their lives. It will help their daughter have new school clothes to begin high school.'

Kindness is Contagious!

SAVE *the* **DATE**

CLIENT APPRECIATION PARTY

Thursday, November 21, 2019
4:00 to 8:00 p.m.

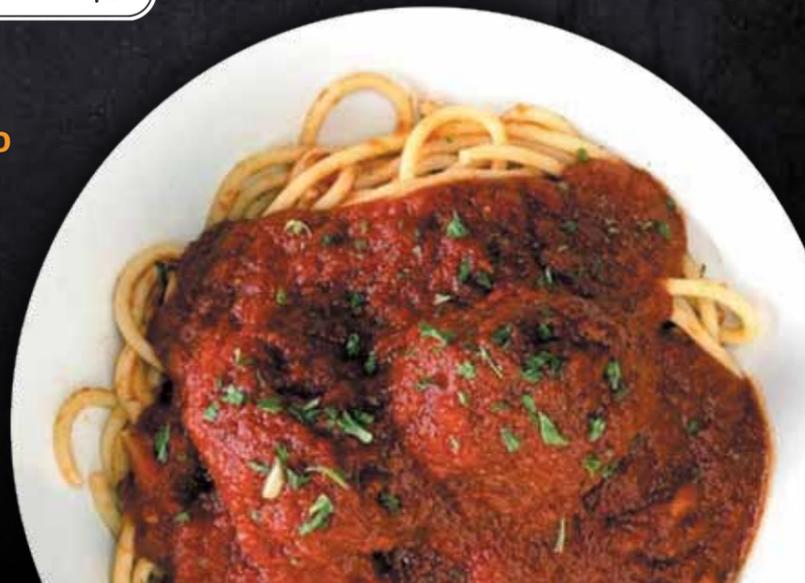
NEW LOCATION

Kellerman's Event Center, White Bear Lake

Food will be catered by



← YUM



RSVP Requested by
Tuesday, October 29, 2019 to
advice@leestoerzinger.com

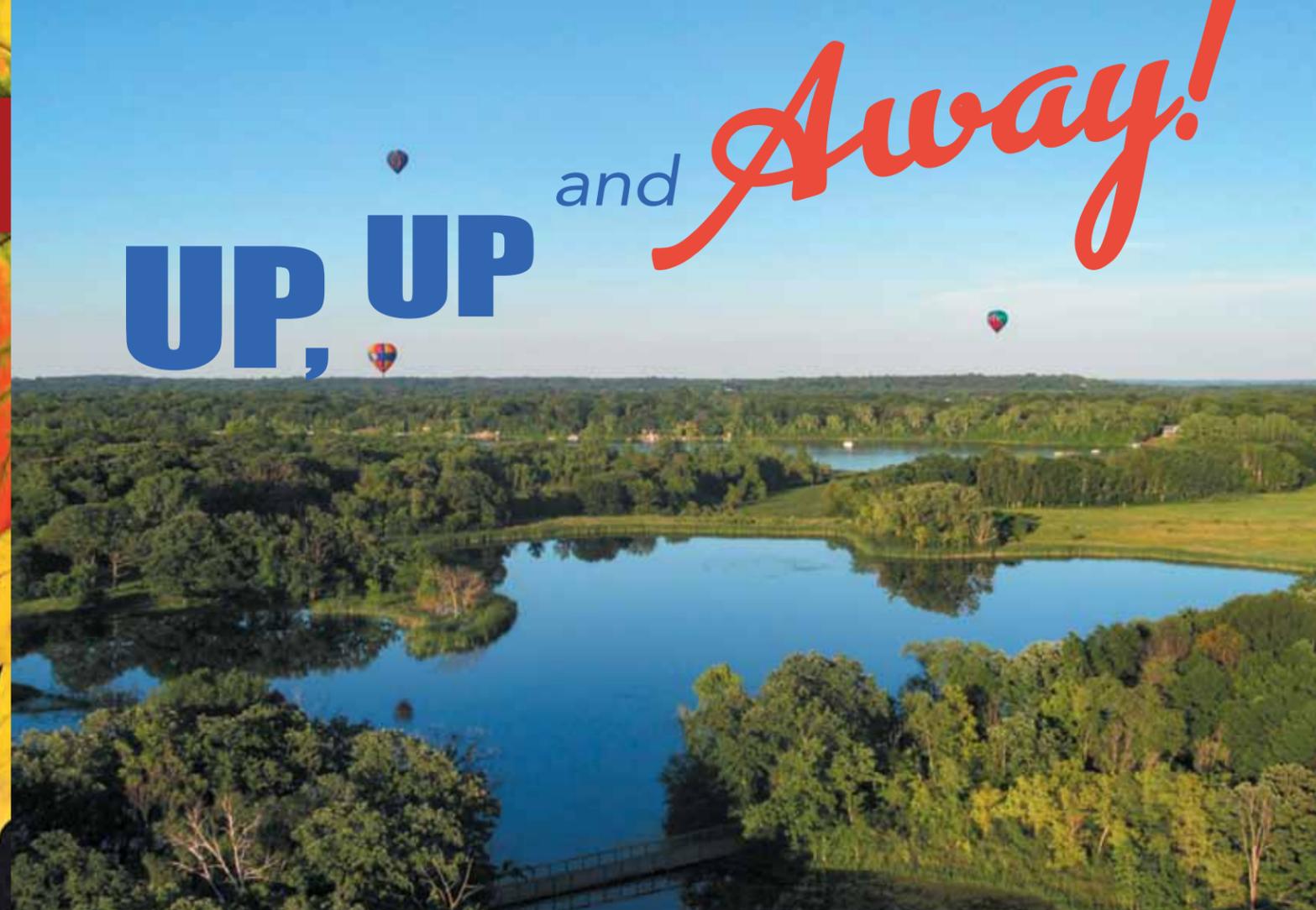
Please indicate your choice of pie
(PUMPKIN, APPLE or PECAN)
when replying

