

Ortner, O'Brien & Ortner

# LIFETIME ADVANTAGE

Your One Source for Managing Retirement Wealth

## FEATURE ARTICLE

### Introducing OneSourceWealth<sup>SM</sup>: A Place for Everything, and Everything in its Place

In today's complex information society in which we live, even the most diligent individuals struggle to stay organized. The average family has more than 10 investment/bank accounts to track. Not to mention, the file cabinets families have filled with what are all of the important documents in our life. Yet even if the accounts and paperwork are let alone for too long, we often feel we have lost control.

What if there existed a service which organized all your accounts—updated all your balances every day—AND had a place to store all of your important documents? What if that service also allowed your Advisor (OO&O) to collaborate with you on your financial plan—anytime from anywhere—virtually on the Internet from your own personal website?

To that end, we have just invested in a software solution that is the Cadillac of financial organization, offered exclusively to our clients as part of our Wealth Management relationship and will be aptly named: OneSourceWealth.

OneSourceWealth will provide OO&O clients with their own secure personal website that will aggregate daily all investment, bank, credit card, loan, retirement plans and most other accounts onto one page so that our clients will get a real time snapshot of their net worth anytime they wish.

As powerful as it is to have your financial picture organized and updated daily in one place, that's only half the job. What if instead of keeping a file cabinet with all of your past tax returns, legal documents, insurance policies, and contracts, not to mention all the stuff not kept on file such as drivers licenses and the like. What if you had a secure electronic copy of all of these, accessible anywhere you have Internet access?



A lost passport or driver's license is no longer a disaster. Not having ready access to your power of attorney, living will or auto insurance policy is no longer an issue. Wanting a tax return from last year? This is no longer a problem!

We are very excited about this service and how it will further simplify your life and enhance your overall planning efforts. This summer or fall we will be meeting with you to introduce you to your own personal webpage, add accounts not currently held with OO&O and help you get your documents into your vault.

Edmund Burke said that good order is the foundation of all things. We couldn't agree more, especially in helping you execute a successful financial plan. We look forward to seeing you shortly to experience and demo our newest service in our Wealth Management offering.

*Written by OO&O*



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## ADVANCED PLANNING Save, Invest, Speculate or Gamble

You will hear much talk going around America's restaurants, water coolers, dinner tables, kitchens, decks and garages—on the subject of the economy. What will emerge from the "great recession" and the trillions of dollars of currency and bailout money created by our government?

In many ways the immediate effect of this money creation appears beneficial. The banking system, the stock market and many investors' asset values have recovered, restoring some sense of normalcy. But you can hear people talking out there. What will the "new normal" be like or "how will our economy ever be normal" again?

The truth of the matter is, there are only three realistic actions available to you: saving, investing, and speculating. To avoid any confusion, let's clarify these terms.

**Savings** means taking the excess of what we produce over what we consume and setting it aside. If you are working today, you need to be saving. If you are retired today, you need a measure of savings to meet your spending or withdraw needs.

**Investing** is the process of allocating capital to productive business; to investing into the stocks and bonds of companies who operate in anticipation of creating more wealth. You cannot invest however, unless you have savings. And investing in companies works ideally in atmospheres not pockmarked by government interventions—so successful investing is a long term proposition requiring time, and of course, savings.

**Speculation** is the process of capitalizing on distortions (often government caused) in the marketplace. In a true free-market society, speculators would have few opportunities. But that's not the kind of world we live in. Yet, speculators must be bold. Rothschild's (and Warren Buffett's) famous dictum: "Buy when blood is running in the streets" is the speculators grand motto. The speculator is a bit like a fire fighter, his services are only needed in times of great danger. One mistake would be confusing a speculator with a gambler.

**Gambling** relies on odds or sometimes pure luck to turn a buck. The gambler might buy a stock with little research and information, at market price, hoping his hunch will pay off. He does not wait for seldom seen opportunities like the speculator; rather he makes regular bets with the hope of a big return. An important note: many "experts" you see on CNBC or read in magazines are speculators or gamblers—not investors—because it's much more interesting.

