

the visionary

S P R I N G 2 0 1 9 E D I T I O N

What does the
MARKET
OWE YOU?

Our Wealth Management
DASHBOARD

VALUES-BASED
Life Planning

Favorite
BOOKS

PAY IT FORWARD
WITH US



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lee.
stoerzinger^{INC}
RETIREMENT SPECIALIST

spring welcome

Dear Clients and Friends,

It's finally here. For those of you who have had your share of the white stuff, you know what I'm talking about.... SPRING!

We had a lot of fun putting together this edition. Most of our content ideas come from conversations we have with others. Recently, a client recommended a book to me and it led us to featuring some reviews of favorite books (pages 6-7). The trivia corner is back! Readers have asked for its return and we delivered (page 10). Please know we are always open to your feedback and suggestions for future issues.

With the bitter cold winter behind us, you'll enjoy reading the 'pay it forward' story (page 13) about how clients "warmed up" others in need. Their desire to serve locally got me thinking about an emotional experience I had while in Haiti (page 11). Whether it is serving others or something else, defining values and what is important in our client's lives is an essential part of what we do in our firm. Learn more about values-based life planning and why we practice here at Lee Stoerzinger, Inc. (page 5).

Finally, we are excited to announce a new team member! Please join us in welcoming Christy Frost to our firm (page 15).

Wishing you a beautiful Spring with those you love.

All my best,

Lee Stoerzinger, CFP®

President

What does the market owe you?

Written by Lee Stoerzinger, CFP®

The role of investing and how it works in our lives has greatly changed over the years. For much of history, it was not a mass market event, and was driven by specific analysis and belief in individual companies. Today, especially as it relates to financial planning, it has become the centerpiece of providing for the futures of tens of millions of Americans. While it may not seem like it, this is a system in the early stage of its life, historically speaking.

Investing today is extremely complex. There are money management firms all over the world offering products which invest in many different instruments, from stocks to mortgages, bonds to commodities. Much research is done in the area of risk management, diversification, cost, etc., all in the name of "market returns." On the front end, they are heavily marketed as solutions which are very easy to digest; presented almost as if we just can pick our favorite investment company, dial in the returns we want, and sail our way toward retirement. That is, until we get a down market, and everyone wonders about their entire financial future.

So, this got me thinking. Do the markets owe us anything? Should we just be able to build a financial plan, invest some money, and then sit back and make returns? Do we have to do anything? It's almost like it has become a topic like the weather. We are happy when it's nice out and complain when it's not, but that's it. The problem is, we are talking about the internal operations of the world economy. Our money helps the markets which are built upon companies, people, products, governments, etc., working diligently to

make our world advance. There is risk involved, success, failure, changing economic environments, and many other factors that go into sitting in an office hoping for investment success on the other side. In our opinion, the markets owe us nothing more than an opportunity, yet we have come to treat them like they simply must "perform."

The world investment markets of today allow billions of people the chance to save for a better future, and the potential to create wealth has never been greater. This is a good thing. Where we see underlying conflict is that as a society, we have taught people very little about the inner workings of markets. Yet they must live in a system that created dependence on them, on the backs of their financial plans. This causes a feedback loop of uncertainty, yet an urgency to be involved in something that is not natural for many people. It's not just numbers, but feelings, and plans, and people's futures.

As a firm of specialists that exists to bridge the gap between the world of investments and helping people build financial plans, we believe it would be most helpful to take a renewed look at our relationship with the markets. How do we better understand market volatility and where it fits into the emotional side of our decisions? Can we create greater certainty in our education and planning, so it doesn't feel like our entire financial future changes daily? In the future, what will the investment markets look like, and how much of their performance do we want tied to our personal success? Once we know that, maybe we will have a different picture of what to expect from them.

