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KUMMER FINANCIAL STRATEGIES, LLC

Helping You Create Financial Independence

NAVIGATING 2018

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The New Year brings opportunities and it is always good to have a plan on how best to take advantage when those come your way.

Investors who were well- diversified in 2017 are no doubt pleased with their returns. Now the worry sets in about how to top last year without being greedy or fearful. Everyone wants to know what the outlook is for 2018 considering the tax reform and record high watermarks on Wall Street. This question led me to research expert predictions and probabilities, which led me to deeper philosophies of wealth management, which leads back to proper planning.

The review of predictions versus probabilities was an entire course on statistics and emotional behavior and how they don't mix. Basically, a prediction is a guess, and a probability is a possibility. While these can be good building blocks, neither is strong enough to base an entire investment strategy on.

We can gather from the statistics that we are in a growth cycle that is likely to continue, although not at the same pace as last year. Corporate earnings could benefit from the tax reform, and stock prices typically mirror economic growth. While these are logical assumptions, the only new twist this year is that the economic growth needs to be world-wide, not just domestic. We saw a lull in our recovery from the Great Recession largely because other countries and trading partners were lagging and therefore, the U.S. had slower growth than previous business cycles.

So now the investor needs to pay more attention to China, Japan, Europe, the UK and emerging markets in Asia, Africa and South America, to get a good feel for the size and pace of improvement and the amount of volatility associated with it. This can be a tall order, but having a well-designed strategy and seeking advice from a wealth advisor could help.

A well-designed strategy should be custom to your goals, time-frame, risk and tax situation. This year we have a new set of tax brackets and rules that may surprise many folks when they learn certain deductions and exemptions will be disallowed.

Once you have a strategy in place, it is time to review your portfolio and see what positions may need to be adjusted to match your plan. This is where the wealth advisor comes in. This is a relatively new term in a constantly changing industry of financial services, so it may be prudent to understand how your financial planner works and what services they can offer.

This year will be the year of the fiduciary. If your advisor is not one, then run in the opposite

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direction. I have been a fiduciary since 1986, but the term has become more popular recently. According the NY Times best-selling author Dan Solin, real "wealth advisors," are Registered Investment Advisors (RIAs), who are legally required to put their clients' interests first. This fiduciary duty is mandated by Section 206 of the Investment Advisers Act of 1940, as well as other statutes. Certified Financial Planners (CFP®) are also fiduciaries under their Code of Ethics.

I believe this year will be even more important to align yourself with good strategies to protect your nice gains from previous years and to plan around the changing landscape of global markets. Wealth advisors have a fiduciary obligation to help you accumulate and protect your wealth. This is much more valuable than predictions or probabilities. You deserve to make sure you have the right professional helping you navigate 2018.

Patricia Kummer has been a Certified Financial Planner for 31 years and is President of Kummer Financial Strategies, LLC, (KFS) an SEC registered investment adviser in Highlands Ranch. Please visit www.kummerfinancial.com for more information. Any material discussed is meant for informational purposes only and not a substitute for individual advice.

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