



SUMMER 2023

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Control the Controllables

By Matthew Lefelhoc & Tracy Wells

This year's news reports have been dominated by phrases like, "Higher Inflation," "Rising Interest Rates," and "Market Volatility." It's human nature to fixate on the trends and buzzwords that we hear everywhere. But we can't control inflation or interest rates or how the stock market performs. It's a healthier plan to focus our attention and energy on what we CAN control! This is how you can really move the needle on your retirement plan. So, what CAN we control?

1. We can control our spending!

Adjust your monthly budget as needed. Try to combat rising costs by cutting out some unnecessary expenses from your day-to-day lifestyle. For example: ask yourself questions like, "do I really need a second car payment?" Or "do I really need the newest phone on the market?" Tightening up your budget will help fight rising costs now, plus set up healthy financial habits for your retirement years.

2. We can control how much we save!

Consider contributing more to your IRA or 401(k), using market volatility as a time to buy at a discount. Consider using elevated interest rates to your advantage by diversifying cash accounts into some higher-yielding investments, like annuities or treasury bonds.

3. We can control our earned income!

This might include a part-time job or side hustle. Or, it might include a Social Security strategy that maximizes benefits over your lifetime. Even

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40th Anniversary – It Takes Many Hands

By Aaron Bates

While reflecting on our 40th year, we tallied all the hours our team members (past and present) have dedicated to the mission and vision of Whitcomb & Hess. At best estimate, our team has invested over 1 million total hours in our firm since 1983. The firm started with two partners – **Ed Whitcomb** and **Jim Hess** – and one support person.

Within two years, the team had added a third partner, **Bill Harvey**, and three more staff members. By 1990, the team had 4 partners and 15 team members. We now have 6 shareholders and 22 team members. In forty years, over 100 people have been a part of our team, and the firm has had a total of 12 shareholders serve on our board.



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Originally, Whitcomb & Hess started as a public accounting firm, enlisting Certified Public Accountants and staff accountants who focused on the accounting, tax, and advisory needs of our clients. As the demand for comprehensive wealth management services grew among our clients, the firm began offering investment advice and insurance in 1995. Since then, we have added the professional skills of Certified Financial Planner® practitioners, a Chartered Financial Analyst, a

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Life Insurance – An Essential Element of Your Financial Plan

By Tim Hilterman & Chris Nadler

Although it can be an uncomfortable topic, life insurance is designed to protect and provide for your loved ones in their time of greatest need. At Whitcomb & Hess, we believe life insurance is an essential element of a family's financial health.

When should I consider purchasing life insurance?

Ask yourself, "If I were to pass away, what would happen to the people that are financially dependent on me?" You need life insurance if you:

- Are the sole breadwinner in your family
- Have children that are dependent on you
- Don't have a large nest egg yet

Without you, your family would need to find a way to replace your income and cover other financial obligations. Other common reasons to have life insurance include: paying off outstanding debt, funding college education, providing protection for a company, or delivering a tax-free death benefit to descendants.

What type of life insurance should I buy?

The most common types of life insurance fall into two categories:

- 1. Term Insurance.** This insurance is straightforward and simple. You purchase a certain amount of death benefit for a fixed period or term (ex: \$500,000 for 20 years). You pay the same monthly or annual premium for the duration of the contract. When the term runs out, the coverage expires. This is the most inexpensive coverage available.
- 2. Permanent Insurance.** The most common form of permanent insurance is called "whole life." This insurance will never expire as long as you continue to pay the premium. While this could be suitable for some people, it is very expensive. Permanent insurance can cost five to ten times more than term insurance because it never expires.

There are other types of "hybrid" insurance including universal, variable universal, and indexed universal life insurance. These hybrid types of life insurance combine investing and life insurance. They can offer some unique benefits but add additional complexity.

An independent approach

As with other services at Whitcomb & Hess, our financial advisors act as guides to assess your needs, help you understand them, and find the right type of life insurance for you and your family. We act as fiduciaries: only recommending life insurance where it's appropriate, and helping you find the right type that will fit your budget. We work with an independent insurance agency, Ash Brokerage, that shops many top-rated life insurance companies and different types of insurance to find the solution that fits you best.

If you'd like help with this important area of your financial life, please let us know!



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working an extra six to twelve months can have a huge impact on the success of your retirement plan.

Our spending, saving, and income are all areas of our life that we CAN control. Changes in these areas can be pivotal in your financial plan. We know that market performance, inflation, and interest rates will fluctuate over time, as economic conditions do. It's important to recognize these factors, but not overreact. Being proactive and building strong habits today can help offset the negative impact of economic conditions that are out of our control.

If you would like to discuss how this applies to your current retirement plan, or if you need your first retirement plan, please give us a call! Our team can help you Plan, Grow, and Thrive, no matter what the current environment is like.



