

Dear Clients, Family and Friends:

We hope you have been enjoying your summer with family and loved ones. Back in June, we learned that the new groundbreaking Department of Labor legislation, which governs financial advice, would become law. Our firm has spent the past year learning about this new paradigm for advice and the way we will deliver those services to our clients on an ongoing basis. Our entire team has been completely engaged in developing our service offerings, which will help our clients navigate these important changes.

We are happy to report that our efforts have resulted in our firm remaining well ahead of the curve and we will be bringing these new solutions to you over the next year. We have updated our Personal Note format to bring you more information regarding these relevant changes and how Costanzo Financial Group (CFG) is adapting to implementing these important measures.

During this period, we encountered many legislative delays that were completely out of our control, but nevertheless, we continued our efforts by focusing internally on how we do business instead of waiting for someone else to direct our endeavors.

In fact, as recently as August 10, 2017, the Department of Labor filed an additional request with the Office of Management and Budget for an additional delay of 18 months.

Nonetheless, our proactive efforts to meet the requirements of this new legislation will continue to drive the success of our firm for the next decade and beyond. We will not relent until we are comfortable that we have built an innovative planning and investment management process that enhances our relationship with you and complies with these complex rules.

Firm Update:

Our improved planning process, new investment platform, client education portal, secure e-lockers for documents, and quarterly webinars will all be focused on improving our clients' experience as it relates to Investment and Retirement Planning.

As we move towards this transition in the fall, we thought it was important to shift our educational series to provide you with more information on these efforts, the new regulation and how our new planning and review process will drive everything we do going forward.

We know many of you have been calling to schedule reviews. Please know we will be reaching out to you soon.

However, it is important that we are fully prepared to execute against this new regulation and do it right the first time. Again, our firm's efforts over the past year have positioned us extremely well and we have done everything necessary to implement these new practices in a way that will drive tremendous value for you.

Regulatory Update:

Last year, the Department of Labor introduced impartial conduct standards intended to regulate advisors administering financial and investment advice. The legislation has been marketed to the public as a vehicle to ensure that all advisors are acting in the client's best interest or in a fiduciary capacity. As we know, the way legislation is marketed to the public and the reality of the ruling is often quite different. On the surface, who would not support legislation that works to ensure all practitioners are acting in the best interest of their clients? However, this legislation is much more complex and will cause significant changes to the landscape of how financial services are administered.

Rather than focus on the limitations, our firm chose to look at this as an opportunity to re-engineer our processes and focus more on the client experience. Our internal collaboration has produced extensive developments in our planning processes, which you will begin to experience in your next review.

In our efforts to keep you updated on the regulatory front, here is a quick update of what has happened to date:

The initial rule for impartial conduct standards was set to go into place on April 9, 2017. However, it was subsequently delayed until June 9, 2017. During that delay, the milestones for the rule were shifted and most of the important issues related to the rule will not take effect until either 2018 or as late as 2019.

As of June 9, 2017, each advisor is required to act in a fiduciary capacity with clients. As for 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 order to comply with the parts of the rule that go into effect in 2018 or as late as 2019, we will be rolling out a new planning process, investment platform and client portal that will encompass many of the necessary steps to meet the requirements for compliance of the law.

In summation, the most important parts of this legislation will govern transparency, fee disclosures and how we document our recommendations to you.

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

As we mentioned earlier, this will be the first letter in a several part series that focuses on our new planning process and how we will implement it over the coming months.

Planning: Architecting Your Future

Our objective at the outset was to re-engineer our process to be more focused on results-based planning, highlight each client's objectives and document how certain investment tools are helping us address those goals.

In our first educational series for Investment and Retirement Planning, we are focusing on how our clients will build a long-term plan. Here are the first major steps in setting your objectives:

- **Set Short and Long-Term Goals:** Retirement can span more than 20 years. This makes it crucial to work with your advisor to develop a financial plan that ensures your success for both the short and long term.
- **Create a Detailed Plan:** Once you have outlined your objectives, work with your advisor to create a clear plan to accomplish them. With a detailed plan in place, you will know exactly where to focus your efforts to pursue each of your financial goals.
- **Understand Your Financial Picture:** Go through each of your investment accounts to understand your entire portfolio. During that process, identify how much of your assets are invested in tax-advantaged versus taxable accounts. Once you do so, you can determine any potential shortcomings in your financial outlook and develop a strategy to overcome them.
- **Analyze Your Cash Flow:** It is critical to have an understanding of your income and expenses, and how they tie in to your monthly budget. Be sure to include Social Security and pension when evaluating your cash flow and determine if there are any budgeting areas that need to be addressed for both the short and long term.

Summary:

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 and continue to position ourselves to provide you with sound advice over a lifetime.

As a takeaway, we have attached a guide that will help you get organized and plan for tomorrow's retirement by outlining the steps that you need to think about today: [Transitioning into Retirement](#).

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](#).

Additionally, if we have communicated with you about an upcoming review or the launch of the new investment platform, please note that we will begin scheduling those appointments in the fall.

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

Thank you,

Andy and the CFG Team