



Estate Planning: Blessing or Burden?

By Aaron Bates

"An ounce of prevention is worth a pound of cure." This phrase applies to many things, including estate planning. Personalized estate planning is often overlooked or undervalued. But this lack of planning can turn what should be a blessing for your loved ones and heirs, into a burden. Spending a little time and money now to leave behind clear directions can give your legacy much more value. After all, clarity is kindness.

Regardless of what assets you have, a qualified professional can help you develop an estate plan that is best suited for your unique family situation. There are tools that can save you time –our most valuable asset– and help avoid frustration in the future. For example, a brokerage account can consolidate many individual stock, bond, and mutual fund holdings into one account. This means one form can be completed for transfer, and only one Form 1099 for tax time. (The brokerage account can be registered with a designated beneficiary, or to a Trust, if necessary. You should also appoint a power of attorney as a back-up on the account.)

Let's imagine you leave behind 20 miscellaneous holdings, spread out at different banks, transfer agents, and brokerage firms. If each of those 20 accounts takes 3 hours for your heir to locate, do paperwork, etc., that is 60 hours! Do you want to give a loved one this burden during an already difficult time?

Sitting down with a professional to discuss –and thoroughly understand– the options for transferring your assets is best when done with a sound mind. A qualified advisor can guide you through facets you may not have considered: tax savings, family dynamics, operational efficiency. It may avoid the probate process as well. Some states have laws that only recognize properly-documented estate plans, so don't assume you can just leave all your assets to one person with verbal instructions on how to distribute them. That's a situation ripe for disaster.

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Lessons from 20 Years of Investing

By Tim Hilterman

I graduated from Grove City College in 2002. When I started my first full-time job, I was excited to contribute to a retirement plan for the first time. I didn't know much about investing, but I did know that saving was important if I hoped to retire someday. Unsurprisingly, things haven't always gone according to my plan. Here are a few things I've learned over 20 years of investing.

1. The market doesn't go up in a straight line

As I started contributing funds to my 401(k), I was excited to watch the performance. I remember one fund had an average 10-year return over 10%! But I quickly realized that the market doesn't always go up. In fact, during the entire first year of my investing, the market went down! Quoted average 10-year returns are just that: an average.



I have invested through the economic fallout of the 9/11 attacks, the Great Recession, and the COVID pandemic. Some years are better and some years can be a lot worse. What's most important is to stay invested and stay focused on your long-term goals. Don't panic when markets recede; it's normal for the market to ebb and flow.

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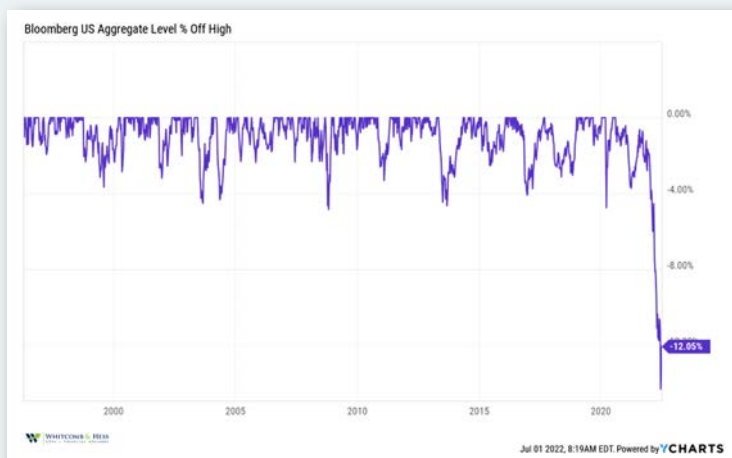
Second Quarter Market Recap

By Ryan Gilmer

The second quarter was quite challenging for investors, as most stock indexes fell significantly. In fact, the severity of the declines is comparable to other notable market panics, such as the 4th quarter of 2008 (Great Recession) and the 1st quarter of 2020 (COVID pandemic).