So, where does that leave us? Only the speculator can turn the best profit, yet we seem to be at a place today where very few bargains exist. The stock market is no longer at 6600; it sits squarely at 12,000 today. Bonds no longer yield 4%; the 10-year Treasury pays 3%. Gold and oil are at high prices. Perhaps we will see opportunities in the near future, or perhaps not. The longer all the talk continues on "the economy", it may only mean things get a little mentally tougher.

We have come up with a bucket approach to asset allocation—on the next page—to better quantify how much savings, investing and speculation will be appropriate. Because I know you will agree, the last thing we want to do today is gamble.

Written by  
Frank Ortner III,  
CPA, PFS



### REFERRAL CORNER



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**Automobile**  
**Detailing**  
484-888-0879

Our college intern, Colin Smith, is a quite industrious young man who runs his own side business detailing cars. We can tell you first hand that your automobile will be returned to new! His waxing technique is truly amazing. Call Colin here at the office or reach him on his cell phone, 484-888-0879.



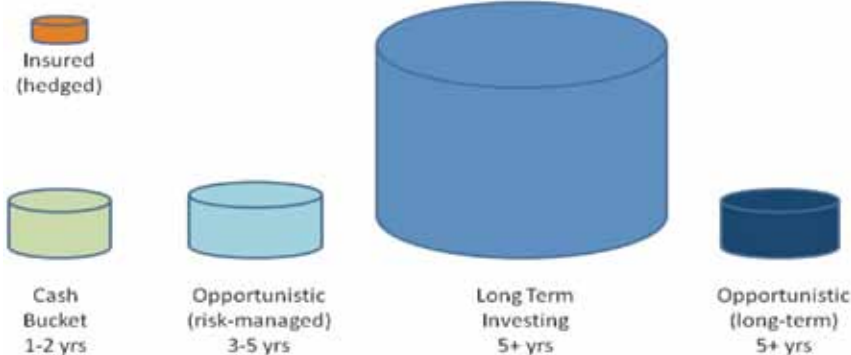
## INVESTMENT PLANNING

### Fashionable Today: Buckets and Asset Allocation

There is an old saying, "If you keep or do something long enough, eventually it becomes fashionable again." For many of you who were clients of ours in 1999, chances are we drew "buckets" to represent your various investment assets and how they could be positioned better.

Fast forward to today's merry-go-round of news and media coverage of global financial markets—it can be overwhelming for a long term investor. Headlines shout at us from all angles and media outlets: troubles in Greece, debt increases by the US Treasury, declining housing prices, jobless claims, a slowdown in China, etc.

Yet the questions you need answered are simple: Will my money last and do I have a clear plan to sleep at night in uncertain financial times? Hence, we revisit our investment philosophy and we retrieve our "buckets" as a way to communicate with some new wrinkles.



Let's begin with the first bucket we call the "cash bucket". We want enough cash to cover about 1-2 years of anticipated spending and withdraws. Typically the "cash bucket" money is invested in cash or a safe short-term bond fund.

The second bucket is the "opportunistic bucket". This bucket represents enough money to cover years 3-5 of spending.

In the "opportunistic bucket" we expect to earn a higher return than cash. Typically, we use short-term bonds, some TIAA-CREF and a minor amount of equities and a defensive fund like the Permanent Portfolio to earn a return higher than cash. We estimate 4% in today's climate as a target return.

This brings us to the third and largest bucket we call the "long term investing bucket". Here we invest into a diversified balanced portfolio—which is dependent on your personal needs and your risk comfort level. Typically, we have clients' risk levels range from 30% stocks to 60% stocks. The most important strategy here: that we position the long term investing bucket with a five-year time horizon, so our ever-so-precious natural resource we call T-I-M-E, can work its magic and grow your portfolio.

The final two buckets are optional: an "opportunistic long-term bucket" to hold speculative investments and an "insured bucket" to hold hedged investments.

Hopefully, you will appreciate a review of your portfolio using our old, but newly fashionable, bucket approach to asset allocation. We are getting feedback from clients that their wealth management plan feels more connected and secure using this method.