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

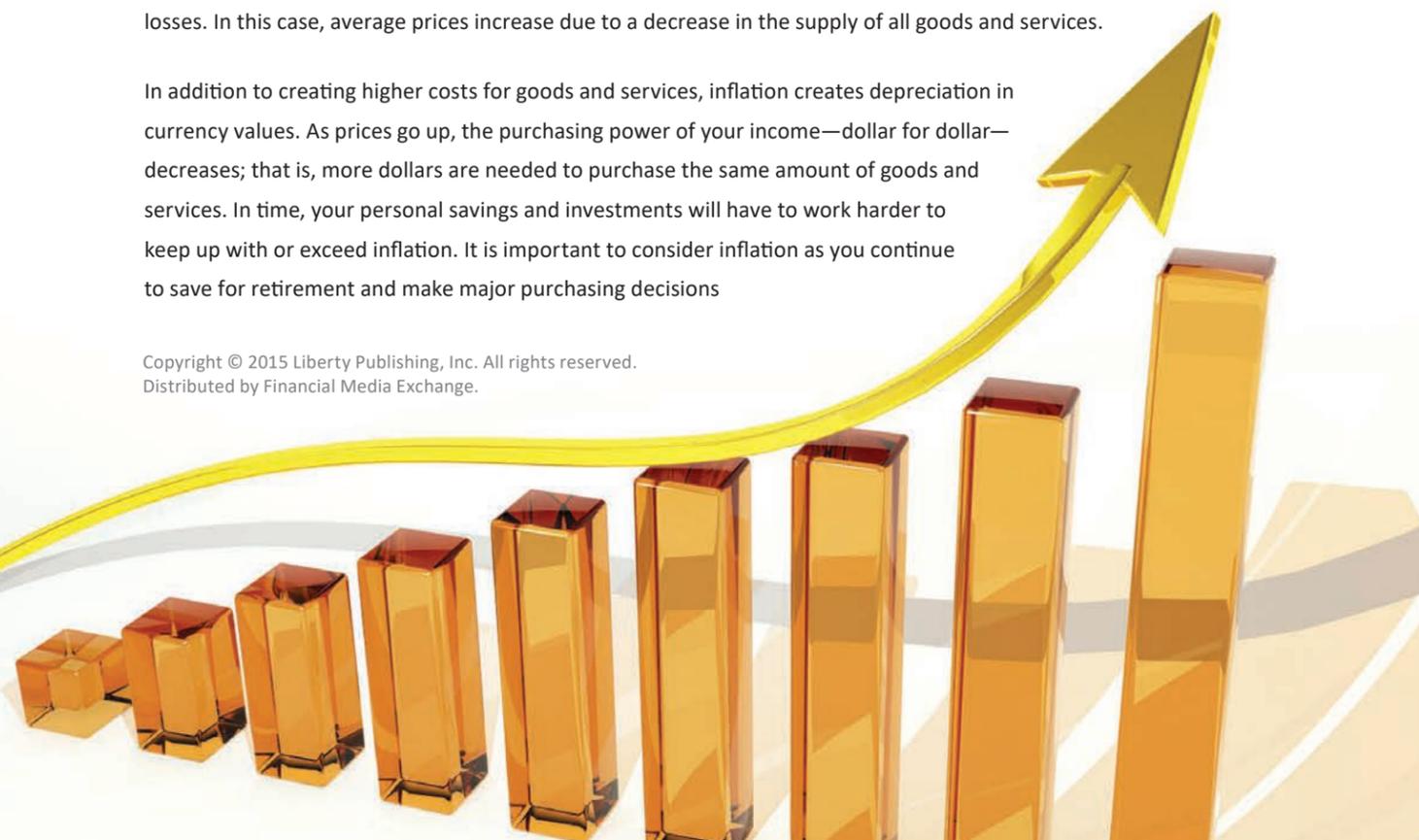
What Causes Inflation?

Inflation, defined as the increase in the average price level of all goods and services, is often caused by changes in supply and demand on a broad scale. For example, suppose business is booming, unemployment is low, and workers' wages are increasing. As a result, consumers have more disposable income, and therefore are able to purchase more goods and services. Average prices will tend to rise due to the increase in demand for all goods and services.

Suppose the economy is suffering. As unemployment rises and wages remain stagnant, consumers are unable to buy additional goods and services. In response, production slows down and prices rise in order to cut losses. In this case, average prices increase due to a decrease in the supply of all goods and services.

In addition to creating higher costs for goods and services, inflation creates depreciation in currency values. As prices go up, the purchasing power of your income—dollar for dollar—decreases; that is, more dollars are needed to purchase the same amount of goods and services. In time, your personal savings and investments will have to work harder to keep up with or exceed inflation. It is important to consider inflation as you continue to save for retirement and make major purchasing decisions

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What is VALUES-BASED LIFE PLANNING

and why do we do it?

