

Dear Clients, Family and Friends:

As we approach October, the markets continue to reach new highs. Despite worldwide natural disasters and political uncertainties, the markets have continued to show progress in what is normally a more tepid time for growth. Technology and consumer goods have been responsible for the majority of the growth in the economy.

In addition to that growth, major legislation is being discussed on Capitol Hill. The outcome of the fall Congress session will largely drive the economic policy for the next two years. If meaningful health care and tax reform is passed, it could provide a further boost to many of the industry verticals that have not been performing well lately, especially in the banking, health care and energy sectors. With that being said, if this legislation stalls and Congress is ineffective at passing meaningful change, we could enter a time of uncertainty, which we will watch closely as we close out 2017.

**Firm Update:**

In our last note, we discussed how our firm is adapting to the new Department of Labor laws, which govern advice and how we will deliver services to our clients. Since the last update in August, the Office of Management and Budget approved the Department of Labor's request for an 18-month delay. The next step was the solicitation of industry and public feedback, which concluded on September 15, 2017. We are awaiting their final guidance.

Even with the pending delay, we have begun to roll out our new planning and review process in a pilot format. We will release it to our entire client base in the beginning of 2018. With our new investment platform and website also set to go live towards the end of this year, our firm remains steadfast in our commitment to embrace this change and continue to strive towards being a market leader in the Investment and Retirement Planning field.

**Regulatory Update:**

As of June 9, 2017, each advisor is required to act in a fiduciary capacity with clients. As for Costanzo Financial Group (CFG), we have been acting in that capacity for years; therefore, this did not require us to make any immediate changes to our registration.

In summation, the major aspects of this legislation will govern transparency, fee disclosures and how we document our recommendations to you. As mentioned above, we are still awaiting the feedback from the

industry and public comment period that closed on September 15, 2017. Once that is available, we will have a much better understanding of the milestones on the horizon.

We will go into detail on each of these major points in our meetings and future personal notes and translate how it will impact your interactions with us.

### **Building for Tomorrow:**

Part two of our three-part series on Retirement Planning begins to explore what happens once you have architected a plan and have begun to turn your focus towards building for tomorrow through saving and investing.

Building for tomorrow, in its simplest form, comes down to three steps:

1. First, you identify your goals and objectives and then formulate your **results-based plan**.
2. Next, you **save** for tomorrow.
3. And finally, you **invest** what you save to realize the objectives in the results-based plan.

Before you get to investing, it is critical that you build the plan, construct your goals and then save. Consider your risk tolerance, time horizon and various personal goals in the construction of your plan. Ask yourself where you want to be in 5 years, 10 years and 20 years while considering how much income you will need to get there and what may impact your ability to support yourself and loved ones.

Far too frequently, individuals try to bypass the planning aspect of this process, because it takes a lot of time and energy and instead opt to arbitrarily set savings and investing objectives without having an end goal in mind. Although this may feel like a reasonable strategy in the short term, you most likely will not reach your retirement goals and income requirements without taking time to lay out the planning roadmap.

### **Saving for Tomorrow:**

Saving is about prioritizing and managing your spending habits as early as possible and building a threshold on which to sustain your family's income for months at a time if there is loss of employment, a need to make a major purchase or a desire to supplement your income to cover certain increases in monthly spending. Have you revisited your savings threshold recently and actually defined what is the right amount and why?

Consider these important points when discussing your savings objectives:

- **Track Your Spending Habits:** It may sound simple, but keeping a close eye on money going out is the first step in saving for your investing future. Document and outline all your expenses, including things like utilities, child care, medical care, food and clothing. Once you have an understanding of the necessities you pay for, you'll be able to map out an outline for what you can save.

- **Pay Yourself First:** Think of your savings as one of your required expenses. By equating saving to an expense, you will begin looking at saving as a necessity rather than as a possibility.
- **Analyze Your Expenses:** First, create a list of your expenses and then order them in terms of priority. By doing so, you will garner a clear understanding of where to allocate and prioritize your money.
- **Assign Percentages to Your Expenditures:** How do you want to spend your money? Calculate how much of your money is going towards various expenses and then determine if you can reduce your flexible expenses.

The following articles should be helpful in trying to articulate the important concepts you need to consider as you formulate your savings objectives and threshold:

- [Good Retirement Savings Habits Before Age 40](#)
- [Could You Improve Your Personal Finances Today](#)

### **Investing for Tomorrow:**

Once you have dedicated yourself to a sound savings strategy, you can begin implementing your investment process and design a suitable portfolio. Once you have identified your risk tolerance, time horizon, asset allocation and have built a diversified portfolio, it will be critical to keep these important concepts at the forefront of your decision making:

- **Avoid Trying to Time the Market:** Stay the course with the plan you establish and avoid allowing the market to dictate your investing habits.
- **Rebalance Your Portfolio:** Don't tie yourself to investments for extended periods of time. Even your most successful investments should be reconsidered and reallocated.
- **Be Patient:** Investing properly shouldn't necessarily be an exciting process. Focus on creating a diversified portfolio, reallocating and staying the course.
- **Stand By Your Investment Plan:** The market is constantly changing. Through the ups and downs of each market cycle, abide by the allocations and investments you mapped out to achieve your objectives.
- **Avoid Making Emotion-Based Decisions:** It's easy to let our emotions dictate our decision-making process, especially during the highs and lows of market fluctuations. Recognize those emotions and avoid acting on them by trusting the plan you formed with your advisor.
- **Minimize Your Taxes:** Depending on the taxable bracket you fall into, making adjustments to your investment plan could minimize taxes.

As you craft your investment strategy, consider these three helpful guides covering the basics of investing and the importance of building a retirement income stream that will last over three decades:

- [Retirement Planning: Investing Basics](#)
- [How to Maximize Your Retirement Savings](#)

- [Funding 35-40 Years of Retirement](#)

**Summary:**

We hope that you enjoyed the second part, "Building for Tomorrow," of our three-part series on Retirement Planning. Our team is energized about these new initiatives that are being rolled out to our clients as we enhance our role as educators, revamp the planning and investment process and maintain our commitment to client service.

Please know that we are working on your behalf every day and we are confident you will be satisfied with the new updates that we have made to our service offerings. We embraced this challenge and continue to thrive in a very demanding environment. Our number one goal will always be to put our clients first while positioning ourselves to provide you with sound advice over a lifetime.

If you have any questions regarding your Investment and Retirement Planning efforts, please contact us or click on the following link to schedule a review using our new online booking system: [Schedule Review Today](#).

We look forward to the next opportunity to assist you in financially preparing for your future.

Thank you,

Andy and the CFG Team