Written by  
John O'Brien, CFP®



**Q:** How can we look positively forward past the problems in the U.S. economy??

**A:** Despite the cloudy outlook, be careful to not connect only a few dots to reach a conclusion. Recently, we reviewed an economic report\* of 26 countries during periods of fiscal crisis, rising debt and declining GDP. Interestingly, when compared to countries grouped by lower debt and higher GDP, the study found the stock market returns for the two groups of countries were remarkably very similar—and both positive over longer periods of time. The point being, other countries' economies were perceived in the past to be pushed to the brink—yet have recovered and delivered stock market gains.

**Q:** Why do you always refer to 5-years, as the holding period for "long term investing"?

**A:** Five years is how long the research tells us we need to give a balanced portfolio to reach small gain. A research report\* from 1973 to 2010 (which includes the three out of four most severe stock market drops) showed after five years investors had their money back. The analysis assumes, no changes were made to the portfolio during any 5-year period. So, we must have a time horizon of at least five-years when considering money to invest even in part, to the stock market. The good news is, after 5-years returns begin moving up positively on average quite well.

\*Please visit our website for a copy of both research reports.

Written by John O'Brien, CFP®

## RETIREMENT MASTERY™ Lifestyle Corner

### Local Hall of Famer



Our friend, Don Hagy, was recently inducted into the Lower Merion H.S. Baseball Hall of Fame. In the area's most competitive league, Don was 8-0 as a pitcher, leading the Championship in 1965. He also led the team in hitting with a .465 average. Our congrats go out to Don and Barb Hagy.

### Sunshine

Recently it was suggested to me to visit a website concerning Vitamin D and getting either too much or too little sun. I visited the website: mercola.com and I looked at all the information about sunlight. You may want to learn about healthy sunshine. I was amazed at all the types of sunscreen you should avoid. In addition to sunscreen, there was information about bug repellent, as well as many other things we should know about if you plan to be outdoors.

### Travel

In May, my wife and I were fortunate enough to be able to go to Italy for a bike trip with two other couples. We initially traveled along Cinqueterre on the west coast of Italy. We ended up taking our bikes up into the northern lakes region on Lake Como. The sites were fantastic and I highly recommend this to you should you have any interest in these places. We used VBT Bike Tours (see VBT.com) and they provided everything for great learning experience that is safe.

*Written by Frank Ortner Jr., JD*

## WHAT'S NEW AT OO&O

### College Intern

We are pleased to introduce, Colin Smith, our college intern for this summer. Colin will be a senior at Florida Southern College where he majors in business. A local boy from West Chester, he earned a golf scholarship and plays competitively. Colin is helping us research and write a white paper on the subject of keeping up with the task of organizing personal financial information. If you are interested, Colin can help get you more information on anything you see mentioned in this newsletter.



### Summer Hours

For the summer time, until Labor Day, our office hours will be weekdays 9am to 4pm.

### New Phone System

We recently installed an internet-based office phone system. Most of the glitches have been fixed; we appreciate your patience! One nice feature is: both John and Frank III have your voice mails forwarded to their mobile phones, so they can pick up your voice messages 24/7 now. If there is something important you wish to talk with us about, we can now get back to you anytime—including after office hours.

### OneSourceWealth

We are excited to begin setting up clients with our new total financial organization software. If you would like to be one of our first "guinea pigs", raise your hand, and we can begin working with you to get your data set up.

*Written by OO&O*

## The Ortner O'Brien & Ortner Team



*(Seated left to right) John O'Brien, CFP®, President - Ext. 202; Frank Ortner, III, CPA, PFS, Vice President - Ext. 203; Debbie Kistler, Legal Assistant - Ext. 211; Amanda Holden, New Business Specialist - Ext. 207; Frank Ortner, Jr., JD, Chairman - Ext. 204; Eileen Paci, Client Relationship Specialist - Ext. 201; (Standing left to right) Bill Helstowski, Relationship Manager - Ext. 252; Roseanne Teti, Tax & Planning Specialist - Ext. 205*

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*We look forward to  
bearing from you!*