

# the visionary

S U M M E R 2 0 2 3 E D I T I O N

VOLUME 114

*Not Glamorous*  
**BUT IMPORTANT**

**Our Comprehensive  
List of Services**

*Understanding*  
**INTEREST RATES & Your  
FINANCIAL SITUATION**

*When the Paycheck*  
**STOPS**

**THE TRIP**

**Cornerstones for a Healthy Life**

**PART 1**



**LEE STOERZINGER**  
— WEALTH MANAGEMENT —



# SUMMER Welcome

Dear clients and friends,

Well, a very happy summer to each of you. As always, it is with humbleness and thankfulness which we come to you each quarter in our written publication. Understanding that finances can be not only financial, but also emotional, intellectual and spiritual, we seek to provide information which sends messages to all parts of our lives.

This quarter, I think you will see a continued common theme woven through the pages as you read. That theme is change. As we have shared in our recent monthly e-newsletter, we believe we are in something of a worldly shift in our search for meaning. You will see continued representation of some of these things, such as discussions on real estate purchases, shifting from work into retirement, as well as the leisure and emotional side of how we live our lives.

Please give us a call, schedule a meeting, or just stop in with questions you may have. We always appreciate hearing from you.

All my best!

*Lee Stoerzinger, CFP®*

President

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# Not Glamorous, BUT IMPORTANT

Written by Lee Stoerzinger, CFP®

A few months ago, I was watching Netflix and came across a series on the Madoff scandal, which happened in 2008. It included several episodes related to one of the most elaborate financial scams in the history of our country. I must admit, I was amazed by the complexity of what was done and how they were able to continue it for so long. The scandal involved investors worldwide, trading at the most intimate levels of our securities network on the "legitimate" side of their business, as well as regulators being notified over a long period of time. Yet, it proceeded for many years. After watching it, I remember thinking that as someone who understands the system, abides by the rules, and has dedicated their life to trusting what is supposed to work on behalf of the individual investor, I had been let down. However, somewhere into the final episodes, I was given a nugget of information that allowed me to see the key to just how it happened, as well as comfort in how we manage money for our clients that prevents this from ever occurring.

Almost in passing, it was mentioned in the episode that the way things were built was that there was one account set up by the Madoff family that was held at an investment firm. So, let's say they had one billion dollars held at XYZ firm. It was all lumped together, and then Madoff "falsely" segregated the accounts on their side. This allowed them the opportunity to make statements on their client's behalf, send out information with whatever they wanted, etc. No one knew what was going on at the holding firm because it was just one large account. The thing is, this is a common way to custody funds in our industry. One piece of info I

found interesting is that Madoff never invested one penny of their investor's assets. All of the trades on statements were manufactured, and the cash was simply used at their discretion all along the way.

Here's the important part. The way we work with the custodian that we entrust to our clients' money operates in a much different manner. First, they maintain custody of all clients' assets, not any other outside firm. Also, they do not commingle the client's assets in a pooled account but hold them individually in specific client names. In addition, our custodian cannot pledge, lend, or margin client assets held in its custody. In addition, they hold Errors and Omissions professional liability policies as well as a fidelity bond which ensures against things like forgery, counterfeit currency, etc. I remember a story they told years ago when we started working with them that they had actually looked into Madoff and their company. They said they would not open their books and show them what they required as part of their due diligence process, so they passed.

It's a complex world out there. Much of what we do is centered on developing relationships with people, helping them determine their financial path, and building a plan for it. However, eventually, the money must go somewhere and be a central part of an integrated plan. We are happy to report that the custodian we have chosen to partner with has built a strong foundation in client custody, and we wanted to share this. Not super glamorous, but extremely important.

*"It's a complex  
world out there."*



# Our Comprehensive List of Services

**O**ur team has the skills and expertise to oversee every aspect of your wealth. Because there are many moving parts within your portfolio, achieving true wealth optimization can often be complex. Fortunately, our skilled team has the expertise to oversee each piece, ensuring everything works together in one cohesive plan toward your defined goals. See our comprehensive list of services below, and please don't hesitate to contact our team to ask questions and learn more about what we offer.

