Trott Brook
FINANCIAL

A more balanced approach

Summer 2018

• Firm Update by Jim Steffen, CFP®, President

Are you "future-ready?" This is a phrase I've started to hear recently. Fidelity, our new custodian, uses it in the context of, "Is Your Firm Future-Ready?" They break it out into five fundamentals: Strategy, Talent, Technology, Risk, and Client Focus. Trott Brook Financial has certainly made progress in each category as we continually look towards our future.

The United States Postal Service has a five-year strategic plan to be "Future Ready." The goals for the USPS are not unlike other businesses: deliver a world class customer experience, engage employees, innovate faster to deliver value, and invest in future platforms. Some business models have a tougher time becoming future-ready and the USPS may be one of them.

There is an organization called FutureReady.org that's mission is to help school districts leverage technology to prepare students for success in college and their career. The education of our young people is certainly an investment that will pay dividends for generations to come. Whether a business or student, the primary characteristic of being "future ready" is to follow a path of continuous, incremental improvement.

So, are YOU future-ready? Well, how do you know? I can already hear some of our senior clients saying "my future is now!" Some of us do have a longer runway than others, but we all have a future measured in years or decades. What we know for sure is the future is uncertain and getting more complex every day. As a financial adviser, you would expect me to say that developing a financial plan is one part of being future-ready. Building a healthy balance sheet, a proper cash reserve, eliminating debt, maintaining a diversified portfolio, adequate insurance and positive cash flow are all necessary to be future-ready. However, without goals and a strategy to get there, the plan can lead you in circles and far from future-ready.

Gandhi said, "It is health that is real wealth, not pieces of gold and silver." It has also been said that a healthy lifestyle not only changes your body, it changes your mind, your attitude and your mood. Like a well-oiled machine, so too must your body be future-ready. Some folks were born with good genes, can eat anything and don't gain weight, rarely exercise and still have boundless energy. Unfortunately, that's not the case for most of us! To optimize your physical conditioning, it takes a disciplined plan. The plan doesn't have to be grueling and agonizing, just consistent. Try something new. Go for a hike, ride a bike, try yoga, run a 5k, join a pickle ball league. You'll be glad you did!

I've witnessed our happiest clients are the most active, open minded, and exceptionally networked. They are future-ready by embracing their own personal development. By definition, it includes activities that improve awareness, develop talent and potential and enhance the quality of life. Continuous improvement requires "sharpening the saw" and the desire to preserve and enhance the greatest asset you have – you. Being future-ready should be a process every business and individual commits time and energy to. The future will be here faster than you think!

Upcoming Events...
14th Annual Trott Brook Benefit Bash
Thursday, August 23rd – The Draw Amphitheater

• Commentary by Ted Erhart, CFP®, Financial Consultant

Some economic forecasters have grown worried in 2018 as the so-called "yield curve" has flattened to a point not seen since 2007, shortly before The Great Recession.

The yield curve is a simple measure of the difference between the yield on short-term and long-term bonds. Typically, long-term bonds pay a higher rate than comparable short-term bonds. This is because investors usually demand a higher return for the added risk of holding a long-term instrument which is more susceptible to risks such as inflation. However, on occasion this pattern reverses and the yield curve becomes what economists call "inverted."

So what's the big deal? An inverted yield curve is a classic leading indicator. According to the Wall Street Journal, this phenomenon has preceded every recession since at least 1975. But don't panic, the yield curve is not yet inverted. It is moving in that direction but the trend surely could change.

What seems to be adding to the concern is the fact that the current economic expansion is the second longest in history. Since 1854, there have been 34 economic expansions in the United States. They've lasted anywhere from 10 – 120 months. The current expansion is in it's tenth year and within sight of the longest in history.

Looking at these statistics, one might infer that economic cycles have physical time limits and that the current expansion may be in peril. That is a dangerous conclusion to reach. Although the past certainly can be a guide to the future, investors must remember that there are no rigid rules in economics. Case-in-point: Australia.

I recently read that Australia is in it's 27th year of economic expansion. That is not a misprint. Can you imagine the current US expansion continuing for another 17 years (again, we are ten years into the current cycle)?

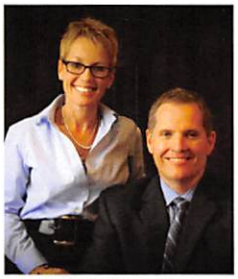
I'm definitely not here to suggest that is what is likely to transpire. If you read about the likely reasons for Australia's economic success, you'll find the nation employed some very disciplined policies such as paying down debt when times were good and managing interest rates conservatively.

These policies created a cushion for the economy and allowed it to stimulate when weakness developed most notably during the financial crisis of 2007-2009. The US is currently doing the opposite by running deficits and keeping interest rates low even as the economy appears to be gaining momentum.

But the point here is not what economic policy is best. The point is to understand that although we know the historical range of past economic expansions, by no means do they dictate or limit the outcome of future cycles. Knowing history is vital to avoid repeating mistakes and establishing realistic expectations. But understanding the limits of historical knowledge in guiding decisions about the future may be more important.

