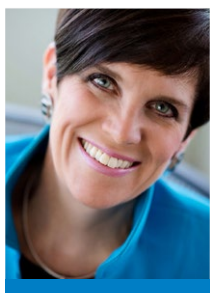




Taking a Sabbatical Part 2:



As a I write this letter to you, **I have been back from my sabbatical for over a month and am definitely into the swing of things!** I'm grateful to my team for doing such a great job of managing the business and staying in touch with our clients during my absence. Now that I'm on the other side of my 2018 sabbatical, I'd like to share some insights and resources that have come out of my sabbatical.

Many people asked me, in advance of my time away, and since I have returned...what did I do? As you know from last quarter's newsletter, I had planned to spend time with my husband, sons and friends. I had also hoped to be less scheduled, and do some gardening and reading. Omega clients who received my email upon my return know that it ended up being a busy time, definitely less scheduled, and certainly achieving many of my goals. I know that **many people fantasize about an extended period away from work, and during that time they would travel to exotic places and seek out exciting new experiences. For me, that will have to wait until the boys are off to college.** I was very happy to just be around day to day, volunteering in my sons' activities, not worrying about getting all my errands done on the weekend. It was a treat to get to enjoy the bumper crop of peonies in our yard, and help my husband transform the seldom-used trampoline space to a much-used firepit space. **In short, just not having to worry about where I had to be when, was a gift.**

Having the space of a sabbatical also provided the opportunity to tackle a couple of books that required some deep thinking and reflection. (See the Books & Resources section for my recommendations.) For me, at this middle part of my life, it was useful to be able to begin to think about empty nesting with Jim in a couple of years, and to be able to reflect on some

great travel that we have taken in the last couple of years (I got almost 3 photobooks created!) **Jim and I planned a trip to Scotland that we took over the 4th of July week, and we were able to plan our next ski trip to Utah in 2019.**

You may remember that kitchen project I mentioned in my last letter...it's postponed! Why? Well, it became clear (with some ability to research and talk) that **perhaps our timing was off for economic reasons.** Had I not had that downtime, we might have moved forward only to spend more than necessary, and have our house a mess at Christmastime. **I'm relieved and at peace with waiting, and grateful I had the time to thoughtfully make a decision.**

Hopefully, you sense **the themes both leading into the sabbatical and coming out of it...the opportunity to be thoughtful and intentional.** This is what we encourage and empower our clients at Omega to do, and **it's important to us to "walk the talk" with our advice.** Oh, and I did make progress on Mint.com clean up, and do some great research on updating our property & casualty insurance (see Kathy's column for more on what I found out!).

It's so easy to be sucked into the day-to-day pace and demands of life without stopping to actually consider what you **REALLY want to be doing.** I'm grateful to have had the time to rest, reflect and recharge for the next decade ahead!

As always, we're happy to help you be more intentional, to plan a "timeout" or just better align your life & money. Don't hesitate to reach out.

Enjoy the summer,



Lisa A. K. Kirchenbauer, CFP®, RLP®, CeFT™
President

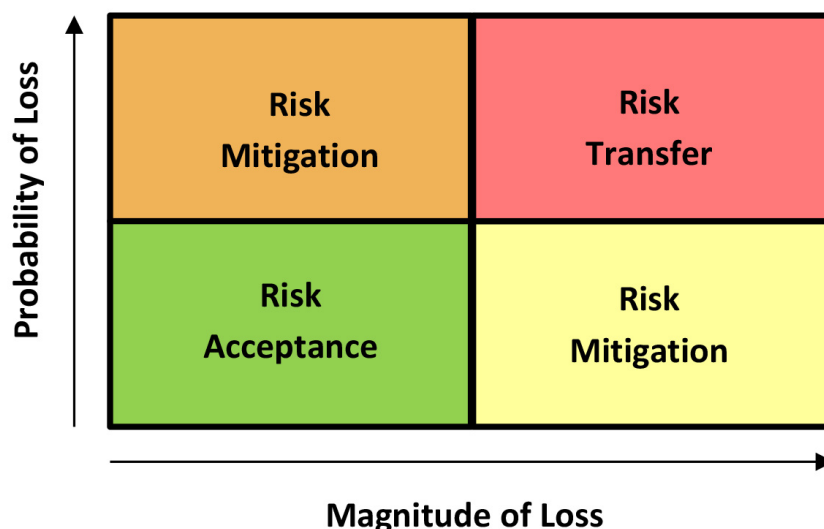
Planning Updates



by Kathy Frakes

SUMMERTIME! For my husband and me that means road trips, outdoor concerts, and time at the pool. While each of those things is great fun, each involves some risks. This quarter, I'd like to talk about risk management.