## Financial Planning

- Development of a personalized financial plan
- Asset and liability analysis
- Construction of a personal balance sheet
- Consultation on current diversification, portfolio overlap, and sources of risk
- Aggregation of outside assets
- Client access to interactive planning tools
- Cash-flow and retirement projections
- Scenario analysis
- Explanation of guaranteed income sources
- Strategies for concentrated positions
- Analysis of employer retirement plans and executive compensation
- Charitable giving strategies
- Major purchase analysis and planning
- Education and guidance on mortgage options
- Periodic assessment of our progress

## Asset Management

- Strategies for accumulation, preservation, and income
- Access to institutional money management partners
- Goals-based portfolio management
- Close monitoring and control over investment costs
- Active and passive investing strategies
- Tactical and tax-managed portfolios
- A robust platform of separately managed accounts
- Access to individual bond solutions
- Distribution strategies for predictable income
- Cash management solutions and access to securities-based lending

- Regular portfolio rebalancing to manage risk
- The ability to transition assets in-kind for tax planning purposes
- Consideration around existing employer plans and assets
- Access to outside experts via our business partners
- Ongoing monitoring and research of the industry and opportunities

## Tax Efficiency Strategies and Risk Management

- A focus on the tax-implications of planning and investment decisions
- Tax-managed investment solutions with the goal of maximizing after-tax return
- The ability to integrate and plan around highly concentrated securities
- Evaluation of taxes on insurance and annuity products
- Tax-projections as part of financial and cash flow planning
- Charitable giving and gifting strategies as a tool for tax management
- Executive benefit review including options, etc.
- Monitoring of ever-changing tax laws
- Insurance gap and needs-analysis relating to assets and long-term planning
- Evaluation of life and long-term care insurance as part of the plan
- Education on types of insurance and potential use

## Legacy and Multi-Generational Planning

- Estate planning and general education
- Family coordination
- Help with asset titling and beneficiary considerations
- Educational funding solutions
- Charitable giving strategies and legacy planning
- Assistance establishing Donor Advised Funds and charitable trusts
- Referrals and connections with local estate planning attorneys and specialized resources

# UNDERSTANDING INTEREST RATES & YOUR FINANCIAL SITUATION

Written by Lee Stoerzinger, CFP®

**W**hen discussing bank accounts, investments, loans, and mortgages, it is important to understand the concept of interest rates. Interest is the price you pay for the temporary use of someone else's funds; an interest rate is the percentage of a borrowed amount attributable to interest. Whether you are a lender, a borrower, or both, carefully consider how interest rates may affect your financial decisions.

## The Purpose of Interest

Although borrowing money can help you accomplish various financial goals, the cost of borrowing is interest. When you take out a loan, you receive a lump sum of money upfront and are obligated to pay it back over time, generally with interest. Due to the interest charges, you end up owing more than you actually borrowed. The trade-off, however, is that you receive the funds you need to achieve your goal, such as buying a house, obtaining a college education, or starting a business. Given the extra cost of interest, which can add up significantly over time, be sure that any debt you assume is affordable and worth the expense over the long term.

To a lender, interest represents compensation for the service and risk of lending money. In addition to giving up the opportunity to spend the money right away, a lender assumes certain risks. One obvious risk is that the borrower will not pay back the loan in a timely manner, if ever. Inflation creates another risk. Typically, prices tend to rise over time; therefore, goods and services will likely cost more by the time a lender is paid back. In effect, the future spending power of the money borrowed is reduced by inflation because more dollars are needed to purchase the same amount of goods and services. Interest paid on a loan helps to cushion the effects of inflation for the lender.

## Supply and Demand

Interest rates often fluctuate according to the supply and demand of credit, which is the money available to be loaned and borrowed. In general, one person's financial habits, such as carrying a loan or saving money in fixed-interest accounts,

will not affect the amount of credit available to borrowers enough to change interest rates. However, an overall trend in consumer banking, investing, and debt can have an effect on interest rates. Businesses, governments, and foreign entities also impact the supply and demand of credit according to their lending and borrowing patterns. An increase in the supply of credit, often associated with a decrease in demand for credit, tends to lower interest rates. Conversely, a decrease in supply of credit, often coupled with an increase in demand for it, tends to raise interest rates.

## The Role of the Fed

As a part of the U.S. government's monetary policy, the Federal Reserve Board (the Fed) manipulates interest rates in an effort to control money and credit conditions in the economy. Consequently, lenders and borrowers can look to the Fed for an indication of how interest rates may change in the future.

