

# LANDMARK FINANCIAL ADVISORS, LLC

WEALTH MANAGEMENT

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## WILL THE ECONOMY GET ESCAPE VELOCITY?

It has been widely expected that U.S. households would spend the dollars saved from lower gasoline prices. However, consumers have become thrifty and have raised the personal savings rate to 5.8% in February; from a low of 4.4% in November. The key question—Is this the beginning of a new trend?

According to the Commerce Department, incomes grew 4.1% per year between 2009 and 2013, but spending increased only 3.6% per year. Fed statistics show that households decreased their outstanding debt by 2.0% during that period.

The second major transition has been The Federal Reserve leaning towards tightening, meanwhile the remainder of the world's central banks have been easing. This has caused a rapid rise in the U.S. dollar which has both positive and negative effects. Deflation remains a major issue around the globe and we are not immune to these forces. The Eurozone, China, Japan, and other parts of the world hope to export their way to better health as the dollar's strength creates an opportunity for them. In our opinion, the Federal Reserve is walking a tightrope and the global economy's winds are not calm. Expect any moves from the Fed to be minor and slowly implemented.

The third significant realignment has been the drop in energy prices. The reaction of U.S. producers has been swift and, in some cases, severe. The number of rigs actively engaged has fallen by nearly half since last summer. Spending on oil field equipment has dropped and employment in parts of the energy sector has been falling. This sector was the engine of growth leading us out of the Great Recession. While lower energy prices are beneficial to the consumer—this pace of change is not good.

We do endorse that equity ownership is still the best place to be over the next five years, but we expect returns to be significantly muted when compared to the last five years. In summary, we urge you to temper your expectations and prepare for some turbulence in the near-term, while continuing to focus on your long-term goals.

WARREN  
BUFFET

"Market forecasters will fill your ear  
but will never fill your wallet."

Many households need to increase their savings rate to ready themselves for retirement, however that hasn't usually been the case in the past and consumption has continued. Market behavior for the remainder of the year could depend, to a certain degree, on how frugal households have become. After decades of aggressive, somewhat reckless spending—and borrowing, households since the Great Recession of 2008–2009 have exhibited an uncharacteristic caution about both spending and borrowing. For years preceding the Great Recession, the American consumer could only be described as a spending enthusiast. Households seemed to spend every dollar of their income and, as a result, had to borrow money just to buy what their current incomes could not support. Slow jobs growth during this recovery has constricted income growth, causing consumers to spend less and borrow less.

# OUR NEWEST CERTIFIED FINANCIAL PLANNER

We are pleased to announce that our Financial Planning Specialist, Tanner Stepp, passed the March 2015 Certified Financial Planner Exam. The CFP® certification is recognized as the highest standard in personal financial planning. There are many Financial Advisors in our area, but only a select few choose to obtain these distinguished credentials. With the passing of this exam, Tanner joins two other CFP® professionals and a Certified Divorce Financial Analyst (CDFA™) at Landmark—a company that takes pride in obtaining these designations.

WILLIAM SHAKESPEARE

On blame for investment failure...  
 "The fault, dear Brutus, is not in our stars, but in ourselves."

# WHY CFP® CERTIFICATION MATTERS

In a growing industry, there is a greater need for comprehensive financial planning. The CFP® Certification provides the Advisor not only with credibility, but with confidence that he or she is providing clients with in-depth, personal financial planning. There are multiple layers to obtaining and being able to use the CFP® marks. An advisor must have completed the coursework either at a college level program or an accepted equivalent that is registered with the CFP Board. The advisor must then pass the exam, complete the required work experience and continuing education, and adhere to the high standard of ethical practice outlined by the CFP Board.

## LANDMARK FINANCIAL ADVISORS WEIGHTINGS AGAINST THE S&P 500