When thinking about how to manage risk, I find it useful to think about it like this:



Risk Acceptance:

Most people are willing to accept the risk of losses that have a small dollar impact and are not likely to happen. When we accept risk, we are “self-insuring.”

Risk Mitigation:

If the probability of loss is high but the dollar impact is low, most people will find ways to avoid or mitigate the risk. An example might be parking your car in a less used part of the parking lot so that it has a smaller chance of being dinged by someone opening their door.

Likewise, if the probability of loss is low but the dollar impact is high, people will also look for ways to avoid the risk. An example might be avoiding driving on the beltway during rush hour.

Risk Transfer:

For losses that have a high probability of occurrence and a high dollar impact, we recommend transferring at least some of the risk. This is when we often recommend using insurance products. (Please note that Omega Wealth Management does not sell any insurance products.)

There are many examples of times to consider different types of insurance:

- **Life insurance:** to provide for a loss of income should a family member die; to provide a lump sum to pay for a specific goal (e.g., mortgage, college); to provide a legacy for your dependents; or in the case of business owners, to provide resources to buy the deceased owner's share of the business from the heirs
- **Disability insurance:** to provide for a loss of income should a person become unable to work
- **Health insurance:** to pay for treatments and medicines that would be too expensive if you had to pay out of pocket
- **Long-term care insurance:** to provide resources to pay for assistance with health care and personal care such as eating, dressing or using the bathroom independently
- **Property and Casualty insurance:** to provide resources to repair, replace, or rebuild if your property is damaged, lost, or stolen

During Lisa's sabbatical, she worked with an insurance broker to update her property and casualty insurance policies. She was surprised to learn that sometimes it is cheaper not to bundle insurance all with one carrier. We hope that you can benefit from her experience.

Lisa: As Kathy said, as planners we have often been taught that it's best to bundle all your home/auto/liability coverage together with one company to get the best deal through discounts. Often it has seemed that you cannot obtain umbrella liability coverage (which covers people suing you for amounts in excess of your home or auto coverage's liability benefit) without having home & auto under the same insurer. Thanks to both the recommendation of a property & casualty insurance broker (see below) by one of our clients and some comments from a car dealership salesperson, I realized that perhaps it was time to get a review of all my property & casualty insurance. As a result of that effort, I have come to realize that there may be some "myths" we all harbor around this kind of insurance. Below, are the ones I have come across and some tips for reviewing your own coverage.

Myth #1: It's cheaper to have all your insurance coverage at the same company.

Definitely not true. I have revamped my entire personal insurance program and will be saving thousands of dollars per year as a result...across 2 companies, not one.

Myth #2: You are paying the best rate for the best coverage.

Not unlike cable companies and cell phone providers, you may continue to pay more than you should UNLESS you check in periodically on your coverage. Not only is it a chance to make sure that you have the right coverage for the current value of your house and other possessions, also you may have the opportunity to receive a better rate because a traffic ticket came off, your credit score improved, or your kids qualify for a "good student" discount. The other tip I learned is that because I was paying my auto insurance monthly (on an auto debit- which with life insurance, avoids a financing charge- but not true on property & casualty insurance), I was paying A LOT more than I would if I paid my premium annually.

Myth #3: Your house is fully insured in case of destruction from fire, flood or other natural disaster.

In the DC area, housing values continue to go up. The reality

is that the replacement of your house may not have kept up with the growth in its value. You can ask your agent or broker to do a review of the value of replacing your house. Also make sure that if you are in an area that floods, you know whether you have coverage or not and whether you can get it.

Myth #4: My jewelry is covered through my regular homeowner's policy.