Written by Maggie Stoerzinger, Relationship Manager

When people establish an initial meeting with a financial advisor, they typically bring their investment statements, possible retirement goals, and a list of questions. Then in turn, the advisor may speak to investment products, time horizons, and fees. While this is a good start, we believe there is something very important that is missing in the traditional approach.

It's about life planning.

Ever since we opened our doors in 1993, we have viewed the client not only from a financial perspective but also consider the emotional, intellectual, and spiritual sides. We have found that when you define your values and set out to adhere to them, all four of these categories fall into alignment. **This is what values-based life planning is all about.** It is a process that puts the client's interests first and focuses on increasing their sense of financial well-being and life satisfaction. So, in addition to a discussion of assets and net worth, we believe that making the most appropriate financial recommendations entails understanding the client's unique set of values and challenges.

Some of our favorite questions to ask clients...

"What was money like growing up?"

"If money was no object in your life, how would it be different?"

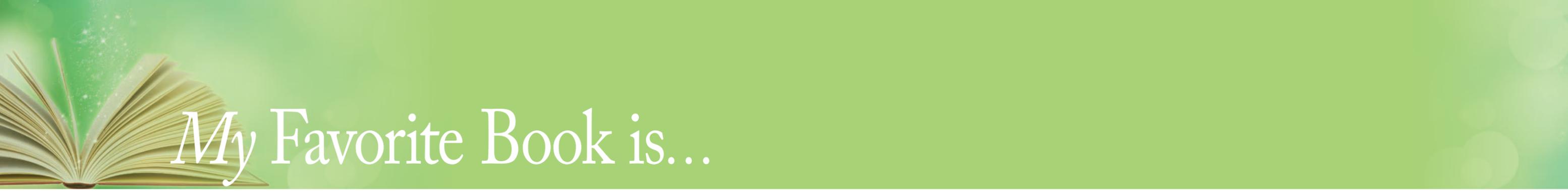
"If your best friend spoke at your funeral, what would they say?"

"What do your children know about how money works in their lives?"

"What are the top 5 things you want to experience in your lifetime?"

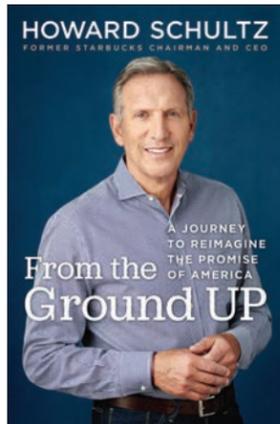
It is here where finance and life come together, and the place where we can grow into everything we want to be in this world.





My Favorite Book is...

Written by clients of Lee Stoerzinger, Inc. (and one from Lee!)



“From the Ground Up” by Howard Schultz

‘The retired leader of Starbucks thinks both parties have failed. He has interesting political thoughts and I like his ideas.’

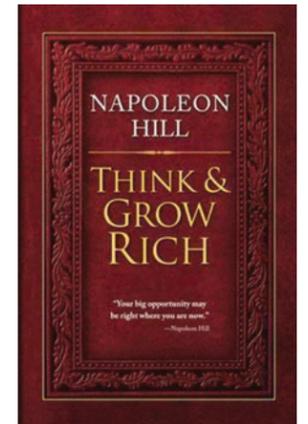
Don C., retired
client since 2014



“Think and Grow Rich” by Napoleon Hill

‘Written in the 1920s yet the principles are relevant today. I did exactly what the book told me to do and had many life-changing “aha!” moments for my professional life.’

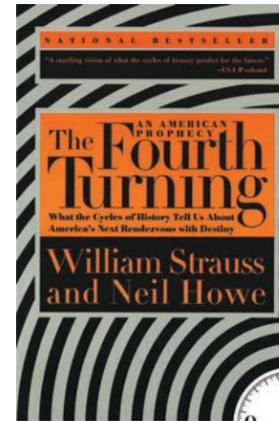
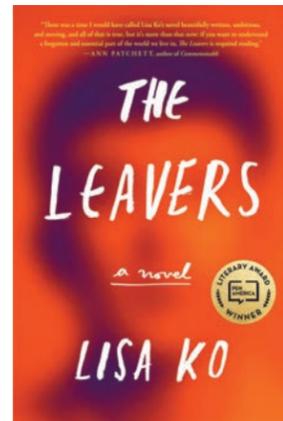
Bruce M., real estate developer
client since 2002



“The Leavers” by Lisa Ko

‘This is a wonderfully engaging story about families, relationships, adoption and immigration. I loved the characters and themes and highly recommend this novel.’