In order to influence the economy, the Fed buys or sells previously issued government securities, which affects the Federal funds rate. This is the interest rate that institutions charge each other for very short-term loans, as well as the interest rate banks use for commercial lending. For example, when the Fed sells securities, money from banks is used for these transactions; this lowers the amount available for lending, which raises interest rates. By contrast, when the Fed buys government securities, banks are left with more money than is needed for lending; this increase in the supply of credit, in turn, lowers interest rates.

Lower interest rates tend to make it easier for individuals to borrow. Since less money is spent on interest, more funds may be available to spend on other goods and services. Higher interest rates are often an incentive for individuals to save and invest in order to take advantage of the greater amount of interest to be earned. As a lender or borrower, it is important to understand how changing interest rates may affect your saving or borrowing habits. This knowledge can help with your decision-making as you pursue your financial objectives.





# When the PAYCHECK STOPS

Written by Lee Stoerzinger, CFP®

Ahhh. Retirement. Finally, the day when you don't have to set the alarm, and there is no more driving to work. Your life is totally yours. This picture represents the ultimate vision for most people. It's the transition to the "next phase" of life, and all the things we look forward to. Whether you are already retired or it is still on the horizon, the image is something we can all relate to. While at first glance, thoughts of a successful retirement in America seem to be nothing but sunshine and roses, a few critical and often complicated things enter the equation. After all, it is a transition. One is emotional, and the other is financial.

**Emotions:**  
For many years, pre-retirees and retirees have been walking through our office doors. As we engage in the retirement planning process, the thing we hear about most is the anxiety of having no more paychecks coming in. Most people have been working their entire lives and have relied on their ability to earn income. All of a sudden, in one day, it all stops. Now that the economic and lifestyle systems have become so complex in our society much planning needs to be done to secure a successful future. Finding a sense of security by addressing the emotional side of the transition can prove extremely powerful. It is very real and can often cloud decisions. One thing that makes our firm unique is that we have developed a very integrated process to deal specifically with this issue.

**Financial:**  
When we get to the financial side of retirement, there are

income and tax planning, Social Security, health care, estate planning, and many other things. However, the most often overlooked and misunderstood item is how money needs to be managed before retirement vs. after. Much of the current system is built on choices like 401k plans and the opportunity to invest for long-term growth. When people retire, their objectives change entirely, and now there is a need for income. They have reached the distribution phase. Many choices currently available in these plans provide the minimal opportunity to address these changes. Yet, many people need to be made aware of how significant the shift is and what we can do about it. It's like being stuck in the accumulation phase and using the wrong tools for the job. Addressing this process through a solid education, and expanding investment opportunities that directly address retirement income needs, can be powerful. In our opinion, these ideas are not optional but essential.

Retirement in America is a good deal from a historical perspective. Most of the time, it wasn't even an idea, as people worked until they died. The fact that people today receive the opportunity to retire is a big deal and quite a blessing. With that said, and as with most things in life, there are always unique situations that need to be addressed, and retirement income planning is no different. The issues we discussed above are those things, and a full understanding proves beneficial. Oh, and by the way, if you are sixty-two years old or so and going to be retiring in three years, you better get a handle on all of this. You only have 36 paychecks left for the rest of your life

## THE TRIP

A short story taken from Lee's Book, "On the Back Burner"

After many years, Allison finally convinced Steve to go on a mission trip to Africa with some friends. She knew it would be good to get out of their comfort zones. He didn't want to go. He felt they had a good life, and he felt no need to travel to the third world. He knew nothing about Africa, and didn't really care to.

The next thing Steve knew, he was 6,000 miles from home, in an old Land Rover, on the way to a village. They saw nothing but poverty along the way, yet people smiled and waved. When they reached the village where they spent the next few days, they couldn't believe how gracious everyone was in the midst of nothing. They were always singing and work-

ing together, and often praying. One night, the locals had a special dinner in honor of their guests, and gave them their only chicken. Steve didn't really join in, feeling uneasy with the food, their living conditions, and the overall state of affairs. The villagers took note.

On the last day, before they packed up, Steve spent some time with one of the village elders, helping him with some work. When the time was right, Steve asked him a question. He said, "How can you stand being so poor?" The man stepped back slowly, rubbed his head, and said, "Sir, we are not poor, we just don't have any money." And after a long pause, he said, "As a matter of fact, I was wondering the same thing about you."

“Sir, we are not poor,  
we just don't have any money.”

