

Dear Clients, Family and Friends:

In honor of Financial Literacy Month, which is recognized every April, we will focus this note on creative ways to seek enhanced knowledge in regards to your Investment and Retirement Planning efforts.

### **Market Update:**

April proved to be another volatile month as we watched the markets continue to move in different directions. We saw the lowest unemployment rates since 1969, excellent job reports, the largest rise in household wages since the early 2000s and solid corporate earnings reports. Despite all that, the market did not necessarily respond positively.

Instead, investors had a laser focus on the Treasury's 10-year rate reaching 3%. This indicated to the market that inflation is starting to rise and thus drove down the markets for the month.

It is important to keep in mind that the first quarter of any year is typically a challenging one, while the second quarter produces positive equity returns over 75% of the time. Again, there has been positive news of a healthy economy that is only getting stronger, but there is still a lot to be determined in regards to policy implementation and trade negotiations. Thus, we feel that volatility is here to stay for the foreseeable future.

What we have seen thus far in 2018 only further solidifies our conviction that the best defensive position to a volatile market is a diversified portfolio that holds large multinational companies across multiple industries and regions.

Below you will find a recap of this month's market activity and a brief whitepaper on the impact of the Treasury's 10-year inflation rate reaching 3%:

- [April Market Recap](#)
- [Equity Sentiment Reverses as Treasurys Cross 3%](#)

### **Educators First:**

In the late 1980s and early 1990s, Andy made it a point to **focus all our client efforts on education and the use of that information to help empower families to make informed decisions for their future**. This critical decision would impact how our firm would interact with our clients over the next several decades. Andy has noted that other colleagues tried to dissuade him of this direction as most said it would never work. As the true leader he was and still is, Andy was not afraid to do what was right. He felt strongly that client relationships are partnerships that should not be treated as one-sided affairs focused only on the transaction of the day.

Today, we look back at that decision as one of the defining moments of our three-generation firm that has helped us grow into one of the fastest growing independent firms in the country.

This simple, yet powerful, mission statement is one that has driven us to serve multiple generations of our clients and their families:

***“To be educators first, advising always and empowering everyone around us through information.”***

Recently, to support these ongoing efforts, we rolled out a new Client Portal that brings a self-service education option to our clients. In this portal, you can elect to watch videos, take an investment class, try out our scenario-based calculators or review our previous personal notes.

You can visit our website at the following web address: [www.ajcostanzo.com](http://www.ajcostanzo.com).

To explore the various tools in the Client Portal section of our website, enter the following credentials:

- **Username:** mycfg
- **Password:** Excellence3!

Please note that this portal is strictly for our clients and their families.

#### **Financial Literacy:**

For your reference, we have assembled some basic Investment and Retirement Planning topics to keep in mind as you establish the core values necessary to navigate the various financial decisions you will encounter throughout your lives:

- 1. Know how much you're making, what you're spending and what you owe.** A budget is an important tool for tracking how much money is coming in and how much is going out on a monthly or annual basis. If you're incurring debt on a regular basis, it's likely that you're overspending or you've encountered a rocky patch due to unforeseen medical bills, a job loss or other circumstances. Use your budget to help prioritize and manage spending.
- 2. Know your net worth.** Your net worth represents all your assets minus all your debts. If you're managing your budget, your net worth should increase over time as you save, invest and pay down debts.
- 3. Know that all decisions have an opportunity cost.** Every financial decision from a \$3 cup of coffee to a \$30,000 car involves a tradeoff. Do you spend the money now on something you want but don't need or do you save it? If you need a new car, do you buy new or used? Pay cash, finance over time or lease? Every decision influences your ability to maintain today's lifestyle goals and tomorrow's income needs.

**4. Know your financial goals and your time frame for reaching each goal.** The likelihood of reaching your goals depends in part on how well-defined they are and when you plan to achieve them. It's hard to build a solid plan around a goal "to retire someday" vs. a more finite goal such as, "I want to retire in 7 years and move closer to my children and grandchildren." The financial planning process can not only help you articulate your goals, but measure your progress along the way, so you always know exactly where you stand.

**5. Know your risk tolerance and the asset allocation that is appropriate for you.** Your investment portfolio can help you move closer to your goals, but taking on too much or too little risk can sabotage your efforts. Too much risk in a short timeframe can make it difficult, if not impossible, to recover losses. Likewise, taking on too little risk can jeopardize your ability to outpace inflation over time which can result in falling short of your long-term income goals. We can structure an investment portfolio aligned with your goals, time frame and tolerance for risk to help you appropriately allocate your assets in a manner that inspires confidence.

**6. Know where to get the help you need.** The more you know about your finances, the more likely you are to make clear, confident decisions that support your goals. However, managing your finances can be time-consuming. And the more you accumulate, the more complex your needs tend to become over time. That's where experienced advisors well-versed in areas such as tax, financial, retirement and estate planning can not only help simplify financial and investment management, but provide the information and knowledge you need to make clear, insightful decisions that support your goals at every stage of your financial journey.

In addition, we have enclosed three whitepapers to support our educational series. These papers will be important in understanding how to better communicate financial topics across all generations and ages:

- [Generational Happiness](#)
- [Financial Priorities Young Families Should Address](#)
- [Raising Financially Smart Kids](#)

**Closing:**

We look forward to discussing these whitepapers and your pertinent questions in more detail during your annual reviews.

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 scheduling system: [Schedule Review Today](#).

It has been, and continues to be, an absolute honor and privilege to serve as your Investment and Retirement Planning advisors.

Again, we wish you and your families abundant good health, peace and prosperity.

Thank you,

Costanzo Financial Group (CFG)

<sup>1</sup>[http://www.pbs.org/your-life-your-money/more/what\\_is\\_financial\\_literacy.php](http://www.pbs.org/your-life-your-money/more/what_is_financial_literacy.php)