THE INDEPENDENCE
Summer 2017
Oak Partners Inc.

ISSUE HIGHLIGHTS

ACTIVE VS. PASSIVE INVESTING 101

by Brent Hill

It seems like all you hear today when you turn on CNBC is whether active investing is actually superior to passive investing. Well, recently it hasn't been, but when the "market" is making new highs day in, and day out that is an easy argument to make, but what happens when the "market" is stagnant and you can't just piggy back on the high performing tech stocks (FANGstocks)? That's where Active may make a comeback. Here are some things to consider when evaluating which route you want to take.

BENEFITS OF PASSIVE INVESTING:

- Very low fees, transparency, and tax efficiency.

BENEFITS OF ACTIVE INVESTING:

- Flexibility, more advanced strategies, hedging, and tax management (Tax-loss harvesting).

Which is truly better? Neither, there is a place for both of these investing types in a portfolio and one that fully implements both provides all the benefits mentioned above and may result in a lower blended cost than going fully active.

NEWS & ANNOUNCEMENTS

by Crystal DeHaven

I certainly hope each of you are taking time to travel and enjoy your loved ones this summer. The summers generally slow down a little at Oak Partners but this summer has seemed to be the exception.

Jessica Wotherspoon

We recently added a fantastic new member to our team, Jessica Wotherspoon. Jessica is the Communications Coordinator, one of the most important roles at Oak. She will be the first face to greet you when you enter the office. Jessica works with clients as well as the teams to be sure that we are delivering the highest level of client experience. After spending over a decade working in customer service and sales for multiple fitness facilities, Jessica knows what truly drives the overall client experience. She holds a Bachelors in Fitness Management from Purdue University Calumet. She has been married for 16 years to her husband Randy and has two boys, Conner and Parker. She resides in Cedar Lake and has lived there most of her life. Outside of work, Jessica enjoys spending time with her family, teaching fitness classes and working out on her own. Jessica joined the Oak family on July 5th and has been a GREAT asset to the team. You will enjoy her infectious smile!

RED NOSE DAY

This summer we hosted many events. Our Margarita night drew more than 150 clients! Oak made a charitable donation to the Red Nose Day as Margarita night happened to fall on May 25th. We were able to capture this awesome picture. Thank you for being troopers.

ANNUAL HALFTIME REPORT

In June, we hosted a garden walk at the Shrine of Christ's Passion. We were also lucky enough to meet so many of the little ones in your lives on June 30th at our special Despicable Me 3 showing at AMC theatre. We had great summer and look forward to an even better Fall.

Do you have an idea for a future event? Tell your Advisor or email Crystal. dehaven@oakpartners.com.

RAILCATS GAME

UPCOMING EVENTS:

Friday, September 22nd - Oaktoberfest
Wednesday, October 4th - Economist, Robert Stein
Thursday, December 14th - Client Advocacy Night

ARE STOCKS OVER PRICED?

by Clint Henry

Robert Shiller won the Nobel Prize in Economics for correctly predicting the stock market bubble in 2000 and the housing bubble in 2007. Recently he was on CNBC giving his thoughts of current market evaluations. The Shiller index, known as CAPE, is currently over 30. Only twice in history has this number been greater, 1929 and 2000. He went on to state that he wasn't saying a serious drop was going to happen in the near future. He believes this market could still have more gains. Couple this with median housing prices reaching all-time highs again and there has to be a reason for pause. We haven't had a 5% correction in over 5 months and the market is reaching new highs almost every week. In my opinion, a pullback would be healthy at this point. This offers opportunity in the market as some securities could be over sold.

The fall could offer opportunity with tax reform. The administration plans to roll out the changes in September. Lowering corporate tax rates and reforming deductions could go a long way to propelling this market forward. Regardless, it's a good time to reevaluate your current positions and allocation with your advisor.