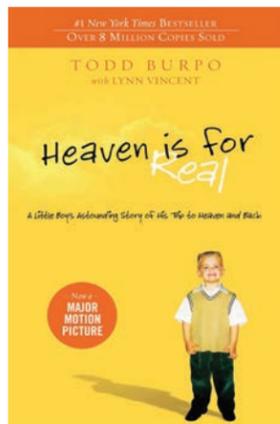
Dr. Joan B., retired M.D.
client since 2012



“The Fourth Turning” by William Strauss and Neil Howe

‘Do you ever wonder about how we end up where we are in society as it relates to economics, culture, politics, etc.? How do current times compare to history and where do we fit in the world timeline? The authors reveal powerful research of civilization which goes back many centuries and provides a possible road map for where we may be headed. They uncovered that there are specific cycles to our lives, and all that happens in history. The key is in understanding which phase we are in and how to use the information accordingly.’

Lee Stoerzinger, CFP®



“Heaven is for Real” by Todd Burpo

‘I laughed, cried and read this book in almost one sitting! It is a story of a child who is very ill and given an opportunity to glimpse heaven. His experience is so simple and innocent - that is how I want to think about God and heaven. This is a heart jerker and certainly challenges the reader to some deeper thought!’

Dr. Heidi S., President of Oak Springs Chiropractic
client since 2011



HOW Bunching Expenses CAN ENABLE TAXPAYERS *to Continue to Itemize*



In response to the significant changes to the tax deduction rules under the Tax Cuts and Jobs Act (TCJA), many taxpayers are searching for ways to recover some of the tax benefits associated with itemizing deductible expenses that have been eliminated. Taxpayers who were previously able to lower their tax bills by itemizing may want to consider using a “bunching” strategy, which generally means either accelerating or deferring deductible expenses so that more of these expenses fall in a single tax year rather than in multiple tax years.

While the TCJA lowered individual income tax rates and raised the child tax credit, it nearly doubled the standard deduction from \$6,350 to \$12,000 for individuals and \$12,700 to \$24,000 for married couples, and it suspended personal exemption deductions and limited or repealed many commonly used itemized deductions. The legislation capped the deduction for state income and property taxes (SALT) at \$10,000, and limited the mortgage interest deduction. In addition, miscellaneous deductions were completely repealed, and casualty loss deductions were greatly reduced.

These changes are currently set to expire at the end of 2025, but Republicans in the House have already introduced a bill that would make many of the individual provisions in the TCJA permanent.

In light of these changes, it has been projected that the percentage of individual taxpayers who will use the standard deduction rather than itemizing will rise from around 70% in 2016 to around 90% in 2018. Yet by bunching their deductible expenses into every second or third tax year, taxpayers who might not otherwise have sufficient itemized deductions to exceed the standard deduction in every tax year may be able to lower their tax liabilities over time. As taxpayers in high-tax, high-income states like New York, New Jersey, and California are most affected by the new limits on the deductibility of SALT, they may be especially likely to consider bunching their deductions over the next several tax years.

Whether it is feasible for taxpayers to bunch or lump together itemized deductions depends on whether the expenses can be timed. In some cases, it may be possible to time state estimated taxes or property taxes by paying them in the year before they are due. In addition, taxpayers who have significant medical expenses may be able to shift those expenses to reach or exceed the threshold for claiming the medical expense deduction. Because the TCJA temporarily enhanced the medical expense deduction by lowering the AGI threshold from 10% to 7.5% for 2017 and 2018 only, some

taxpayers might benefit from accelerating their deductible medical expenses into 2018.

One of the most promising approaches to bunching itemized deductions is to shift the timing of gifts to charity. Under the TCJA, the charitable deduction has been slightly enhanced: for those taxpayers who are able to itemize, gifts of cash are now deductible up to 60% of adjusted gross income (AGI), up from 50% previously; while gifts of appreciated securities remain deductible up to 30% of AGI. If donations exceed these limitations, the excess can be deducted over the next five years.

