



KEMP Financial Management, LLC

January 2020: Time is Precious

Happy New Year! Our celebration of choice continues to be an East Coast celebration at 9pm and bed by 10pm. Long gone are the days of staying up past midnight. Regardless of what time you ushered in the New Year, we hope you had a great celebration with family and friends.

Four years ago when your KFM Team sat down and created the Ten Truths we listed them one through ten with an understanding that each of them could be number one. While they are currently listed in no particular order of importance, each of the Truths was created as if they could be number one.

As we look into our new year, 2020, we want to start the year with the focus on #7: "It is important to pursue what matters most in life because time is precious."

While it seems obvious, there are many times the "busyness" of life, work or other things just simply get in the way of recognizing the importance of "time" making it not so obvious. For me, every year that passes, "time" and "experiences" become two of the most important themes I work to carry into the New Year. So much so, when asked what I want for Christmas, my response is "time and/or experiences". Whether that be time on the golf course, ski slopes, pictures of memories or enjoying a meal together, it's the time and experience that matters most.

As if we needed another reminder of the fragility of life, we were saddened to usher in the New Year with the news of a skiing tragedy taking away the life of one of our dear friend's 57 year old son. He leaves behind a wife, two young adult children along with a grieving father who just said good-bye to his wife of 60 years in the spring of 2019.

Early on in my career as a trusted financial advisor, this individual was very impactful to my thinking as a husband, young father and business owner. In essence, **the wisdom shared was to make sure I did not let the business control me, that I make sure that my time is**



Rob and his family on their recent Mammoth trip

well spent with my wife and children, making the most of my time with them, not the business. I've mentioned it before, but this was the single best advice that I've ever been given.

Accordingly, we want to make "time" the theme for 2020 for you and all of our clients. Since the inception of Kemp Financial Management, one of the pillars of our Vision and Values has been to allow "our clients to pursue what matters most in their lives." To that regard, we want to encourage

you to continue to pursue what matters most in your life, because time is precious.

2019 was a great year for so many reasons. While we can look at the success of the capital markets in 2019 and point to that as a good thing, we do not believe that is the only measure of success. We are hopeful 2019 was much more meaningful to you than just the success of the capital markets. We are also hopeful that 2020 and beyond bring meaningful experiences for yourself and your loved ones as we all work towards making the most of our time. Our hope is that 2020 exceeds the prior years with experiences and time spent with meaning and purpose. We look forward to discussing your personal goals in more detail with you in the upcoming days, weeks and months to make sure we can make the best of 2020 and beyond.

Legislative Update

The SECURE ACT has passed. Several key components which may impact you:

- a) **Required Minimum Distributions are now scheduled to begin at age 72 versus age 70.5.** (This only applies to those who did not attain age 70.5 by 12/31/2019.)
- b) The Act eliminates the provision for Stretch or Inherited IRAs for "non-spouse" beneficiaries. **The Act will now require non-spouse beneficiaries to zero out their "inherited" or "Stretch IRAs".** This will be an

important topic of discussion during your first update meeting in 2020 and throughout the year.

- c) **Those working past age 70.5 can continue contributing to IRAs and ROTH IRAs.**
- d) One can make a penalty-free withdrawal of \$5,000 from an IRA before age 59.5 to pay expenses incurred from the birth or adoption of a child.
- e) One can use up to \$10,000 of 529 plan funds to pay off student debt. This is a lifetime amount, not an annual limit.

2019 Investor Survey Results

Thank you to all of you who responded to our Investor Survey during the first quarter of 2019. The results of the anonymous survey were very powerful to all of us at KFM. In fact, the results helped shape the priorities for improvements last year and this year as noted below.

Thank you for scoring our firm high in the area of “referrability”. Compared to our peers (Over 772 Firms and over 6,700 clients), **our “referrability” was 21% higher than most other firms in the survey.**

Also of interest, the most important attributes in working with KFM was “working with clients like me”. We are grateful to work with over 140 clients that have similar backgrounds and needs. With over 50 years of collective experience in working with our clients, we take great pride in our ability to share the wisdom of those years with you. We value our ability to share past experiences, both positive and negative, to assist each of our clients towards reaching their own individual desires and allowing them to focus on what matters most.

“The primary measure of value received” by our clients was overwhelmingly answered by “providing sense of security and peace of mind.” Over 50% of our clients responded with this answer, which was 43% higher than our peers. From a firm perspective, we could not be more delighted with that response from our clients as “security” and “peace of mind” are also pillars of KFM’s Vision and Mission for clients.

One surprise was scoring low by “not asking our clients to refer”. The reality is, **we pride ourselves in our “referability”, but we also pride ourselves in never asking.** We believe that referability is earned over time, by being true to our core competencies and in honoring our commitment to our clients.

