

POLARITY



Living with the Polarities of Life



Hello and Happy Fall! **We have had, and will have, some exciting happenings this Fall at Omega...** We began in September with an update from our investment partner, SEI Investments. (More on that in Jared's column.) In October, **we are holding an event for affiliated advisors** (accountants, attorneys, mortgage brokers, insurance professionals, etc.) **where Dr. Terry Clower of George Mason University will be speaking about**

the prospects for our local economy as a result of the change in administration and proposed policies. In November, **we are pleased to be honoring a large group of clients who have been with Omega for 10+ years with a dinner at Fiola restaurant in D.C.** In the meantime, our team is continuing its training and certification work so that we can provide the best financial life planning advice possible. **If we haven't already met with you, we'll be sitting down to catch up on progress toward your personal & financial goals, discuss tax planning and provide an investment review.** In short, we'll have a full and productive end of the year!

Recently I participated in my quarterly entrepreneurial coaching program, Strategic Coach, during which our facilitator broached the idea of learning to live productively with "polarities" in life. The particular context that she was discussing was how a business can more smoothly manage the balance between growth and stability. Often, businesses will swing from one state to another, creating upheaval and losing track of the other side of the cycle. When, in reality, a better approach is to try to focus on both at the same time or at a minimum, gently swing back and forth from one to another. Simple examples in life might be "enjoying today, while saving for tomorrow", or maybe "staying invested while preparing for a market correction". In each

case, **the goal is NOT to focus ONLY on one side of the equation but to attempt to hold both at the same time.** The reality is that we can all benefit in our day-to-day life from this approach. **In our world, it might also include "saving for college" while also "saving for retirement"** rather than an "either/or" approach. Holding two opposing ideas at once is not always easy but can lead to greater progress - and less drama and angst along the way. In businesses, it can be crucial to hold on jointly to key polarities for the benefit of the business's clients and team members. So, the questions are: **what polarities do you find in your life? Could it be that you are waiting to take on some new project or direction in your life until you" get everything in order"? What if, instead, you decided to get things in order AND start moving forward?** Do you find yourself swinging back and forth between opposing ideas, to the detriment of one or the other? Given the financial life planning work we do, **we are often encouraging clients to live fully into their lives now, while also continuing to save and prepare for the future because you never know how long you have on the planet.** Ultimately **our goal is to help support you both living a life without regrets while also preparing for whatever may come in the future - be it death, disability, health challenges, family needs or just a desire to take a different direction.** As always, we are happy to help you consider and support these potential "polarities" in your life. **Have a great Fall and wonderful holiday season!**

With appreciation,



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

Planning Updates



by Kathy Frakes

As we think about “polarities” this fall, I am reminded of the **work by Erik Erikson in the field of human development. He describes growth through “crises”** during the different stages of life. Here is a chart of some of the “crises” or “polarities” he explored in human development:

Life Stage	Crises* or Polarities	
“Terrible Twos”	Need for Mom	Need to begin the process of separating from Mom
Teenager	Growing Independence	Need for Parental Protection
Early Adulthood	Newly found independence	Need to develop intimacy with others (thereby giving up some independence)
Middle Adulthood	Performance Peak—ready to go all out for our career or other personal interest	Feel the need to give something back to other generations and nurture others
Senior Adults	Maintain control (hanging on)	Discover their legacy (letting go)

**from “How to Say It® to Seniors: Closing the Communication Gap with Our Elders”, by David Solie, M.S., P.A. pp.15-18*

“In each stage of life, so the theory of personality development goes, an individual must deal with a pair of tasks that conflict.”* There are also seemingly conflicting tasks or **“polarities” within financial planning**. Lisa mentioned **“enjoying today, while saving for tomorrow”** in her column. As your financial life planners we want to **help you develop a plan to do both**. There will be some trade-offs along the way and one of our goals is to **help you be intentional about the choices you make**.

When we think about investments, we look at **another possible “polarity”: tax planning and investment return**. Most people want to **minimize the amount of taxes** that they have to pay. They also want their **investments to rise in value, eventually creating capital gains, and to possibly pay dividends**. Unfortunately capital gains and dividends are taxable income! **We use asset location, proactive tax planning and asset allocation to help “hold both” within your investment management strategy**.