But in another sense, current economic and market conditions are quite different than these prior crises. During those times, economic growth ground to a halt, and the main worry was a recession or depression. This year, market volatility has been driven by higher inflation and interest rates. In other words, instead of the economy being too cold, it's too hot.

While most investors expect stocks to fluctuate (and they have), more unusual and surprising is the poor performance of bonds. This chart shows the historical declines of the Bloomberg US Aggregate Bond Index.



In the past 25 years or so, bonds have never fallen more than about 5% from a prior peak – until now. As you can see from the chart, recent bond market declines are the worst on record. As interest rates have gone up in response to higher inflation, bond

prices have gone down. We haven't seen persistently higher interest rates in more than a decade. The process of adjusting from ultra-low rates to more normal rates hasn't been smooth, and market participants are expecting the Federal Reserve to continue to raise rates throughout the year.



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So, what do we do now? We look for the good.

Here are some positive thoughts for stressful markets:

- **Diversified portfolios can help** – Not all stocks are down the same amounts, neither are all bonds. For example, short-term bonds have outperformed long-term bonds. Value stocks, such as consumer staples, have fared better than growth stocks (like consumer discretionary). Also, having some exposure to commodities has helped mitigate the pain.
- **Forward returns improve** – Bonds are sometimes referred to as the “self-healing asset class.” Because bonds mature at a set period in time, if the issuer doesn't default, bond investors will recuperate any losses from higher rates as bonds approach their maturity date. This can be true of stocks as well, even though they don't mature. Lower prices today provide the potential for higher future returns.
- **Add some cash** – Even though it can be hard, investors who add cash during market downturns give themselves a great chance to improve their long-term returns.

If you would like to discuss how these market circumstances are affecting your personal portfolio, let's talk.

SAVE THE DATE!

Fall Shred Day

Friday, September 30th — 11am to 2pm
Lunch available for donation

Donations to benefit the
United Way of Ashland County

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There's a veteran attorney I know who says, “Don't create new problems with poor planning.” An ounce of prevention will go a long way to ensuring that your assets –gifted through a properly planned estate– will be much more of a blessing than a burden! If you need help getting started, please let us know.



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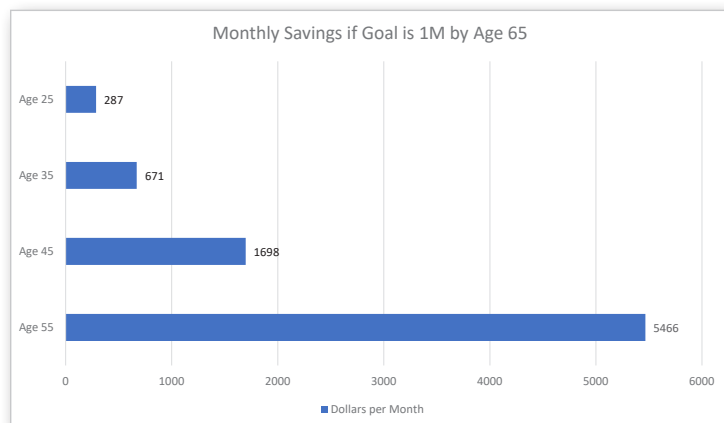
Time is Your Greatest Asset - Start Investing Now

By Chris Nadler & Matthew Lefelhoc

Finding the balance between living your life in the moment and preparing for the future is an important but complicated task. We've all been advised, "start investing now," and it's true! But the question then becomes, "How much do I need?"

Most investors are saving for retirement. Therefore, determining your retirement income needs is where we start. Retirement income can come from multiple sources: Social Security, employer pensions, personal investments. Social Security and employer pensions are typically defined amounts; personal investments can vary. We expect the income from your personal investments to be approximately 4% annually. By knowing the total income that those assets need to produce each year, we determine how much you need to accumulate. For example, if you need to generate \$40,000 of income from your personal investments, you'll need to accumulate \$1,000,000 ($\$1M \times 0.04 = \$40,000$).