The growth of our firm with new clients and new employees comes from our ongoing commitment to serve you. More importantly, we continue to grow with new clients because of the recommendations that continue to come from clients like you. **We cannot thank you enough for the many years of recommendations you have provided to Kemp Financial Management.**

The survey pointed out that many clients feel they cannot refer clients to KFM due to the location of the firm. Our experience tells us otherwise. We are currently working with numerous clients outside of Southern California along with clients in 15 differing States. While location of the firm used to be an obstacle for clients recommending friends and family to KFM, we have enhanced our technology to allow for the same experience as if you lived “down the street”.

While our first and foremost choice is to meet everyone face to face in the office, we have found **we have been able to deliver the same experience through Virtual Meetings for new potential clients to the firm and also existing clients. We have had great success in working with clients anywhere in the United States and for that matter even abroad.**

Kemp Financial Update

Here are some important reminders as we start the New Year:

- 1) Staff Update: **We have grown:** Wyatt and Lissa have been with Kemp Financial Management (KFM) for 8 and 9 years respectively. **Patrick Joyce and Kate Coogan are our newest members to join the Team.** While Kate is here part-time assisting with Client Communications and appointments, Patrick is full-time assisting Lissa, Wyatt and Rob with meeting with clients, client reports and our Client Portal. Patrick, Lissa, Wyatt and Rob have also started working together as an Investment Committee with quarterly reviews of our portfolio allocations and client communications.



2) Texting: **We have had great reception from the majority of our clients to take advantage of texting.**

Because “texting” is considered communication, we needed to have the capability to “archive” all text messages sent back and forth to our clients. We have engaged an outside service to “archive” all text communication, which now provides



the opportunity to move forward with texting. While this is not “one to one” communication like traditional texting, it does allow for instant communication with the KFM Team. We have created a more comprehensive set of guidelines for your review: kempfm.com/texting.

If you have not signed up for “texting” with KFM, please contact our office by phone at 714-257-0800.

3) Client Portal: **Your Schwab statements continue to be automatically updated into your Client Portal.**

1099s should be uploaded no later than the end of February 2020. **All of your quarterly performance reports are also located in the Client Portal.** If we have copies of your Estate Planning documents, they can also be located in your Financial Planning folder located in the Client Portal.

4) Appointments: We have updated our technology for our calendar system on the Kemp Financial Website. **To set up a meeting by phone, in person or virtual, please visit www.kempfm.com and click on Schedule Appointment in the upper right hand corner.** We will also be reaching out to clients by phone to schedule more appointments going forward, so don't be surprised if you hear from Kate in the near future.

Here some things to look forward to in the New Year:

1) Monthly Billing: **Please be on the lookout for information relating to moving from quarterly billing to monthly billing** (exception: Clients utilizing BAM, formerly Loring Ward). Since moving the majority of our clients to “in-house administration”, we are now able to offer monthly billing of the advisory and administrative fees. Our encouragement to consider moving from quarterly (in advance) to monthly (in advance) is driven by our desire to provide shorter intervals of billing which will be a better representation of billing for each quarter.

If we use the fourth quarter of 2018 as our example, the quarterly fee for the fourth quarter was determined based upon the value of your account(s) on September 30, 2018. Your account was billed in October for the full quarter ending December 31, 2018. During the fourth quarter, the capital markets recorded a significant decline all the way through the end of the year. Had

accounts been billed monthly during this period, the fee calculations would have amounted to a lower overall fee for the quarter. To be fair, in rising markets, its possible accounts could be paying more as markets increase in any particular quarter. However, over longer periods of time, we believe it is in your best interest to consider moving to monthly.

You will be receiving an introductory letter along with an amendment to the original advisory agreement which will need to be signed and returned. We are hopeful to implement monthly billing beginning in the second quarter of 2020. This decision will be optional. If you would prefer to remain on quarterly billing, please let us know. We will be discussing this in more detail during the first quarter 2020 update meetings.

2) **We are currently in the process of developing our own phone app for Android and Apple users.** We anticipate being able to rollout the app in the first quarter of 2020.

3) **Newsletters (like this one), will now be printed and mailed to all clients.** While email and posting to our website is virtually free of cost, like you, we know it is very difficult to keep up with daily emails. Therefore, we have committed to going back to “old school” and print and mail each Newsletter in a hope to keep our clients more informed.

Again, we cannot thank you enough for your loyalty, trust and confidence. We greatly look forward to seeing you over the next several weeks, again either in person, by phone or through our Virtual Meeting platform. We look forward to getting an update on your holiday and New Year celebrations as well as an update on your family, work and travel plans for 2020. We look forward to sharing the same on our side. **Happy New Year! Wishing you all the Best of Health, Happiness and Success!**