I learned the hard way that this one is NOT true. I had not had a chance to get an appraisal of a piece of my mother-in-law's jewelry that I inherited, and it was stolen from our house. I ended up getting pennies on the dollar rather than the full replacement value. The same is true for valuable antiques, instruments and fine china/silver/crystal. Anything of significant value, that you would want to replace, needs a separate "valuables" policy.

Myth #5: Multiple teenage children and multiple cars means MUCH MORE expensive auto insurance premiums.

I had experienced this initially when my older son began driving, but have since learned that in fact, it doesn't have to be as expensive IF your agent CAREFULLY assigns the right car to the right driver.

Myth #6: My insurance premiums are based on my experience/claims and it's an accurate reflection of my situation.

It turns out that your homeowner's premium is not only based on the claims that you make but also those that may have existed against the house before you lived there. Your auto insurance can be impacted by your credit score. Both auto and home insurance premiums can be impacted by what is on your CLUE report. Your CLUE report information is like your credit score. It can be obtained by mail and reviewed by going to this site: https://personalreports.lexisnexis.com/fact_act_disclosure.jsp I realized a couple of things when I reviewed my report:

- 1) Every time we had a windshield replaced by Safelite, it was technically a "claim" on our auto insurance that isn't supposed to have an impact but is seen as

“activity” that can have a negative impact when you are talking with a new insurance company.

- 2) We actually had an incorrect claim that should not have been on our report.

Myth #7: I need to have specific appraisals for each valuable item that I own, BEFORE I can get a policy to cover them.

It turns out that there are “blanket” coverage policies that can provide a blanket amount of insurance for jewelry, art, etc. without the appraisal. This is a good option to get coverage while you work on getting appraisals.

So, based on what we have recently learned both professionally and personally, we have the following tips:

- Review periodically (with your broker or agent) your entire property & casualty package. Ask about new discounts (due to good grades, multiple policies, safety measures, association memberships).
- Pull your CLUE report to confirm that the data that is determining your premiums is correct.
- Consider getting a “second-opinion” from a broker who may be able to work with multiple companies.
- Consider obtaining “blanket” coverage on valuables for which you have not gotten appraisals yet.
- Ask your agent/broker whether you are paying your premiums in the cheapest way (annual vs. monthly; automatically vs. writing a check).

Summertime in D.C. typically means a little slower pace of life. Perhaps this would be a good time for you to have a closer look at your insurance coverage for those risks you’d like to transfer. Please let us know if you’d like a referral to an insurance professional.

Insurance Agent:

a person who sells insurance for one specific company

Insurance Broker:

a person who sells insurance and works with several companies and can therefore compare several policies available on the market

Client Connection



Glenn Harvey

One of our clients recently shared an article with us from the February 16, 2018 New York Times: [“When Early Retirement Turns Into a Bore”](#).

We think it may be of interest to some of you who are thinking about a “second chapter” career. Be sure to check out the freelance sites: [Upwork](#) and [Guru](#) too.

Investment Outlook



by Jared Jones

Economic Backdrop:

Several negative headlines have marred the market performance that we grew accustomed to in 2017 and have made way for a rocky first half of 2018. To start, rising trade barriers have served as the defining global economic development of the second quarter. President Trump has applied tariffs against China, a significant trading partner and geopolitical rival, as well as traditional allies like Europe and Canada - inviting comparable tariffs in response. These retaliations prompted follow-on threats of tit-for-tat escalations by the Trump Administration. **Additionally, immigration has become a key point of contention in the U.S. and Europe during the quarter.** With the enacted zero-tolerance policy in recent months, the Trump Administration has received condemnation from across the political spectrum for its practice of separating and detaining families, including children.

Despite this news, U.S. equities performed well during the second quarter, accompanied by a strong U.S. stock market. Throughout the rest of the world, equities performed mostly poorly - particularly in emerging markets. Government yield curves generally continued to flatten during the second quarter. Additionally, the U.S. dollar mounted a fierce recovery after bottoming in 2018. With all of this in mind, The Fed increased interest rates at its June meeting and suggested that they may hike rates a total of four times in 2018 (up from three expected hikes).