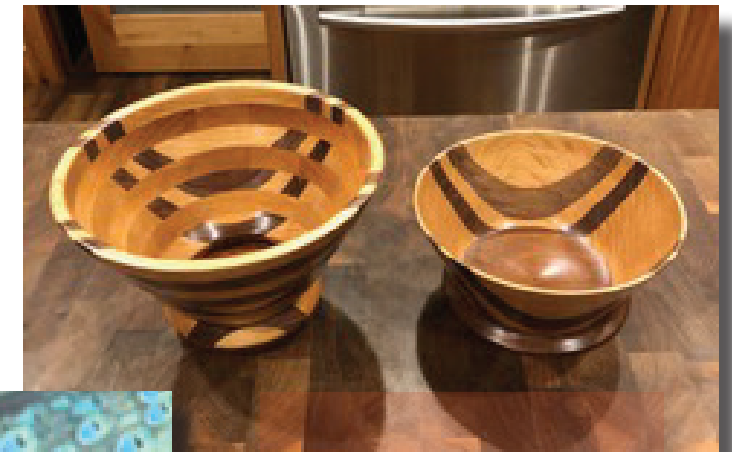






# WHAT'S COOL

## *with Our Clients: Gary H.*



Written by Nicole Ford

Our clients never cease to amaze us. When we find out a client is doing something unique and inspiring, we jump at the opportunity to share their story. The client we are highlighting in this issue of “What’s Cool with Our Clients” is Gary H. Him and his wife Lynn have been clients of ours since 2007.

In a recent conversation with Gary, we discovered he was an extremely talented woodworker. Gary was first exposed to carpentry almost 50 years ago. Woodworking was a basement hobby with nothing but hand tools until he met a guy who dealt with restoring antique grand pianos. Gary started by doing some veneer repairs for him, and things progressed from there. Eventually, he opened his own shop, making custom furniture, cabinets, and the occasional piano. In the ‘70s, he was doing carpentry, and in the ‘80s did fine woodworking.

Then he had a big gap from 1990 to 2020 when he had “real jobs.” When he retired three years ago, his hobby and passion for woodworking came to life.

Gary currently does mostly lathe work and has a small workshop in his basement where he creates bowls, boxes, pens, bottle stoppers, pizza cutters, and other miscellaneous wooden items. To make one of his pieces, Gary grabs a log, mounts it to the lathe, and removes anything that doesn’t look like a bowl or vessel of some sort. From there, he sands it anywhere from 120 grit up to 3000 grit, then applies a finish. After several coats of finish, he uses several abrasive pastes and polishes for final buffing.

Gary’s favorite project was making some 8’ tall, fluted colonial columns which were made from Honduran mahogany for a client in the distant past. “Just the challenge of the sheer size, detail, and construction made the finished products very satisfying,” Gary says. He also enjoys making wooden bowls, especially when the pieces look different and unique.