When you start investing for your financial goals can greatly impact the amount you will need to save on a regular basis. Starting earlier in life with smaller amounts for a longer period of time allows you more flexibility. Starting later with the same end goal means you would need to accumulate much more over a shorter period, which can be challenging.



For example: Let's say you want to accumulate \$1,000,000 by the time you are 65. (We'll also assume you're starting with \$0 in savings and make an average rate of return of 8% per year.) The graph below shows what you would need to save per month, based on the age you start investing.

The only thing you can't get back is time! And it could not be more apparent than in this graph. Just delaying 10 years to start investing, from age 25 to age 35, more than doubles the monthly amount you'd need to save to reach the same goal for your retirement.

Balancing your desire for spending money on things you want today and saving for the needs of your future self is an important piece of any successful financial story. We're here to help you find that balance. Let us give you the peace of mind that comes from knowing you're on track toward your goals.



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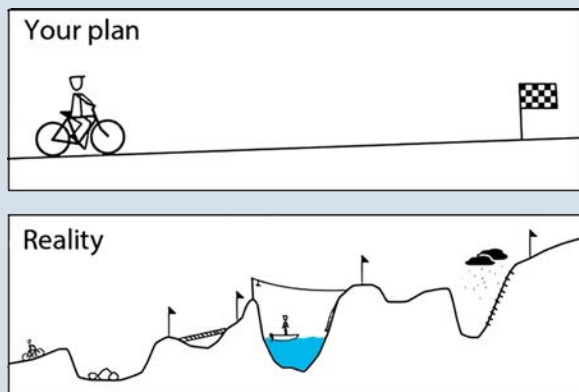
MARKET UPDATE as of 6/30/22	2022 YTD	5 YR AVG	10 YR AVG
S&P 500 COMP	-19.96%	11.31%	12.96%
RUSSELL 2000	-23.43%	5.17%	9.35%
MSCI EAFE	-19.25%	2.69%	5.89%
MSCI EMERGING MARKETS	-17.78%	2.70%	3.57%
BARCLAYS US AGG BOND	-10.35%	0.87%	1.54%

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2. There is no magic bullet

There have been many get-rich-quick fads in the last 20 years. I started investing right after the dot-com bust, when some were making wild bets on anything that had a "dot com" in the name. Now we're seeing similar speculation about cryptocurrencies. Dogecoin, for example, wasn't created to provide value in the marketplace. It started as a joke but people started chasing it, hoping to make an unrealistic return.

It's tempting to get caught up in the hopes of finding a shortcut to financial freedom. But the best path to success with investing is to build wealth slowly. Stay broadly diversified and make common sense investment decisions.



3. Time is your friend

While the market can be volatile and uncertain, it does have a long track record of positive average returns. You may feel frustrated when your account loses value. Resolve to be patient and give it time. People and economies always find a way through difficult circumstances. Wherever you are in your investment journey, remember to stay focused on your long-term plan.

I'm sure the next 20 years of investing will be just as exciting (if not more so) than the last 20! The lessons we've learned from the past will help guide our future. If you'd like help developing a plan that will keep you focused in the years to come, let's talk.



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New Faces at Whitcomb & Hess

By Jordan Kvochick

In April, we added **Cale Ogi** to the team as a summer intern in Investment Advisory Services. Cale is a senior at Ashland University majoring in Finance & Accounting. As an intern, he provides support to both our clients and advisors. In his free time, he likes to golf.

We welcomed **Ashley Smith** aboard in May, who joins us as an Accounting Associate. Preparing payroll and payroll taxes, bank reconciliations, and tax preparation are just some of the things she does here. Outside the office, she enjoys rock concerts, baking, and spending time with her kids.

We are glad to have them on our team. Feel free to say hello next time you stop by!