The Shiller Index - The cyclically adjusted price-to-earnings ratio, commonly known as CAPE, Shiller P/E, or P/E 10 ratio, is a valuation measure usually applied to the US S&P 500 equity market. It is defined as price divided by the average of ten years of earnings (moving average), adjusted for inflation.

by Aimee Cooper

BUSINESS SUPPORT SPECIALIST

One of the many benefits that Oak Partners provides is a seasoned support staff. Each team has one or more support staff team members that provide assistance to the advisors and to you as clients. I am the Business Support Specialist of the Wealth Management Group and have worked with them for over 6 years. You've probably met your particular team's support members when you've come into the office for a meeting or have spoken to them when calling in with a question. If you haven't, please ask to be introduced and take advantage of our ability to assist you! We love getting to know our clients so that we can better anticipate your needs. While the advisors are juggling a busy schedule of meetings at various offices, a member of their support staff is generally available to assist you at your moment of need. If we are unable to provide assistance to you with your particular issue or concern, we will be able to thoroughly relay the message to your advisor so that they can get back to you promptly with the answers you need. No question is too big or small and we look forward to assisting you in the future!

by Marc Ruiz

ABLE ACCOUNTS

In 2014, the Federal Government passed the Achieving a Better Life Experience Act (ABLE). This new law was actually an extension of the 529 college savings laws and allowed money to be held for a disabled children's use without adversely effecting eligibility for some of the benefits available to these children and young adults under Social Security and Medicaid.

ABLE accounts involve some of the same tax benefits as 529 college savings plans and were designed to finally give families of disabled children a tool to help them prepare financially for their loved one's eventual independence and future lifestyle needs.

After Congress passed the ABLE law, each state then had to adopt its own rules to implement its own ABLE account program and to be frank, this process has been frustratingly slow. Last year however, the state of Ohio released the first ABLE account in the nation and now, just recently Indiana has made its program, INvestAble available to the public.

I recently opened an INvestAble account for my son Ethan using the INvestAble website and I found the process to be straightforward. The process does require the account owner's (minor child) social security number. One of the nicest functions of the INvestAble web platform is the ability to provide a gift code to family members so they can also contribute to the plan as well.

Most are not including the ability to add a trusted advisor to an ABLE account, but with some of technicalities of eligibility and especially distributions this may change over time. For now however, I am happy to discuss how my family is using this program so please feel free to reach out.

protect YOURSELF

by Shane Crist

As I am sitting here trying to think of something to write about for this article, I clicked on one of my emails from what I thought was a trusted source. Suddenly a window pops up on my computer with a threat warning from my Anti-Virus software. Immediately my heart starts racing as I shut down all of my windows and run a security scan to see if my computer is infected. Luckily, it was a false alert and everything was fine. However, it got me thinking about how easy it has become for someone to gain access to your personnel information whether it be through your computer, credit cards, or some other source. According to the Identity Theft Resource Center there have been over 800,000,000 records (healthcare, social security numbers, email addresses, passwords, and more) stolen since 2005. I recently attended a class about identity theft so I thought I would share a few tips about avoiding ID theft and what to do if you become a victim:

1. Always use adequate Firewalls, Anti-Virus, Encryption, and Passwords on your computers.
Always use encrypted WiFi when using the internet. Don't open spam emails or click on unfamiliar links.

2. Monitor your credit report.
Everyone is entitled to one free copy of your credit report from each of the three major credit bureaus (Experian, Equifax, or Transunion) each year using annualcreditreport.com. Many credit card companies and banks now offer free or low cost credit monitoring also. Check for accounts that you did not open, unexplained debt, or inquiries from companies that you don't recognize. Contact the credit bureaus directly to dispute any incorrect information.

3. Call the credit bureau.
As soon as you realize that you may be a victim, contact one of the credit bureaus and request to have a Fraud Alert or Credit Freeze placed on your account. A Fraud Alert requires creditors to verify your identity before issuing new credit. A Credit Freeze locks everyone out of your credit, including you.

4. Contact the Authorities.
File a police report. Then contact the Federal Trade Commission to file a report with them. You can go to ftc.gov/idtheft or call: (877) ID-THEFT. When dealing with creditors, you will likely need both reports.

5. Contact you creditors.
You will need to contact individual businesses and creditors and let them know that you were the victim of ID theft. Provide them with a copy of the police report and/or the FTC report.