SEI Portfolio Review:

U.S. equities represented a rare bright spot within global stock markets during Q2. Small-company stocks handily outperformed large companies, supported by a boost from corporate tax cuts. We have also seen Growth funds vastly outperform Value funds. International equities fared worse than domestic equities during the second quarter; however, SEI saw benefit from overweight to the energy sector and higher oil prices. Emerging-market equities declined sharply, and SEI's strategy was challenged by its sector positioning in consumer discretionary and internet related technology stocks. Overall, a stronger than anticipated dollar has made it difficult for managers to keep up with expectations.

SEI's core fixed-income strategy modestly trailed

the benchmark during a tough quarter for U.S. investment-grade bonds. A flattening yield curve bias hurt performance as short-term yields rose and long-term yield remained unchanged. High-yield bonds outpaced the rest of the fixed-income universe, and SEI's strategy performed very well here.

SEI's View from James R. Solloway, CFA, SEI Chief Market Strategist and Senior Portfolio Manager:

Investors were raging bulls at the beginning of 2018 as equity prices vaulted higher. But that optimism faded dramatically as the news flow turned less favorable. **As far as we're concerned, that's okay—because the potential for a meaningful advance in equities is greater when investors are pessimistic and bad news is already largely discounted in the price of riskier assets.**

If one believes, as we do, that the global economy is sound and that the political uncertainties currently roiling markets will be contained, then the proper course (in our view) should be to remain exposed to equities and other risk assets and ride out the short-term ups and downs.

The stoking of trade-war tensions by the U.S. threatens to undermine the very foundation of the system that has supported the global economy since the end of World War II. **Although the actual trade actions to date have been modest, the impact on global supply chains bears close watching.**

But the economic fundamentals that drive the stock market still appear solid. Plus, interest rates remain at levels that are accommodative to global economic growth. The key risks—escalating trade tensions and the polarization of electorates over issues like immigration and fiscal sovereignty—appear more political in nature. **The positives include a still-solid global economy; strong momentum in corporate-profits growth; and equity valuations that still appear reasonable against the backdrop of still-low, albeit rising, interest rates.**

As always, we ask that you keep Omega updated about any pending cash needs in the next 6-9 months, so we can prepare accordingly and prevent any unnecessary surprises.

2018 2nd Quarter performance by Index:

Benchmark	Q2	Category
Dow Jones Average	-1.81%	U.S. Large Cap Stocks
S&P 500 Index	2.65%	U.S. Large Cap Stocks
MSCI ACWI ex. US	-0.43%	International Stocks excluding USA
Barclay Global Aggregate Bond	-1.62%	Intermediate Term Bonds



SEI Online Access

If you haven't received an e-mail inviting you to sign-up for online access yet from SEI, or if the e-mail is hiding somewhere in your spam folder, **you should take advantage of SEI's online client interface.**



Register: Register for online access.

Enter the following URL in your browser:

www.accessmyportfolio.com. That should take you to the main page, where below the "User ID" box, is the option to **"Register for online access."** Clicking the link will register you for SEI online access, **which allows you to view your account balances and holdings, your asset allocation, statements, and more.**

FinTech You Should Check Out

There are some great finance-related apps and resources to utilize that are beneficial to consumers looking to simplify their financial lives. Included are a few below that you might find useful:



Mint has been the gold standard for budgeting apps for some time, and the company takes the top spot for a few reasons: **The app automatically updates and categorizes transactions, creating a picture of spending in real time.** Users can add their own categories, split ATM transactions into the purchases made with cash, and set budgets that issue alerts when they start to top out. The service also comes with a free credit score and the ability to **link the various bills you pay** on one platform. You can also **create savings and cashflow goals and track them** in relation to your spending activity.



Digit is a brand new **micro-savings account designed to help you save small bits of money over time.** Once linked to your checking account, Digit tracks how much and when you spend your money, and creates a savings strategy in the background. The app will periodically save amounts from your checking account and pull them into a separate Digit "savings" account where the money is "kept away" from your checking account. This out-of-sight, out-of-mind approach to saving helps the user **refrain from spending** "extra" money they should really be saving by keeping it in the separate account. **You can withdraw your Digit funds at any time,** which will deposit directly to your linked checking account.