Moreover, the so-called Pease limitation, which reduced the value of a taxpayer’s itemized deductions by 3% for every dollar of taxable income above a certain threshold (in 2017, \$261,500 for single filers and \$313,800 for joint filers) up to 80% of all itemized deductions, was suspended under the TCJA. Thus, there is currently no limit on the total charitable deductions higher-income taxpayers can take.

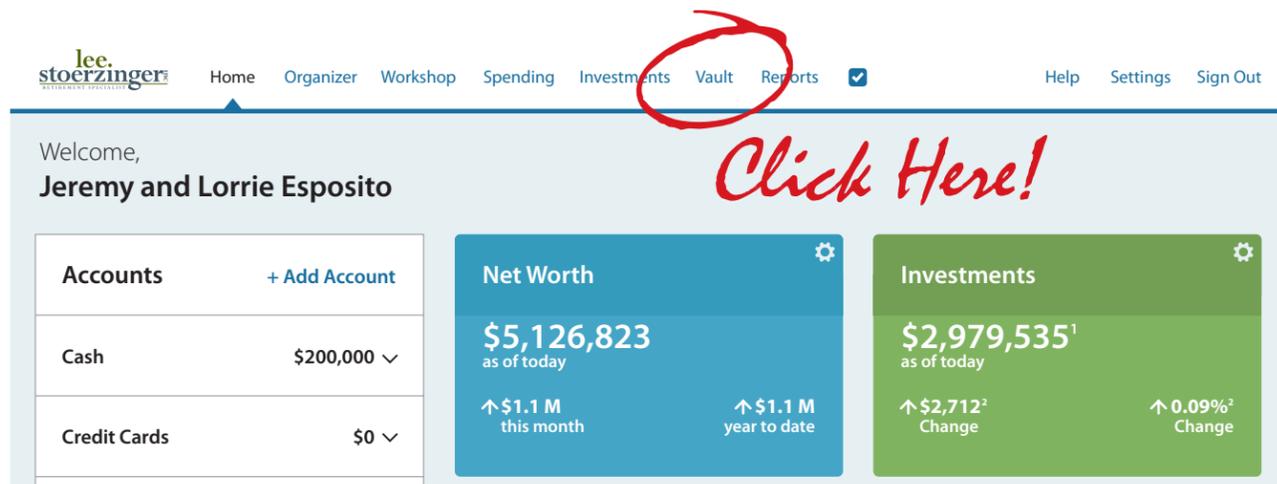
By contributing multiple years of what were previously annual charitable gifts in a single year, the likelihood that a taxpayer will be able to exceed the standard deduction increases. If taxpayers want to continue to space their charitable contributions across years, they should consider making a large contribution in a single tax year to a donor-advised fund administered by a charity or a financial services provider. If the gift is of sufficient size, the taxpayer will be able to itemize deductions in the year the contribution is made. The taxpayer can then instruct the fund to make charitable gifts of the same amount each year, including in years when the donor does not itemize deductions.

Taxpayers who have relatively large amounts to give may want to think about establishing a charitable gift annuity or a charitable remainder trust, which can generate an income stream for the donor or other beneficiaries. Because these giving vehicles require significant amounts of funding in the form of cash, securities, or real estate, a taxpayer may be able to itemize in the year the trust is funded. However, only a portion of the contribution is deductible.

To maximize their savings, taxpayers may want to consider making gifts of long-term appreciated securities, as the donor can avoid owing capital gains tax on the appreciation while claiming the full value of the assets as a charitable contribution. When used to fund an income-returning vehicle, the recognition of the capital gain is deferred, and is generally paid in smaller amounts over a period of years.

'THE VAULT' *in the* Wealth Management Dashboard

By Matt Benson, Operations Manager



Providing financial planning services has continued to grow in its complexity over the years. Since we don't get the luxury of a practice round when it comes to the financial plans we build, we needed to develop a process. This involves wealth management, life planning, and investments but also prioritizes technology as a cornerstone. While much of our client interaction is in person, having a comprehensive technology overlay accessible at any time provides peace of mind. Back in 2014, we partnered with eMoney to create individual "wealth management dashboards" for each of our clients. Our observation in meetings is that each client engages in different parts of their dashboard. In this issue, we thought we would highlight the vault feature.

The vault is a secure location to archive documents and is located at the top of the home page. We have clients using the vault to house everything from estate planning documents to family photos. An important vault feature is that clients can use the "Shared Documents" folder to allow us to view the document. This has been a helpful feature to bypass mailing, faxing, and secure email usage when a document is needed. It goes both ways too! During tax filing season, it is easy for us to track down tax documents and get them into the vault for you.