This month **we begin our fall tax planning work to proactively address any potential tax-related issues or opportunities before year-end**. Some of the issues that we will look at are:

- Year-to-date income and gains
- Expected capital gains distributions from mutual funds
- Opportunities for loss harvesting
- Special circumstances like selling a house, higher or lower income than normal, starting Social Security, etc.
- New opportunities to put aside money into retirement plan accounts
- Deductions that you can take before year-end

Once we look at all the factors, then we’ll be in touch with you and your tax advisor (if you have one) to plan out any tax payments and/or actions that need to be taken. **The goal is no surprises in April!**

So, **having awareness and an intentional plan can help each of us deal more effectively with the “polarities” of life**. **Thank you for letting us serve as your partner in the journey!**

Investment Outlook



by Jared Jones

Investing for Today and the Future

The time to repair the roof is when the sun is shining
– John F. Kennedy

Without a doubt, the sun is currently shining on the financial markets. That is not to say it will always be shining. In fact, we know a storm will gather on the horizon at some point. A tiny leak would be a big problem if you need to make a repair during a rainstorm. **So to follow this quarter's theme around "polarity," how do we make sure the roof isn't leaking while the sun is shining with investing? The answer is goals-based investing.**

Goals-based investing is a long standing philosophy of OWM. We put it into practice using our Pools of Wealth approach. Typically, success in investing is measured by obtaining the largest possible return. **With goals-based investing, success is measured by achieving each individual's personal and lifestyle goals.**

Different goals have different timelines. Providing for expenses after you're done with your day job may be many years off, while a new car is around the corner. **Our Pools of Wealth approach breaks goals down into a timeline (0-2 years, 2-5, 5-10, and 11+) and places each goal in a different bucket.** For goals that are approaching in the near term, we want to be more conservative and protect the principal. Goals that are farther off in the future can afford to take a more aggressive approach since they will most likely have time to recover if the market experiences a downturn.

By meeting with us at least twice a year we are regularly "inspecting the roof." At every meeting we check in to assess cash flow, review the Pools of Wealth diagram, and review your current allocation. So, if a storm does happen, you can be sure you have a solid roof over your head.

Just How Sunny Is It?

The current U.S. bull market is now the fourth-longest in duration since 1893 at 102 months. However, there is a long way to go before any all-time records are set for either longevity or price appreciation (the longest on record is May 1947-Dec 1961, a total of 175 months). U.S. equities, however, appear relatively more expensive when compared to other countries – one reason why SEI favors international equities over U.S. equities. **The world is now in a synchronized economic upswing for the first time in more than 5 years.** This global growth is likely to continue for months to come.

It's easy to forget in today's world, but 5-10% drops in the S&P 500 are common and tend to happen a little more than three times per year. These drops tend to reflect investors' sensitivity to the news of the day. **At this point, financial stress is near its historic low as measured by the St. Louis Fed's Financial Stress Index.** While you can't rule out a jump up from these low levels, it would take a major event to bring the index to a point consistent with high financial stress or recession.

One of the most puzzling aspects of this bull market has been the lack of wage growth and inflation. At this point, SEI feels they would need to see more aggressive tightening by the Fed and other central banks before concluding a bear market was on the horizon. Such a policy change probably won't materialize until we see inflation and wage growth accelerate. That said, it's often hard to see what's in store for the future. At Omega we continue to prepare for upcoming cash needs while enjoying this year's rally.

2017 3rd Quarter performance by Index:

Benchmark	Q3	Category
Dow Jones Average	+15.45%	U.S. Large Cap Stocks
S&P 500 Index	+14.24%	U.S. Small Cap Stocks
MSCI AC World Index	+21.13%	International Stocks
Barclay Global Aggregate Bond	+3.14%	Intermediate Term Bonds



With technological advances continuing to rise, we have much easier access to our personal information. The polar relationship is maintaining cybersecurity so the access is limited only to ourselves and those to whom we grant permission. The perfect example is the latest Equifax credit breach.



Earlier this September, credit rating agency Equifax announced that data on some 143 million U.S. consumers had been compromised including Social Security numbers and dates of birth. Being one of the most significant consumer data breaches in history, we realize people are looking for guidance on the appropriate next steps in guarding their information and mitigating potential identity theft risks. Below are some steps you can take to protect yourself, courtesy of www.npr.org.

WHAT YOU CAN DO TO PROTECT YOUR CREDIT DATA

Find out if your information may have been exposed.

You can do this by entering your last name and the last six digits of your Social Security number at Equifax's website. The site will tell you if you've been affected by the data breach: <https://www.equifaxsecurity2017.com/potential-impact/>

You can enroll for a free year of credit monitoring.

Whether or not your information was exposed, U.S. Equifax consumers are eligible for one year of free credit monitoring and other services. The site will give you a date when you can come back to enroll. Another option for free credit monitoring is Credit Karma – there is no year limit: <https://www.creditkarma.com/credit-monitoring>

Contact the nationwide credit reporting companies and review your free credit reports from each of them.

You are entitled to a free credit report every 12 months from each of the three major consumer reporting companies (Equifax, Experian and TransUnion). You can request a copy from AnnualCreditReport.com.

