MARK AHO
FINANCIAL GROUP
An Independent - Objective Firm

3rd Quarter 2016 Newsletter

"We're always coming across interesting facts and stories, whether it is through our market research or just in our everyday lives in the Upper Peninsula. Our Newsletter is our opportunity to share these insights with you."

Mark A. Aho, MBA, CFP®, CIMA®
President, MAFG
Financial Advisor, RJFS

Dear Friends,

Well… here we are in the midst of a political season which has been one of the most heated I have ever seen. It makes one think that no matter who wins we may all be in some trouble.

I would like to refer to one of our base principles to be a successful investor - "Having Faith In The Future." Our country is now 240 years old and we have had some very unfavorable and maybe even unethical presidents in the past. Our fore-fathers created an absolute great government system with different branches of government to make sure… (continued on next page)

Pictured left to right: Lois Williams, Client Associate, Joe Jeeves, CFP®, Financial Advisor, Mark Aho, MBA, CFP®, CIMA®, President, MAFG, Financial Advisor, Nicole Burony-Noble, Registered Executive Assistant, Eric Froberg, AAMS, Financial Advisor, Amanda Zorza, Registered Client Associate

"We the people are represented properly." The House of Congress, the Senate, the judicial system and the president's administration are all working hopefully for each of us. And while such a system does slow things down, it is generally good to thoroughly think through major items which affect us all.

The one item which seems to weigh on citizens minds are the large number of executive orders this president and past presidents for that matter put in place. The good news is that an executive order is not a law. The next president can end prior executive orders as desired. Therefore a president can generally only do things their way without the two houses approval for their term only. Thank God for term limits!

So how do I think the upcoming election will affect your financial plan? I don't think it will affect it at all. Admittedly there may be some short term volatility, however when looking at your goals and objectives I would not consider any changes at this time because of this election. Remember all of the things in the past which were going to cause the markets to go down permanently? This is just one more of those ridiculous "false fear" creating things.

To that end, we continue to believe in our strategic process of having a plan in place to put your goals and objectives at the heart of our investment process. As you know, we are believers of "diversification" and so far this year it appears to be working. We are seeing good returns in Large Cap Value, Small Cap Value, Emerging Markets, and U.S. Real Estate (See "The Numbers" on page 4). Last year, 2015 it appeared that diversification did not work, for just about everything was negative. Also remember that volatility is normal, and for that matter, can be beneficial. We rebalance all of our portfolios annually, and when there is volatility in certain asset classes either up or down, it allows us the opportunity to potentially sell certain asset classes which may be overvalued and to buy other asset classes which are undervalued. As you know, we follow the Personal Financial Policy statement we set up for you to manage risk and reward. With this in mind, the asset allocation was built around your goals and objectives which are calculated from our monte-carlo planning process.

So it is my hope that all of this makes perfect sense to you. If not… we need to talk. I want you all to know we are here to help you reach your goals and objectives, by making smart decisions with your personal financial planning and investment management. Helping you reach all of your life's financial objectives and goals is what we focus on. Our tag line says "YOUR VISION…OUR MISSION."

God Bless you all,
Mark

The Numbers

For a full analysis of the Quarter, please go to our web site at www.markahofinancialgroup.com. Then click on Client Center> Market/Economic Commentaries> Investment Strategy Quarterly. Below is a brief snapshot from the report:

Capital Markets Snapshot

Index		2016 YTD	2015	Last 10 years
Dow Jones Industrial Average		5.07%	-2.23%	4.60%
S&P 500 Index		6.08%	-0.73%	4.96%
NASDAQ Composite Index		6.08%	5.73%	8.93%
Russell 1000G	Large Cap Growth	6.00%	5.67%	8.78%
Russell 1000V	Large Cap Value	10.0%	-3.83%	6.13%
Russell 2000G	Small Cap Growth	7.48%	-1.38%	7.14%
Russell 2000V	Small Cap Value	15.49%	-7.47%	5.15%
MSCI EAFE	Developing International	2.20%	-0.39%	2.05%
MSCI EM	Emerging Markets	16.36%	-14.60%	3.88%
DJ US Select REIT	U.S. Real Estate	9.45%	4.48%	6.86%
Barclays US Intermediate Govt/Credit		4.23%	1.14%	4.46%
Citigroup World Government Bond Index		11.07%	-3.57%	4.22%