Nerdwallet is a great website that not only has additional resources regarding these apps and others, but is used to help make readers' financial lives less complicated. Should you buy your Internet modem or lease it? What credit card is best for people that love cash back earnings? How long will it take me to pay off my car loan? Nerdwallet answers those questions and more with **their various articles, financial calculators, and other readily available financial content.**

Business Owners' Corner

As I prepared to leave on my sabbatical, I was struck by how many business owners were curious about what I was doing, a bit envious and sure they could never do something like that for themselves. Now, on the other side of the sabbatical, I have to say that **it's critical that business owners look for a way to take a break - be it vacation or sabbatical- to periodically rest and rejuvenate. If you have ANY intention of creating a business for value to be sold internally or externally, you MUST stress-test your ability to become obsolete.** If you cannot pull yourself out of the business then you can only hope to have a "lifestyle" business, and even then, if you never can step away then it sounds like it's not really worth it. Even a lifestyle business has to run well-enough that you can have a life and a business. It means that your team can handle things when you are out for a bit, but it also means that it only works with you still involved. A lifestyle business is also only successful if you can get some benefit from it- money or time.



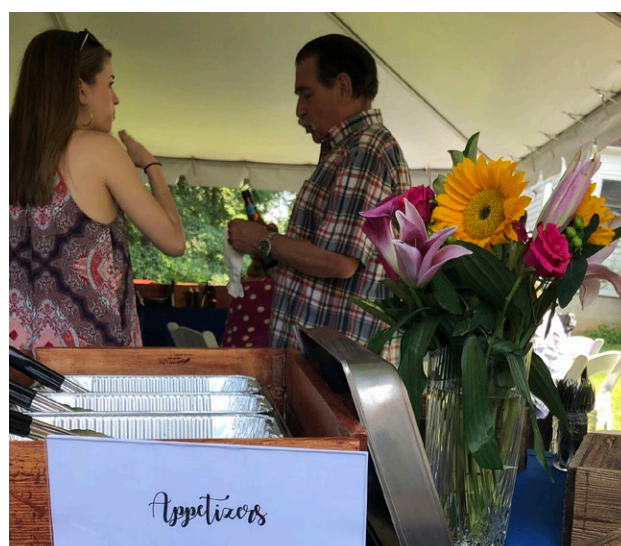
The good news **for Omega was that in preparing to step away, we cleaned up/streamlined/shifted a number of duties away from me, to other team members.** We came up with a good system for managing email while I was out. **YES, I was not on company email at all while I was out and I came back to a manageable amount of items to respond to and read.** Each of my team members prepared a list of clients they talked to and what happened so I would be able to get back in the loop. The team worked even more closely together, building greater trust along the way. In addition, they came away feeling more confident about their capabilities and their ability to manage things while I am out - a real plus for me being able to take vacations and be unplugged, or to take another sabbatical in a few years.

Interestingly, there have been some new business opportunities that have shown up since I returned. I can honestly say that had they shown up before I took some time off, I don't know that I would have felt we could take them on. **Now, back from my sabbatical, I am rested, refreshed and bringing greater "bandwidth" to my efforts within the business.**

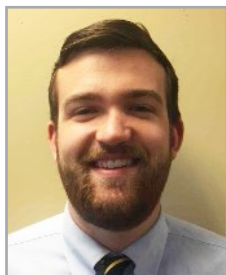
You may be thinking "I can't take a break like this because..." clients are too dependent on me, my staff won't be able to handle things, my email box will explode. The truth is that **almost anything can be accomplished with planning and preparation.** You can do it! Pick your time away strategically, start with a 2-3 week break, use technology to your advantage, and build the capabilities of your team members as part of their regular work. **Don't hesitate to reach out to discuss how we might be able to help you prepare for some extended time away or maybe even just a proper vacation!**

2018 OWM FAMILY PICNIC

In June, we held our Annual Omega Family Picnic for Omega clients. As usual, we had it catered by Old Blue BBQ (the owner is an Omega client), a jazz trio and singer, and lots of Omega clients. In attendance was one of our former team members, Sossy Matos. Those who have been with Omega for a long time will remember Sossy in the Operations role - Andrew Mehari's current position. After having had 3 girls (including twin girls!), Sossy is back to work with Everyday Money Management. Everyday is a "Daily Money Manager" company. DMMs help keep your financial information organized and bills paid. If you've tried keeping up with your monthly finances and haven't been successful, or maybe you have a relative who can no longer keep up with their bill paying and financial organization, please contact Sossy by contacting 301-801-2294 or office@everydaymm.com. We are excited that Sossy has joined Everyday and look forward to working with her and her colleagues to help our clients get a handle on their cashflow management.