Be sure to monitor your accounts for any unusual activity.

Accounts on your credit reports that you didn't open, incorrect personal information on your credit reports, and credit inquiries from companies you've never contacted

are all potential signs of fraud or identity theft. Be sure to notify Equifax's Dedicated Call Center of any recent unusual activity (by phone): **1-866-447-7559**

Consider placing a credit freeze.

If you do notice unusual activity on your credit report, placing a credit freeze on your report makes it more difficult for a thief to open a new account in your name. Remember that a credit freeze cannot prevent a thief from making changes to your existing accounts. You can call Equifax's automated Credit Freeze line to initiate the freeze: **1-800-349-9960**

Consider setting a fraud alert.

This requires creditors to verify your identity before issuing a credit card, opening a new account or increasing a credit limit on an existing account. A fraud alert will not prevent a lender from opening credit in your name the same way a freeze does, but it does require lenders to take additional steps to verify your identity first.

The best way to protect yourself against identity theft is to monitor your bank and credit card accounts regularly.

Identity monitoring can help, but the sooner that you catch something, the easier it is to address. Please feel free to reach out to us if you have additional questions and concerns.

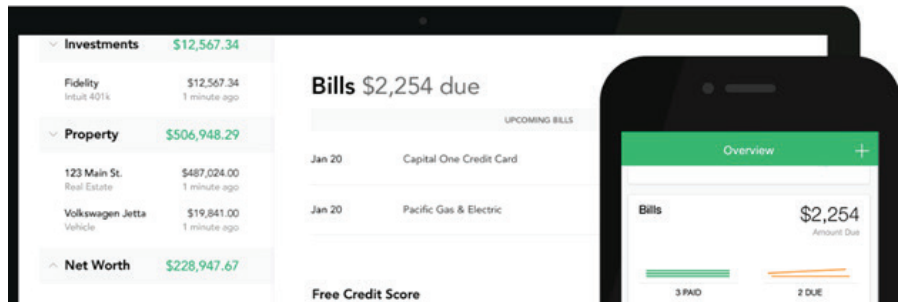
PHISHING ATTACKS

Be aware that there is often an increase in phishing attacks after an event like this, so we are reminding you to be extra vigilant. Here are a couple of reminders from the Federal Trade Commission about how to avoid phishing scams:

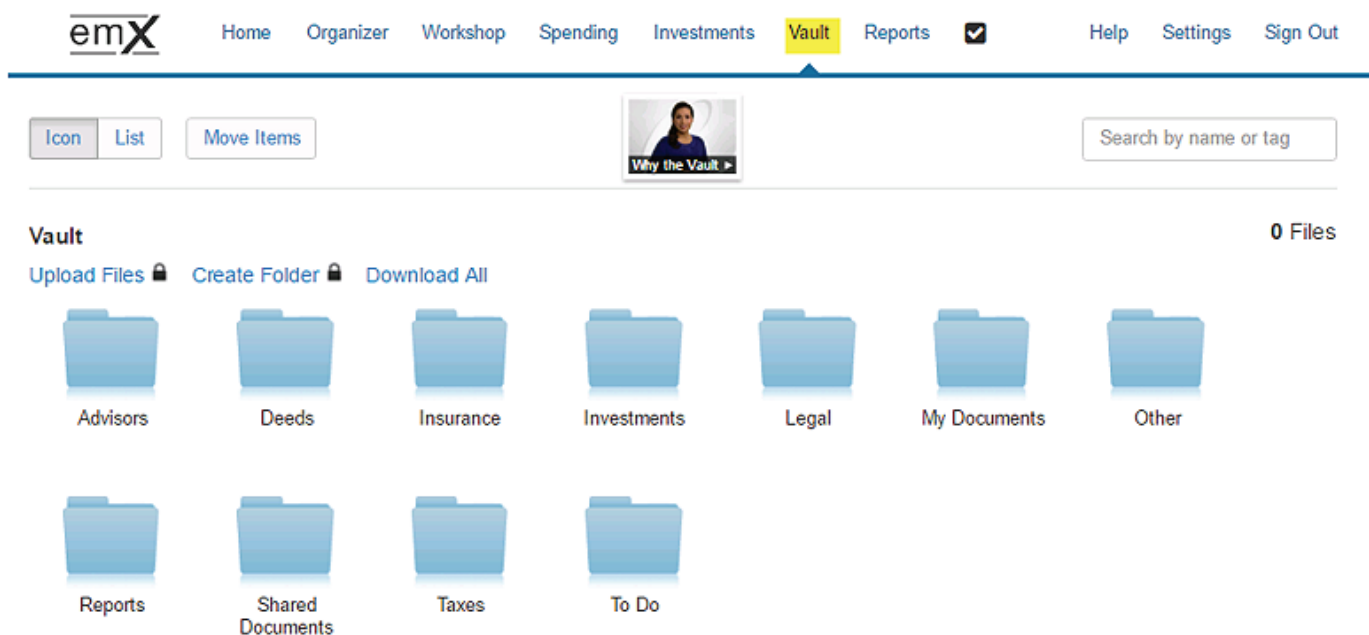
- **Be cautious about opening attachments or clicking on links in emails.** Even your friends' or family members' accounts could be hacked. Files and links can contain malware (malicious software) that can weaken your computer's security.
- **Do your own typing. If a company or organization you know sends you a link or phone number, don't click.** Use your favorite search engine to look up the website or phone number yourself. Even though a link or phone number in an email may look like the real deal, scammers can hide the true destination.
- **Make the call if you're not sure.** Do not respond to any emails that request personal or financial information. Phishers use pressure tactics and prey on fear. If you think a company, friend or family member really does need personal information from you, pick up the phone and call them yourself using the number on their website or in your address book, not the one in the email.