*Russell 1000 Growth Index – Measures the performance of the 1,000 largest companies in the Russell 3000 Index, with higher price-to-book ratios and higher forecasted growth values. Russell 1000 Value Index – Measures the performance of the 1,000 largest companies in the Russell 3000. Index with lower price-to-book ratios and lower forecasted growth values. Russell 2000 Growth Index –Measures the performance of the 2,000 smallest companies in the Russell 3000. Index with higher price-to-book ratios and higher forecasted growth values Russell 2000 Value Index – Measures the performance of the 2,000 smallest companies in the Russell 3000. Index with lower price-to-book ratios and lower forecasted growth values. MSCI Emerging Markets Index – A market capitalization weighted index composed of companies representative of the market structure of 26 emerging market countries in Europe, Latin America, and the Pacific Basin. The Dow Jones U.S. Select REIT Index intends to measure the performance of publicly traded REITs and REIT-like securities. Barclays Capital U.S. Intermediate Credit Bond Index measures the performance of investment grade corporate debt and agency bonds that are dollar denominated and have a remaining maturity of greater than one year and less than ten years. The Citigroup WGBI G7 x U.S. (USD) is an unmanaged market value weighted index comprised of debt issued by countries in the group of 7 (Canada, France, Germany, Italy, Japan, United Kingdom, United States) excluding the United States. The MSCI EAFE is a free float-adjusted market capitalization index that is designed to measure developed market equity performance, excluding the United States & Canada. The EAFE consists of the country indices of 21 developed nations. The S&P 500 is an unmanaged index of 500 widely held stocks that is generally considered representative of the U.S. stock market. The **Dow Jones Industrial Average** (DJIA), commonly known as "The Dow", is an index representing 30 stock of companies maintained and reviewed by the editors of the Wall Street Journal. The **NASDAQ** composite is an unmanaged index of securities traded on the NASDAQ system. Keep in mind that individuals cannot invest directly in any index, and index performance does not include transaction costs or other fees, which will affect actual investment performance. Individual investor's results will vary. Past performance does not guarantee future results.*

Eric’s Blog

Should I accept my employer’s early-retirement offer?

The right answer for you will depend on your situation. First of all, don't underestimate the psychological impact of early retirement. The adjustment from full-time work to a more leisurely pace may be difficult. So consider whether you're ready to retire yet. Next, look at what you're being offered. Most early-retirement offers share certain basic features that need to be evaluated. To determine whether your employer's offer is worth taking, you'll want to break it down.

Does the offer include a severance package? If so, how does the package compare with your projected job earnings (including future salary increases and bonuses) if you remain employed? Can you live on that amount (and for how long) without tapping into your retirement savings? If not, is your retirement fund large enough that you can start drawing it down early? Will you be penalized for withdrawing from your retirement savings?

Does the offer include post-retirement medical insurance? If so, make sure it's affordable and provides adequate coverage. Also, since Medicare doesn't start until you're 65, make sure your employer's coverage lasts until you reach that age. If your employer's offer doesn't include medical insurance, you may have to look into COBRA or a private individual policy.

How will accepting the offer affect your retirement plan benefits? If your employer has a traditional pension plan, leaving the company before normal retirement age (usually 65) may greatly reduce the final payout you receive from the plan. If you participate in a 401(k) plan, what price will you pay for retiring early? You could end up forfeiting employer contributions if you're not fully vested. You'll also be missing out on the opportunity to make additional contributions to the plan.

Finally, will you need to start Social Security benefits early if you accept the offer? For example, at age 62 each monthly benefit check will be 25% to 30% less than it would be at full retirement age (66 to 67, depending on your year of birth). Conversely, you receive a higher payout by delaying the start of benefits past your full retirement age--your benefit would increase by about 8% for each.

What we've been up too….