TEAM UPDATES



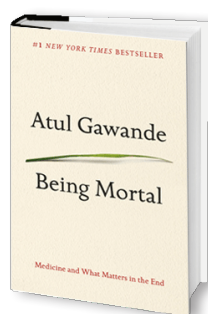
As we mentioned in our Spring newsletter, we have been fortunate to welcome our newest Financial Planning Associate, Davis Gardner. He, and our summer intern Jasmyn Vickery, are getting settled in and helping us tackle some important projects this summer. If you have the chance to come into our office this Fall, you'll get the opportunity to meet him face to face. At the beginning, he will be more behind-the-scenes supporting Kathy and Jared in preparing for meetings and processing the follow up work. Eventually, he will start to sit in client meetings as Kathy and Jared do now. Davis hopes to sit for his CFP exam sometime in 2019.

BOOKS & RESOURCES



Navigating the middle of your life... I recently heard an interesting segment on the PBS Newshour about how normal it is for one to reach "middle age" feeling a bit unsettled and how, rather than calling it a "midlife crisis", we should see this as a natural point of reflection between our younger and older years. Our ability to cut ourselves a break, as well as others, while taking time to reflect on where we want to go next is important. Check out the actual TV video or just read the transcript - [Click here](#).

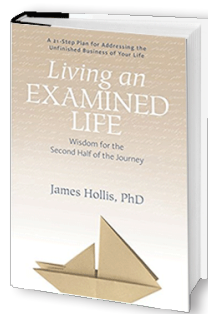
Here are the books I read while I was on my sabbatical...



Being Mortal

by Atul Gawande

Gawande is a doctor who has now been tapped to lead the Amazon/Berkshire Hathaway/JPMorgan healthcare initiative and in this book, he talks about aging in America (it's not great) and end-of-life planning in our country (overly medical procedure-driven, and low on creating a satisfying end-of-life experience for the patient and their family). There are some very interesting resources and alternative approaches discussed in the book. Well worth reading for yourself, if you are facing a debilitating or terminal disease or have a friend or loved one facing these challenging life issues.



Living an Examined Life: Wisdom for the Second Half of the Journey

by James Hollis, PhD

Based in the DC area, Hollis is a Jungian-trained therapist who's book (with 21, 3-5 page chapters, took me the entire 6 weeks to get through!). There are profound questions to consider, a very thoughtful advice for living a more peaceful and intentional life. I highly recommend this book for those feeling a bit "adrift at sea".

DON'T FORGET - Reminders and Important Dates

Reminder from the IRS

Taxpayers who owed tax this year should check their withholding soon

If you owed additional tax when you filed your federal return this year, the IRS suggests that you do a “paycheck checkup” as soon as possible. The IRS [Withholding Calculator](#) can help you do a checkup and avoid another possibly bigger tax bill next year. The Tax Cuts and Jobs Act, which was passed last year, made many changes to the tax law that could affect taxpayers. Doing a checkup now will help make sure your current tax withholding is in line with your 2018 tax situation. Be sure to check in with your accountant soon!

Important Dates

Omega Closed for Summer Fridays Off - July 27th, August 10th, August 31st

Labor Day, September 3rd - Markets closed / Omega closed



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tips, tricks, and trends from OWM!



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- Strategic advice on planning/investments
- Business owner coaching and consulting
- Prospective new client inquiries



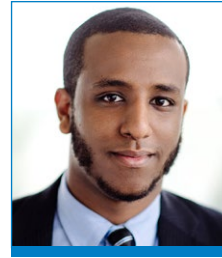
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We love to keep you up-to-date on what's going on in the markets and in our office, so we're always posting new blogs, vlogs, and updates on our website. But, did you know we're also on social media? Follow Omega Wealth Management on Facebook and LinkedIn for more updates from us!



No social media? Don't worry – we're still going to send out all of our pertinent updates via email.

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