If you have interest in learning more about the vault or it has been awhile since you accessed your dashboard, please reach out.

← **BACK BY POPULAR DEMAND!**

TRIVIUM

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

How many people signed the Declaration of Independence on July 4th, 1776?

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.

Words I did not expect, and will never forget

Written by Lee Stoerzinger, CFP®

So it's our first time in Haiti, and we are there to meet a child we will one day adopt into our family. The main purpose of the trip was going to various government agencies and completing the required paperwork. We spent most of our time with the Missionaries of Charity Sisters, as this is where Geraldine was being cared for. After several days of running all over Port Au Prince, encountering problems at almost every turn, we finally headed to our meeting with the Senior government official. Without this meeting, the rest of the trip wouldn't have mattered, as it was mandatory.

As we showed up, there were many people outside the large government building. When we entered, we found the electricity was out and everyone was going home. We also learned that the head judge we needed to meet had left for the day. We were told to wait and that she may be returning. MAY BE RETURNING?

As we sat in a sweltering building with the Sisters, surrounded by men with machine guns, in one of the craziest places in the world, many thoughts filled my mind. I wondered how my life had taken me there; how these Sisters chose to dedicate their entire lives to almost impossible circumstances; and what could we possibly do for them?

The whole time we waited, the Sisters were in prayer. When I got a minute with one of them, in my emotional state I simply asked; "You have done so much for us, what can we do for you?" She said to me softly but very directly; "You do not need to come all the way down here and do anything to help us. We are happy in our service. Go to those close to you in your life. You have a family member or friend who is in great need. Go to them. Help them. Each of us in this life are surrounded by those who need us. It is easy not to see them. But if we just look, they will appear."

Here I was doing one of the most important things I thought I had ever done. Yet, I was completely blindsided, and humbled by my own lack of personal awareness toward serving others in my own life. Sister wasn't saying to me that adopting a child from Haiti wasn't meaningful. They were most grateful for that. But that often in life, true meaning and purpose is standing right in front of us; we just need to search it out and be prepared.

By the way, in true Missionaries of Charity form, the judge returned, we got everything taken care of, and our trip was complete; just in the nick of time.

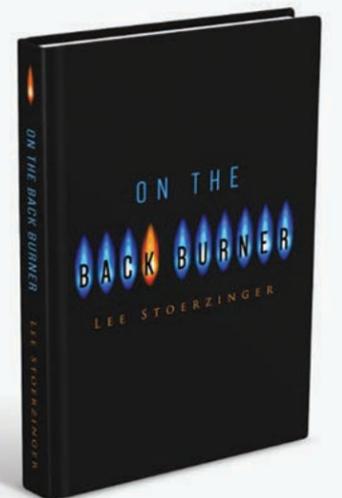
“ Whatever your situation and whatever you believe, the culmination of everything you are and everything you build will be directly tied to your legacy.”

(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





Pay it **FORWARD**

Kindness is Contagious...

with **lee.**
stoerzinger^{INC}
RETIREMENT SPECIALIST

Written by Ron and Sonya C.

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.

When it's *your* turn

Written by Lee Stoerzinger, CFP®

You first help your neighbor, and then she helps her friend
Her friend is so thankful that his smile just won't end.
He goes to the market and sees someone in need
A few simple dollars to fulfill a great deed.
For all throughout time, this rule has stood test:
Give to another and you will be blessed.
It's not about getting when your turn comes around
If you sit there and wait, you will be let down.
Some folks will laugh and dismiss this great plan
They want me to prove it – how sorry I am.
I ask that you try it. As soon as you do
You will see changes – changes in you.
You'll have helped another; this we all know
But something more subtle will begin to show.
Your walk will be straighter, your sky will be bright
A glow from inside you will prove that it's right.
And then when it's your turn, have nothing to fear
Your efforts will guide you, and your gifts will appear.

When we were asked by Lee to “pay it forward” we thought - why not double the impact and match the offer? We located two organizations in our community and made a donation to each.

Emma's Place offers permanent housing to 13 families with three or more children, most who have been homeless. The number of children that live in each unit range from three to nine kids which makes Emma's Place unique because this type of housing often has limits on number of kids per family. The donation was divided among four families there.