Some time with Jeremy Siegel

Jeremy Siegel is the Russell E. Palmer Professor of Finance at the Wharton School of the University of Pennsylvania. Dr. Siegel received his Ph.D. in economics from M.I.T. and is the author of the classic and influential books "Stocks for the Long Run" and "The Future for Investors." Professor Siegel writes and lectures about the economy and financial markets, and has appeared on CNN, CNBC, NPR, and other networks. He is a regular columnist for Kiplinger's and has contributed op-eds and articles to the Wall Street Journal, Barron's, the Financial Times, and other national and international news media.
Mark did his CIMA work at Wharton and was recently at a meeting with Dr. Siegel.

Lunch with Carol M. Lippman, CFA

Back in August, Mark had an opportunity to visit with a friend and former colleague Carol Lippman. Carol currently works with Dearborn Partners as managing director and introduced the company's Rising Dividend Strategy equity portfolios. Carol developed a stock selection strategy focusing on rising dividends while she worked for A.G. Edwards & Sons, where she and Mark met, and its successor entities.
Her focus on investing in stable companies with attractive current dividends, as well as a potential for increasing those dividends is a strategy right up Mark's alley!

Nicole's Kitchen - Gooey and Cheesy Warm Bacon Dip

It's football season, and there is nothing better than a quick, easy dip everyone can gobble up while watching the game. All you need is:

8 oz cream cheese, softened
2 cups sour cream
1 ½ cups shredded cheddar cheese
6 slices of bacon, cooked and crumbled
½ cup sliced green onion

Preheat oven to 400 F. Combine all ingredients, and spoon into 1 quart baking dish and bake for 25-30 minutes or until cheese is bubbling and hot.

Serve with bread slices, crackers, or veggies.

Do I need to make any changes to my Medicare coverage for next year?

During the Medicare Open Enrollment Period that runs from October 15 through December 7, you can make changes to your Medicare coverage that will be effective on January 1, 2017.

If you're satisfied with your current coverage, you don't need to make changes, but you should review your options before you decide to stay with your current plan. Your Medicare plan sends two important documents every year that you should review. The first, called the Evidence of Coverage, provides information about what your plan covers and its cost. The second, called the Annual Notice of Change, lists changes to your plan for the upcoming year that will take effect in January. You can use these documents to evaluate your current plan and decide whether you need different coverage. You should also review the official government handbook, *Medicare & You 2017,* which is available electronically or through the mail. It contains detailed information about Medicare that should help you determine whether your current plan is right for you.

As you review your coverage, here are a few points to consider:

• What were your health costs during the past year, and what did you spend the most on?

• Will your current plan cover all the services you need and the health-care providers you need to see next year?

• Does your current plan cost more or less than other options? Consider premiums, deductibles, and other out-of-pocket costs such as copayments or coinsurance costs; are any of these costs changing?

• Do you need to join a Medicare prescription drug plan? When comparing plans, consider the cost of drugs under each plan, and make sure the drugs you take will still be covered next year.

If you have questions about Medicare, you can call 1-800-MEDICARE or visit the Medicare website at medicare.gov. You can use the site's Medicare Plan Finder to see what plans are available in your area and check each plan's overall quality rating.

Online Access – to log on to your online access, please go to our website above. You will click on INVESTOR ACCESS, and then ENROLL IN INVESTOR ACCESS.

You will need to set up a logon and password, and then enter one of your new account numbers. You can find that on your statement, or give us a call at 906-226-0880, or toll free at 855-999-0014 and we will gladly give you that information.

SHREDDING!

Do you have documents or personal information that should be shred versus placed in the garbage? Protecting personal information and your identity are very important in today's world. We offer a free shredding bin available for your use. It is locked, and our shredding service comes once a month to shred the contents of the bin on sight. You may stop at our office at any time during business hours to place paperwork in our shredder. We welcome you to take advantage of this free and valuable service.

Most of our obstacles would melt away if, instead of cowering before them, we should make up our minds to walk boldly through them.

- Orison Swett Marden

Let us help you help those you care about. Contact us today.

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