6. Be aware.
Don't use ATM's in unmonitored areas. Change your internet passwords on a regular basis. Companies and government agencies should not call you and ask for any personnel identity information- so don't give it to them!

by Mike Barancyk, AIF

BULLS STILL RUNNING *FASTER* THAN THE BEARS

If you are an investor and pay attention to the US stock market, you know that we have been on an historic move in the last several years. In fact, with this aging Bull barreling through 2017 like a San Furmin Running with the Bulls Festival in Spain, I get asked the question often. "When will it all end?" My response is usually that no one can predict the future and investing cautiously and with proper asset allocation can help you minimize the effect of the so called "End of the Bull." But the reality is that it still looks pretty darn good out there and we have to take advantage of the stock market when it provides returns.

As an Accredited Investment Fiduciary, I am compelled to ensure that I make the recommendations for my clients that are expressly in their best interest. With the US Gross Domestic Product plodding along and growing around 2% per year as well as the unemployment rate at historic lows, our country's economy is quite strong.

And the unemployment rate at historic lows, our current economy is quite strong. We are also seeing foreign markets advance from the malaise as well as commodities start to move forward again. If policy in Washington can moderate to then allow for tax cuts/reform and infrastructure spending, the domino effect will add more dollars to this economic powder keg. With that kind of fuel behind the economy, I believe that this Bull can outrun the Bear into 2019.

HOW TO INVEST WHEN MARKETS ARE "HIGH"

by Mark VandeVelde

We all know that the stock market as a whole has done very well since the Great Recession of 2008. In fact, as of the writing of this, markets sit at or very close to all time highs. The question that we don't have the answer to is where will things go from here. Our economy seems to be growing, and with an administration seemingly focused on making things easier for businesses with tax cuts and less regulation, we could continue to see numbers never seen before on the S&P 500, the NASDAQ, etc. At the same time, we haven't seen a significant market correction is several years, and we may be due for one. And even if the market does go up over the long term, it doesn't go straight up. There are good times and some not so good times along the way.

So let's say that you are somebody that has money that is not currently invested in the markets and that money is earmarked for long term goals, such as retirement. You most likely want that money to have the ability to grow faster than costs around you. Maybe though, you aren't too keen on throwing everything into a market that is so high. How do you put that money to work when the markets are at all time highs? One strategy that I like to utilize for clients is Dollar Cost Averaging.

Dollar Cost Averaging (DCA) involves investing money incrementally over a period of time. It is intended to be systematic and void of emotion (the enemy to many investors). Depending on the amount of money that you are looking to invest and how long it is to your goals, the length of time to spread that investment out may vary. The idea of Dollar Cost Averaging is to get some of your money in the markets right away, and then set a non-emotional schedule to invest the rest. By not investing everything at once, you may effectively reduce your risk. The most common DCA schedule is monthly.

With Dollar Cost Averaging, you have the ability to take advantage of every market scenario. If the markets continue to go up, your initial investment is making money for you. However, if the market were to correct and go down, each subsequent deposit while the market is still down will buy the same investments at an even better price.

Here's an example of how a Dollar Cost Averaging schedule might work:
Let's say that you have $30,000 that you want to invest and you want to do it over 6 months to reduce your risk. You simply start by investing $5000 and then on or near the same day of the month, every month for the next 5 months, you would invest an additional $5000. At the end of 6 months, the whole $30,000 will be invested.

But what if the market drops within that 6 month DCA timeframe? Depending on how far the market has dropped, you may want to consider accelerating your DCA schedule and investing more each month, or even investing the rest of the earmarked money to take advantage of that dip. Work with your advisor to determine when that acceleration might make sense for you.

Unfortunately, we do not possess a crystal ball, but either way that the market moves from the time you begin Dollar Cost Averaging, you should feel more confident that you have a plan to make the best of it.

No investment strategy, including Dollar Cost Averaging, can guarantee positive investment results. Loss, including loss of principal may occur. An investor cannot invest directly in an index. Past performance does not guarantee future results.

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