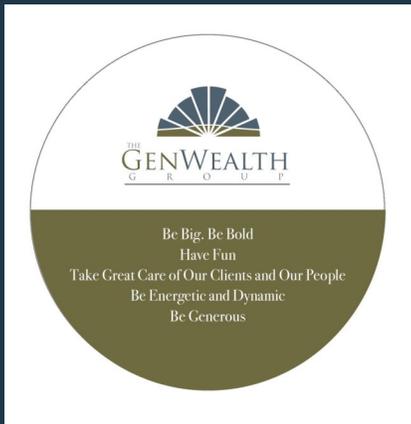


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*Our mission is to simplify the complex financial lives of our clients and help them Retire Ready.*



# THE GENWEALTH JOURNAL

## Why We Want *All* of Your Money

*Michael P. Leanza, CFP® CERTIFIED FINANCIAL PLANNER™  
Founder and President*

One of the more curious conversations I have with some (undeniably happy) clients is the desire to hold certain financial assets away from The GenWealth Group. The conversation typically involves one of a few reasons I've heard over the years. We're naturally interested in managing these assets as they can help grow our business, but more importantly, assets held away can wreak havoc with your long-term financial plans!

Here are the common reasons clients hold assets away and why we think having "all of your money" under our management is potentially a better idea:

**"I am comfortable with cash in the bank"**—While cash in the bank may offer a safe haven from market volatility, it does so at an opportunity cost. Current cash rates (about 1.5%-2%) are far below our targeted annual earnings for investment clients. For a client with a "moderate risk" portfolio, we target 7% in average annual earnings. The hypothetical difference of \$100,000 invested @ 2% per year (in the bank) vs. 7% per year in your portfolio, is not only \$5,000 per year in lost potential earnings, but with compounding, leads to a potential loss of over \$200,000 over a 20 year retirement.

**"I don't want to pay a fee"**—We hear this often for qualified 401k and 403B plans. Many clients have accumulated sizeable assets in their corporate sponsored plan. Later in working years (and into retirement), there is a rationale for rolling these plans to an outside IRA. Clients hesitate as they may think they're getting "something for nothing" by leaving money in the employer's plan. Be careful here! 401k plans can be invested in the sponsor's propriety products. They may lack a customized investment strategy and generally have little monitoring or rebalancing. Employer plans may lump investors of a similar age into "target date" funds that assume all 60-year olds have a similar risk and earning appetite. I can assure you, nothing is further from the truth! With no real way to forecast risk and earnings, our clients eventually consolidate with us, but it's usually after an account loss when the damage is already done.

**"I am going to take a pension or annuity payout vs. lump sum"**—Typically, we hear this from more conservative clients who are comforted by "income for life". Unfortunately, when we read the fine print, the "income for life guarantee" may actually be return of your own investment principal or (for the more fortunate) an income guarantee that translates to a low rate of return. Sometimes, it amounts to a rate similar to a savings account. For investors without sound financial advice, I understand the desire for "guaranteed income". For clients at The GenWealth Group, who have carefully targeted earnings, a projected maximal level of loss and long-term financial projections, the annuity/pension is not only unnecessary, but may be costly. Remember, these plans may require that your money be locked into lower than expected "guaranteed" returns for years to come.

...continued page 4

# Be Generous and Live Longer

Cherie Leanza, Vice President, Marketing & Business Development

Like a healthy diet, exercise, and good genes, generosity may increase your life span. A 2003 research study at the University of Michigan reveals that the positive effects of generosity include improving one's mental and physical health and promoting longevity. Generosity can help reduce stress and enhance one's sense of purpose.<sup>1</sup>

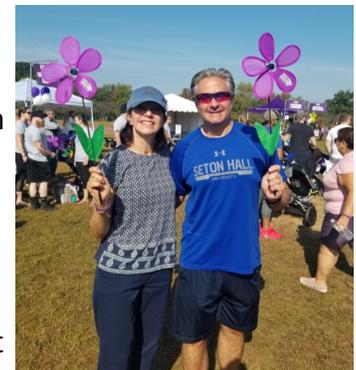
We agree with this mind-set and have made generosity one of our core values at The GenWealth Group. You'll see our **full set of Core Values** in the graphic on the right. Meanwhile, here's a re-cap of what we're doing to **Be Generous**:



**Community Shred Day:** Every year, we offer the community a chance to shred their personal, sensitive documents free of charge. During the event, we hold a "Client Only" Private Happy Hour inside the office. A professional shredding truck is stationed outside and folks come to dump their material and witness it's secure destruction.



**Volunteer Days:** Each year our firm chooses one charity to support. We each take a day to volunteer for the firm's selected cause. This year, we chose Alzheimer's Disease in honor of Michael's Mom who lost her battle with the disease in 2007. **Martin** volunteered at a research conference for Healthcare Professionals and staffed the floor. **Braden, Cherie, Michael and his sister Donna** did an Alzheimer's Walk while **Kim, Nicole and Kristen** volunteered at SOMa Sport and Social's Homerun Derby where this year's funds went directly to the Alzheimer's Association. The event raised over \$10K for the Alzheimer's Association!