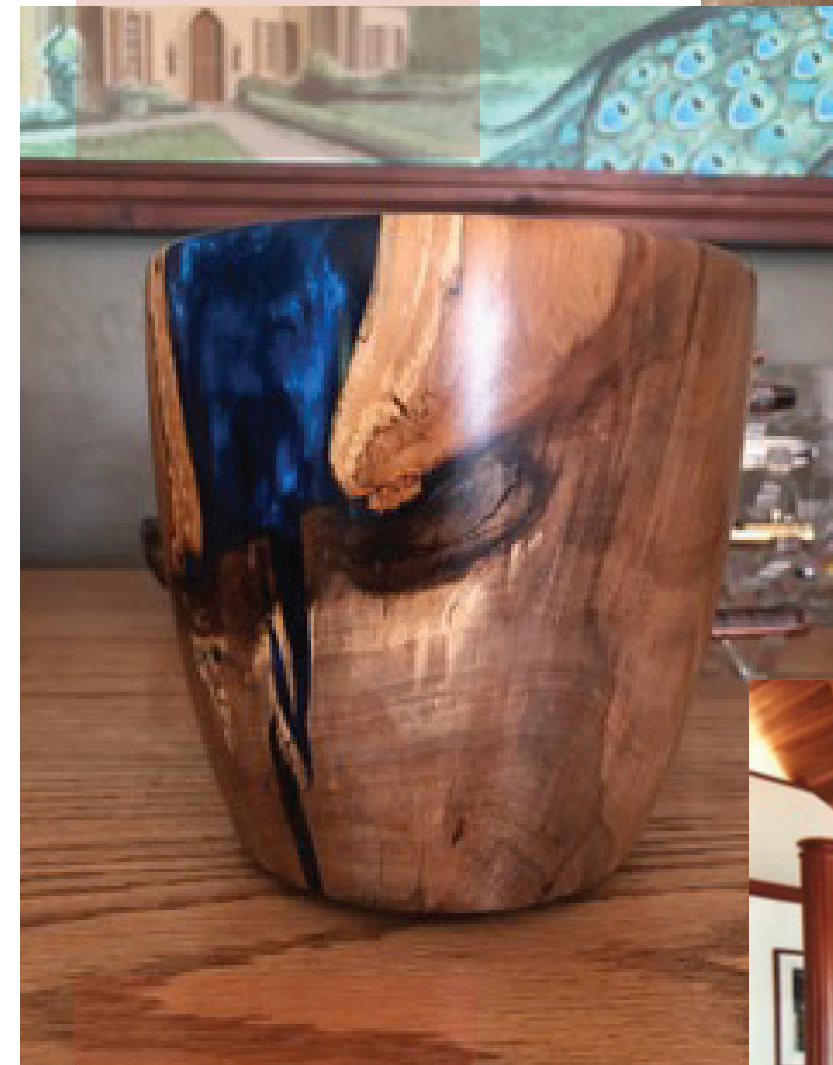
To our surprise, Gary sells these beautiful pieces only by word of mouth – no retail shop or website. He also uses a lot for gifts or the occasional barter situation. When Gary isn’t woodworking, he also enjoys doing leatherwork, tooling, and carving holsters, rifle slings, handbags, wallets, and sheaths. Oh, and he plays a little guitar.

Thank you for sharing your “cool” story with us, Gary!

If you would like to share your cool talent, hobby, or interest with our community, e-mail us at [advice@leestoerzing.com](mailto:advice@leestoerzing.com).



*Gary and his wife, Lynn*



*Gary works in his basement where he creates bowls and other misc. items.*

*Gary’s favorite project was making some 8’ tall, fluted colonial columns*





# Cornerstones for a Healthy Life

## PART 1

Never forget those who helped you succeed. Put yourself in a positive environment. Maintain balance in your life. Find your creativity and develop it fully. Don't be afraid to fail. Read

a lot (library cards are free). Be interested in others. Take responsibility for your actions. Set your standards high. Focus on what you have, not what you don't. Be concerned about

*Excerpt from  
Lee's Book  
"On the Back Burner"*

what you can control. Give...Even when no one is looking. Exercise. Be loyal to your friends. Help those who have less than you. Seek to understand. Forgive and forget. Just when it's time to quit, go a little more. Do something no one has ever done before. Think. Love with all your heart. Be optimistic. Thank your creator for every day.

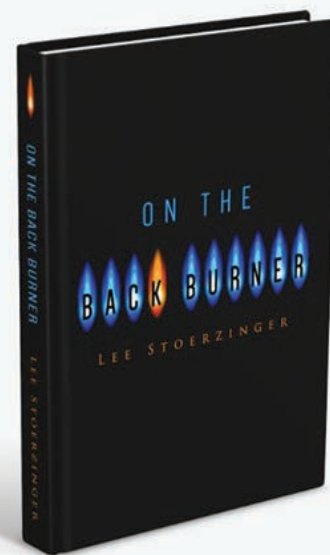
Check out Lee's book...  
**On The Back Burner**

“Life can be so confusing sometimes. We must give to receive, fail to succeed, sacrifice to gain, and take others' pain.”

(excerpt taken from  
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



# You're Invited!



LEE STOERZINGER  
— WEALTH MANAGEMENT —



**Saturday, September 16, 2023**  
1:00-5:00 p.m.

**Lee's House: 428 Broadway St. S, Stillwater, MN 55082**

Please RSVP by September 1st by calling our office: 651-578-1600  
or email Nicole at [nicole@leestoerzinger.com](mailto:nicole@leestoerzinger.com)

We truly appreciate your business and we're grateful for your continued partnership. We look forward to serving you for many years to come. To show our gratitude, please join us for a fun afternoon at Lee's house in Stillwater! Bring your appetite! We'll do the rest.

**MARK YOUR CALENDARS NOW!**  
Invitations to follow

Food will be catered by:



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LEE STOERZINGER  
— WEALTH MANAGEMENT —

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