The Lubitz Financial Group
PERSONAL FINANCIAL PLANNING & INVESTMENT MANAGEMENT

April 2018

It is with great joy that I write this letter to you as I introduce the newest Principal in the firm – Jorge Padilla, CFP®. Jorge has joined me as an owner of The Lubitz Financial Group. He has just celebrated his 10th anniversary with the firm and has made so many contributions to the success of the firm -- too many to list here. So please join me in congratulating Jorge in his new role, as he continues to be our Senior Client Advisor. I look forward to his increasing role in the firm. The official notification to you is contained in our annual SEC filing of the ADV Part 2. The link to the document is found in the email you just received or on our website. The material change we must notify you of, is the addition of an owner. Should you want to read through the entire document, we encourage it, but please know it is a regulatory document and a bit boring. Yikes, hope the SEC doesn't see my calling their required documents boring!

Now, to the less joyful part of my quarterly letter to you. As I write this, rockets are flying to Syria, Facebook's business model is being questioned with unknown impact on the stock price, Tweets are sending disconnected messages and so much more is stirring the pot. When Mohammed El-Erian, Chief Economic Advisor at Allianz, talked about the "New Normal" several years ago, he certainly was not referring to this, but I think that many of us are becoming partially numb to the current world situation. I think this may well have profound impact to our future, but that is probably a conversation best had over a beer or glass of Zinfandel.

So, why do I lead off my quarterly letter with this? It's partially because it seems that a lot of investors are unsure over the recent stock market moves. The DOW JONES moves over 300 points both up and down on a daily basis. So far, the steep drops have been followed mostly by up days. This lack of "panic" at the sharp daily moves is, I think, a good thing, but can also be creating a false lesson from this experience. As you know, I read a lot about financial planning and investment management issues, and when I find someone who I find particularly articulate on a topic I share it with you. This time, I would like to share comments in the main Editorial from the Feb. 12, 2018 Issue of Investment News.

"Advisers have counseled their clients not to panic in market downturns and to invest for the long run, and, according to reports, most clients have heeded that advice. Those who became nervous reached out to their advisers for reassurance, and, for the most part, were comforted. The next job for advisers is to make sure clients don't take the wrong lesson from this experience" That market corrections always reverse themselves quickly and are therefore buying opportunities. Just as they shouldn't rush to sell in a correction, they should not rush to buy when the correction appears to have ended. Thoughtful evaluation and...review of each individual's situation…is the key in both situations.

The stock market does not always bounce back quickly, and during corrections there can be many false bottoms. In case one forgot, the market plunged more than 50% from October 2008 to March 2009, and then took more than three years for it to get back to the October 2008 high….

….No matter what the postmortems on this correction show to have been the proximate trigger, there are lessons that can always be learned. First, investors must be aware that corrections can occur, even when all the economic and financial indicators seem positive. Second, while it's possible to anticipate that a drop will occur, it's impossible to know exactly when and what might trigger it. Some market commentators have been predicting a correction for the past several years. Third, the correction has provided advisers and clients to respite the client's real risk tolerances. Just as markets never go straight up, they rarely go straight down in a correction. There are usually false bottoms that can invite investors to buy apparent bargains, only to be hurt by another down leg – or two. This makes market timing a dangerous tactic.

Advisers should continue to reinforce to clients that a well-designed, long-term investment strategy – with an asset allocation matched to their needs and 'volatility' tolerance – is the best approach."

So as you can see, we are not the only ones with this counsel. HOWEVER, and this is the big one, if your short term, meaning in the next 2 to 3 years, plan or cash needs have changed, it is **IMPERATIVE** that we be notified so changes in your portfolio, which may be necessary due to your life change, can be made.

You may also notice on your Client Notification that we have adjusted the accounts that we debit your investment management fee from. Due to the new tax law changes, it is no longer advantageous to take your investment fees solely from your taxable accounts.
As I started my letter with joyful news about Jorge, I want to end with a thankful shout out to the rest of the team at The Lubitz Financial Group. They all are truly caring, professional and embody our core values of

- Being rooted in integrity
- Always putting the client's interest first
- Elevating our professionalism with compassion
- Are resourceful and creative in finding solutions
- Sets a high bar for one another, and
- Believes positivity is contagious

I hope your Spring season will be a good one for you, and thank you again for inviting us into your lives.

Best personal regards,

Linda Lubitz Boone, CFP® and the team at The Lubitz Financial Group