Like Us!
facebook.com/TrottBrook

Personal News



Jim & Lisa Steffen

This fall is going to be different for the Steffen family. We'll have one less person in the house! Lauren will be attending Liberty University in Lynchburg, Virginia. We are so excited for her to begin this new chapter in her life. After her grad party, Lauren left for Chicago and spent five weeks living with Lisa's brother and wife. She worked for her Uncle's property management business, as well as had fun sailing on Lake Michigan and attending every street fest and county music concert that came to town! The summer countdown is on and we'll be traveling to Virginia on August 21st to "drop her off!" When we think of Tommy we think of one word…GOLF! We spent spring break in Cabo where Tommy and Jim warmed up for his Varsity season. When the snow finally melted, the team finally got outside and Tommy posted several great rounds and was awarded All Conference honors. He is working again at Rum River Hills and plays golf every chance he gets in between bass fishing and playing XBOX with friends. As for Jim and Lisa, we are starting to feel the change. The house is becoming emptier more often. We are grateful and excited to see our kids spread their wings and fly but it is so hard to let them go.

Nikki Cellette

Summer! George and I, along with our two kids and fifty-one other favorite relatives, headed to our annual vacation in July. Wonderful memories with so many laughs and many tears with seventeen children under the age of twelve! We all survived thankfully and are looking forward to next year on Lake Shamineau. Zach has decided to change his current college path and attend MN State in Wadena. He has been interested in attending the Electrical Lineman Program for several years and has finally made the decision. As of August 1st, he has relocated 2 hours away from home and is renting a house with three others in the same program. He couldn't be more excited to begin school and honestly, I think he's a little pumped to not be living under our roof. I have my fingers crossed that after graduation he will be able to stay local (and safe)! Brooklyn is anticipating her next adventure which is middle school! The countdown has begun and with it, the excitement and anxiety. Planning for school clothes shopping seems to have become her priority all the while she worries how she'll ever navigate around Salk Middle School. The challenges of being parents to a preteen daughter have just begun! Enjoy the rest of your summer!

Ted Erhart

On the personal front, the winter of 2018 was relatively quiet. Of note, I spent a lot of time studying American history largely by working my way through Ron Chernow's magnificent biography of George Washington. In the context of the current political environment, it's quite interesting reading about the founding of the country. American's always look longingly to the past. But when you actually read the history, you find there have been deeply divisive issues going all the way back to the Constitutional Convention. Moving on from history, once spring arrived life turned very busy. I escaped to South Dakota for a long weekend of snow goose hunting in April just as winter finally released its cold grip. In May horse-show season began. In the past, all the horse-showing was done by my wife Kelly. However, it's become more of a family affair as our daughter has already started to participate in a few assisted classes where we lead the horse (and she hangs on!). Aside from horse shows with the family I spent most of my spare time this spring continuing to work on the pond project at home. I'm looking forward to the fall hunting season.

Krisandra French

WOW… how come the summers seem to fly by and our winters last forever? Well, I hope you are enjoying your summer and what few months we have left of it. We have successfully made it through another high school graduation. Zachary, our youngest, graduated in June and we are now ready for the next chapter in our lives. That being said… we are expecting our third grandchild in December. Alyssah and her husband Connor decided that they should buy a house now that they are expanding their family. They moved into a home in Albertville and very excited to be out of the apartment living. Our son Austin is planning on moving to Austin, TX in August. That will be a hard adjustment for me having him so far away, but it will give me another opportunity to travel and see him. My husband continues to be busy with his company and is still golfing in his spare time. He has started giving me golf lessons so when we retire I can join him on the course. It's a game you need to practice a lot at, so we have decided I will play for fun only. I continue to bake for weddings and special occasions and truly love it.

Robin Harrison

2018 is flying by… Multiple things are keeping us busy such as working on updating our 'new' house on Edinburgh USA (gutted kitchen, etc.), Leigh's travels for work (Hammel, Green and Abrahamson - HGA), running our youngest son Trent back and forth to his first job (Caddy at Golden Valley Country Club), Junior PGA tournaments, church mission trips, etc. Additionally, I joined an LPGA Amateur Golf Association this season and have really been enjoying it. I am meeting lots of like-minded ladies and developing new friendships while working on improving my game. One of the leagues from this group golfs at Edinburgh on Thursday nights so it works out great! I also play The Links at Northfork on Monday nights. Over the 4th of July week we celebrated my Parents 50th wedding anniversary. So nice to have the entire family together and have some fun in the water and sun…it was a special week to remember! Hope you're all having a safe and fun summer!!

A more balanced approach

Advisory services offered through Trott Brook Financial, Inc., a registered investment advisor. Securities offered through LaSalle Street Securities, LLC, a FINRA/SIPC member broker/dealer. Trott Brook Financial, Inc. and LaSalle Street Securities, LLC are unaffiliated separate legal entities.