FINANCIAL ACCOUNT INFORMATION – EASE OF EMONEY AND MINT

Remember that online tools like eMoney (<http://wealth.emaplan.com/ema/ria/omegawealth>) and Mint (<http://mint.com>) are available to you to utilize for financial account monitoring, reports, and bill-pay so you are not looking for 5-10 different logins and passwords to access this information. Mint's bill-pay feature allows you to pay various bills, e.g., credit card, cell phone, cable/internet, and utilities, from one central portal in Mint's dashboard. Mint.com also offers a free credit score that updates monthly.



The vault within eMoney allows you to securely store documents in the cloud, only accessible by you online. The "Shared Documents" folder can be used for files you would like us, the advisor, to see.



Business Owners' Corner

Is your business ready for anything?
A simple checklist for business owners...

Often business owners can get so caught up in the day to day that they neglect to plan for the “unexpected”. **Whether it's a recession, the disability or death of the owner or the loss of a key team member, planning for the “unexpected” can make or break a business's future.**



Here's a checklist to see where you stand:

- I have a valuation of my business's worth.
- I have a continuity plan in case of my disability or death.
- I have a succession plan in case of my disability or death.
- I have a fully executed buy/sell agreement.
- I have funded the buy/sell agreement with life insurance and have updated the value as my business value has grown.
- My estate planning documents specifically mention my business and address succession ownership in case of my death.
- I have business overhead insurance (disability insurance that pays the business) to support my business in case of my disability.
- I have key person insurance (life insurance payable to the business) in case of my death, to support the transition of the business.
- I have a disaster recovery plan in case of catastrophic events that would temporarily shut down my business, and I have all/most of my records held electronically for remote access.
- I keep a list of key contact information (staff, key vendors) at my home in case of a catastrophic event that prevents me from getting to the office.

Are you able to check any of these boxes? None of these boxes? Please contact us and let's discuss as soon as possible. You have worked too hard to build a viable business...now it's time to make sure it's properly protected!

TEAM UPDATES

We had a great summer with our two Virginia Tech interns, Mariame Pierce and Trevor Luong. We are now gearing up to hire a new Financial Planning Associate next spring to add support to our team. We at Omega are committed to mentoring the next generation of planners in our profession. We look forward to sharing the announcement of that associate next year!



Lisa & Andrew published in the September issue of the *Journal of Financial Planning*! Our article "Choosing a Career Path: It's Not Only Client-Facing" talks about the unique career path we are creating for Andrew as our Operations Analyst. We have received a great deal of positive feedback from our colleagues in the profession about this article and its ramifications for the future of our profession.

[READ ONLINE](#)

BOOKS & RESOURCES



Elizabeth Gilbert

This summer, I had the opportunity to read 3 books (an accomplishment for me in what was a busy travelling summer!) The book that has touched me the most has been **Elizabeth Gilbert's "Big Magic"**. Elizabeth helps us understand her creative journey and **how to sustain a creative life**. It could be writing, art, music or even an intellectual pursuit that keeps you curious and engaged. I highly recommend it and have been sharing the book's inspiration with a number of clients in search of some inspiration in their lives.



DON'T FORGET - Important Dates and Reminders

October 16th - Last date to file 2016 tax return!

November 23rd & 24th - Omega closed for Thanksgiving holiday

December 23, 2017- January 1, 2018 - Omega closed for the holidays

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- Strategic advice on planning/investments
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- Prospective new client inquiries



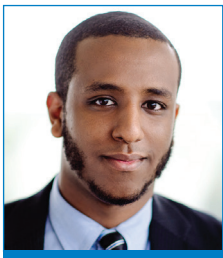
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