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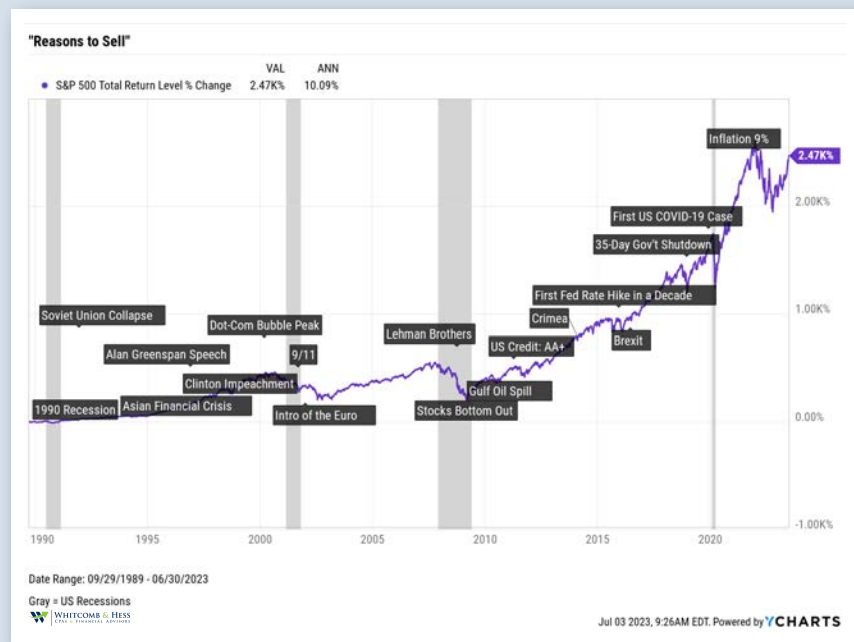
Q2 2023 Market Recap – The Wall of Worry

By Ryan Gilmer

Financial markets have their own jargon, folklore, and clever sayings. We've heard phrases like, "Buy low, sell high" or "Don't fight the Fed." Another of these quips, particularly applicable to second quarter performance is, "Stocks climb a wall of worry."

Despite negative headlines like bank failures, inflation, war, or debt ceiling drama, stocks can still go up in value. In Q2, US large cap, small cap, and international stocks all increased. Have you been feeling confident or worried about markets? I felt concerned at times!

This chart shows some things investors have worried about over the past 30 years:



Here are a couple of points to contemplate:

- **Worry Makes Us Money** - If an investment has no worry, that means it has no risk. If it has no risk, it means low returns. Therefore, worry is the cost of making money over long time periods. We can choose to embrace it, or not, but we do have to choose.

- **Worry Dissipates Slowly Over Time** - Every problem markets encounter has a shelf life. If there is a car crash on the interstate, at first, traffic is unable to move. But eventually, medical personnel and police arrive and clear the area. It may take time, but progress happens continually. Worries that impacted the markets earlier this year — such as the war in Ukraine or high inflation — are reaching the end of the shelf life. Markets just stop caring about old news after a while.
- **Worry Is Unavoidable** - There's always something to worry about. Even if there were no problems in the world, markets would worry that no one is worried enough.
- **Worry is Unpredictable** - We can't guess what the next worry will be. If we could, everyone else could too, and then we would account for it, which would make it less of a problem.

So, what do we do about this?

- **Have a Plan** – We know bad things will happen in the future. Let's think now about how we will behave the next time markets go down.
- **Have a Portfolio** – A group of diversified investments that work as a team is called a portfolio. Teams of people can accomplish more over time than an individual can. Investments work the same way.

Summer is here!
Enjoy it. Please reach out and talk to me if have questions or comments.



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Chartered Market Technician®, a Chartered Advisor in Philanthropy, a Chartered Trust & Financial Advisor, and a National Social Security Advisor Certificate Holder. Along with Certified QuickBooks ProAdvisors, and a Certified Management Accountant, our team of professionals are dedicated to their craft and stand ready to solve nearly any financial problem our clients face.

Each year, young professionals join the firm in the beginning of their careers, eager to learn and develop their skills. It is our privilege to mentor them. Our seasoned professionals (with 20 – 40 years of experience!) always lead the way. It's

exciting to have a diverse group of people, with their unique talents and personalities, working together to deliver outstanding client service. The common denominators in each of our team members are their passion to serve others and their love for the work we do. It is this passion that allows us to consistently deliver the high level of service we have come to be known for.

We have been blessed with team members who put their minds and hearts into serving our clients for over 1 million hours since 1983. As many coaches and leadership guides say, it truly takes many hands (or feet) to score a goal!

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MARKET UPDATE as of 6/30/23	2nd QTR	2023 YTD	5 YR AVG	10 YR AVG
S & P 500 COMP	8.74%	16.89%	12.31%	12.86%
RUSSELL 2000	5.21%	8.09%	4.21%	8.26%
MSCI EAFE	3.22%	12.13%	4.90%	5.91%
MSCI EMERGING MARKETS	1.76%	5.84%	1.81%	3.54%
BARCLAYS US AGG BOND	-0.84%	2.09%	0.77%	1.52%

Whitcomb & Hess Family Grows

By Jordan Kvochick

We welcomed **Daniel Carpenter** aboard in May, who joins us as an Accounting Associate. A recent graduate of Mount Vernon Nazarene University, Daniel double-majored in both Accounting and Theatre. Preparing payroll and payroll taxes, bank reconciliations, and tax preparation are just some of the things he does here.



Outside the office, he enjoys tennis, acting, and playing board games with friends and family. We are glad to have him on our team.

Eric Key, CPA, was delighted by the recent addition of not one, but two new grandbabies! Koah Jude Carman was born on May 22nd followed by his cousin Eva Jones Key on June 10th. Mamas, babies, and grandparents are all doing well!



Eric with Koah



Eric with Eva