Pies by *Dorothy Ann*
BAKERY & CAFE
"A Tradition of Good Taste"

UP, UP

and

Away!

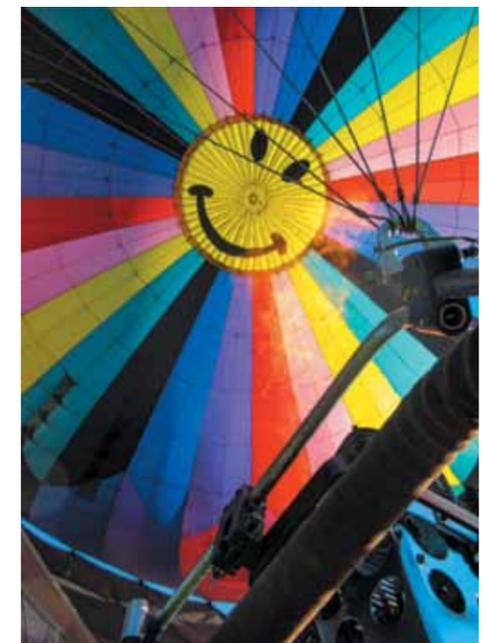


Clients Barb & Craig and Janus & Terry recently spent a beautiful day hot air ballooning together in the St. Croix River Valley. We love seeing our clients creating memories and living full lives. Thank you for sharing your adventure with us!

Do you have an adventure or special moment you'd like to share? Email us at advice@leestoerzinger.com



Barb C. and Craig M., clients since 2004 with
Janus C. and Terry O., clients since 2012.



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lee.
stoerzinger^{inc}
RETIREMENT SPECIALIST



Lee Stoerzinger, CFP®
President



Matt Benson
Registered Representative



Andy Roth
Operations Manager



Maggie Stoerzinger
Relationship Manager



Christy Frost
Marketing Strategist



Nicole Ford
Client Services & HR Generalist

Since 1993, Lee Stoerzinger has been offering comprehensive wealth management, with a focus on values-based life planning. As he guides clients in refining what is most important to them, a plan is built around those unique aspects of their lives. Lee Stoerzinger and his team understand that evaluating complex financial information and putting the pieces together can be challenging. Our aim is to create a clear picture, and set a process in motion to achieve successful outcomes by joining the “money side” with the “life side” of clients’ plans.