**Coat Drive —SAVE THE DATE!** Beginning November 1st, we'll begin our Annual Jersey Cares Coat Drive. We'll be collecting gently used coats for men, women and children in New Jersey who need a warm coat this winter. The drive runs until mid-December, so start cleaning out your closets and bring us your coats!

<sup>1</sup> <https://www.psychalive.org/why-generosity-is-good-for-you/>

# Are You A “Connector”?

Braden Schipke, CFP®, Certified Financial Planner™ Senior Financial Advisor

In his book “The Tipping Point”, Malcolm Gladwell describes three different types of people: **Connectors**, **Mavens**, and **Salesmen**. Connectors are “people specialists”. Gladwell explains: “Connectors are people who link us up with the world. People with a special gift for bringing the world together.”

We’re so fortunate that many of you fall into the “connector” category. Through your networks of family, friends and colleagues, you have successfully fulfilled your desire to bring good people together by introducing us!

Our greatest source of growth at The GenWealth Group is through word of mouth referrals. Let’s face it...money is a very personal and serious topic. If you’re smart, you’re not just going to “Google” the name of a financial advisor and drop off your life’s savings with someone you don’t know or trust! You’re probably going to ask your trusted network of friends/family/colleagues to recommend someone.

**When to Connect:** There are a few “life events” that trigger the idea of hiring a financial advisor. We view it as “money in motion” when someone:

- Retires
- Sells a home
- Receives an inheritance
- Realizes managing their own money is time consuming/difficult
- Has made mistakes with their investments and needs help
- Isn’t happy with their current advisor/wants to make a change

These events serve as a reality check and folks tend to seek advice during these times to ensure important decisions are guided by a professional. When these circumstances happen, they are good opportunities to “connect” your friends/family/colleague to us.

**How to Connect:** Here’s the key—to really be an effective “connector” (and bring good people together), you need to do more than just give someone our name or website. Too often, your friend/family/colleague is frozen by their situation. They may shy away from calling and may not know what to say or how to approach it. A simple way to “connect” is by sending a group email to all.



TO: Friend  
FR: You  
CC: Cherie Leanza; Michael Leanza; Braden Schipke  
RE: Financial Advice

Hi Friend, As promised, I’m connecting you to my team at The GenWealth Group. They are my financial advisors and I hope they’ll be of service to you.



Another option is to simply take them by the hand. Come in and see us. We’ll make you all a cappuccino, and truly connect.



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## Why We Want *All* of Your Money (continued)

**Breaking up is hard to do**—Money is a highly emotional subject and relationships can be hard to end. Occasionally, we have clients who work with other advisors and although they may not be getting the same financial planning and “grow and protect” strategies that we offer, they still have emotional ties to their outside advisor.

Clients tell us they don’t want to “hurt anyone’s feelings” or that “breaking up is hard to do”. Honestly, you shouldn't feel bad about it. After all, it’s just business and it’s your money! Holding on to mediocre (or worse) advice is just not smart for your financial future.

Sometimes clients hang on to relationships because the other firm bundles services (like tax preparation) or to keep incentives (like a “free toaster”!)

At The GenWealth Group, we have made a conscious decision to do what we do best. We’re specialists in financial planning and wealth management...not tax preparation. If we get the money management right, you can afford all the tax preparation (and toasters) you want, and you may be able to enjoy some fee consolidation with us.

Outside assets also create serious challenges when it comes to managing overall risk, allocation and required distributions.

**Do It Yourself**—It is not uncommon for clients to have an emotional tie to an old stock position. Perhaps it was gifted from a parent or maybe you had a lot of shares from a former employer?

We have others who want to keep a little stash of “gambling” money to bet on the next Bitcoin (is that still a hot stock?) Like going to a casino, this can provide temporary entertainment, but with annual account fees and trading costs (which we cover for clients), it’s probably not a money-making proposition.

If you really want to hold some assets off to the side, we suggest that they not represent more than 5% of your investable worth. Keep your “play money” outside of your financial plan at The GenWealth Group, so we can focus on the serious stuff.

**Still not sure if you should consolidate all of your assets to us? Ask yourself the following questions to help make an objective decision:**

- (1) Are my assets working to a targeted level of risk and returns?
  - ⇒ If you are not targeting and achieving a certain level of earnings or risk (as is stated on your custom “investment policy statement at The GenWealth Group), then you may not be getting value out of the outside advisor.
- (2) Is the outside money being actively managed to my (stated) level of risk and targeted earnings, or did I or my advisor “set it and forget it?”
- (3) Am I making it tougher on myself (and my heirs) with multiple relationships? How will my heirs know who to call/how to gather up these assets when I pass?
- (4) Is fear (or habit) keeping me from investing money held on the sidelines?
- (5) I am hoping to get something for nothing?