We also wanted to give to a temporary housing facility in our community. Families staying here often come only with what they are wearing and so there was a great need for winter wear. We were able to purchase 24 adult hats and 19 pairs of gloves for those in need. Beyond housing, Ramsey County Family Service Center also provides activities and tutoring for children and employment search resources to help families transition from homelessness to stable housing.

Making a day brighter for others also made our day brighter. Pay it forward!



Ron and Sonya C., clients since 2015

'We hope the hats and gloves helped the families manage the brutal winter we had a little better.'

Kindness is Contagious!



the **FUTURE** of our industry

Written by Lee Stoerzinger, CFP®

The financial planning industry as we know it today has only been around in its current form for 30 to 40 years. This is an extremely short amount of time as it relates to most other careers, many of which have existed throughout history. It operates as a profession due to advancements in wealth, complexities in markets, regulation and tax law, and often government and economic policy. After all, in the old days, it was much more straightforward to save, live, and transfer one's legacy to future heirs. The interesting thing is, our industry is already at a crossroads as it relates to the number of professionals available to serve, and the people in need of their services.

On the surface, it seems like there are financial professionals on every corner, working for a piece of the pie. However, when we dig a little deeper, a different reality emerges. The group which pioneered the profession are looking retirement in the eye, just as many of those they serve. About half of all CERTIFIED FINANCIAL PLANNER™ professionals are over age 50, a quarter are under age 40, and fewer than five percent are in their twenties. In addition, many of the senior advisors have not developed a solid succession plan, placing them at risk and adding to the gap in transitioning younger advisors into the industry. You don't hear about it much, but there is also a moderate amount of friction between the old guard, with scars to prove their worth, and the highly educated newcomers looking to show their knowledge. This is all making for significant challenges.

Another thing going on in the financial services industry which will significantly change in the future is the way services are being delivered. For many years, it was typical to see a one-person office with maybe one assistant. Today, increased regulation and costs to operate, complexities of client service, as well as market competition are causing consolidation at a rapid rate. We expect this to increase, as larger firms gain significant leverage, causing the smaller firms to fade away.

The main reason we bring up this topic and consider it more than "inside baseball" is that we see a noteworthy increase in need and complexity of comprehensive financial services for the foreseeable future. When you consider the demand for retirement income solutions, risk and investment management, tax efficiency planning, employee benefits, legacy and charitable planning, etc., there needs to be advanced levels of experience for many of these client services. And since wealth planning has become such a requirement for so many families in this country, we will need to work diligently to meet the demand. At our firm specifically, we study the industry closely as it relates to these issues, and how we can successfully apply a unique level of service to our clients. We also want to help people continue to understand that financial planning is not only about investment returns, but overall financial wellness and long-term life management. It's not the easy part, but it's the most important.

INTRODUCING **Christy Frost** TO THE LEE STOERZINGER TEAM!

We're excited to welcome Christy Frost as our new Marketing Strategist. Christy joined us in February and has been busy getting to know our team, processes and clients. She brings us a wealth of marketing knowledge and experience and is excited to help our team deliver even better service and solutions to our clients.

'It's clear to me that everyone at Lee Stoerzinger, Inc., truly cares about people.'
— Christy Frost
Marketing Strategist

"I'm thrilled to be a part of this special place. It's clear to me that everyone at Lee Stoerzinger, Inc., truly cares about people. I share this passion and commitment and am excited to add my experience to this great team to further enrich the lives of our clients."

Christy has over 20 years of experience in the area of marketing, working in a broad range of industries from non-profits to emerging businesses to Fortune 500 companies. Most recently, she worked as the marketing and enrollment coordinator at her children's school, while also managing her own consulting business. Previous experiences include working at General Mills and various marketing agencies in the Twin Cities area.

She has a bachelor's degree from the University of Notre Dame and an MBA degree from the University of Minnesota. Christy and her husband Charlie live in Mendota Heights with their two children, Maggie (12) and Charlie (10). They are active members in their community and church, love to travel, and spend time together as a family.



Marketing Strategist Christy Frost with her family

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lee. stoerzinger^{inc}

RETIREMENT SPECIALIST



Lee Stoerzinger, CFP®
President



Matt Benson
Operations Manager



Nicole Ford
Client Services & HR Coordinator



Maggie Stoerzinger
Relationship Manager

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.