

# inFORMational

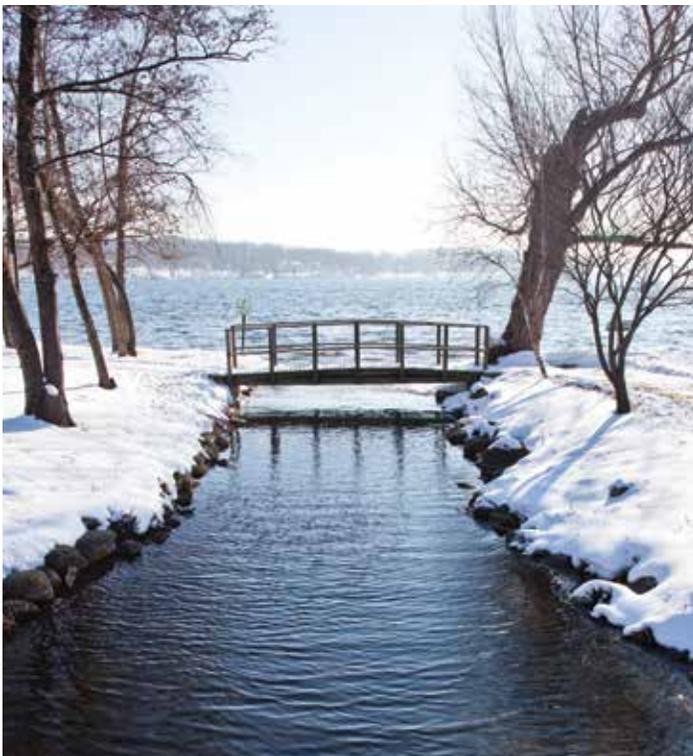
FORM WEALTH, LLC - AN INDEPENDENT FIRM

WINTER 2014

## FORM WEALTH – AN INDEPENDENT FIRM BY TYSON RAY CFP®

We have created FORM Wealth, an independent firm, to service our family of clients. Our Advisors at FORM Wealth will work through Raymond James Financial Services, Inc. to make available a wide range of services for our family of private clients, small businesses, institutions, and corporations.

FORM Wealth and the team of people devoted to you, our clients, are always seeking ways to better serve you. By creating our own firm and relationship with Raymond James we feel you will benefit in many ways but let us focus on two very important ways... Asset Management and Financial Planning.



### ASSET MANAGEMENT:

FORM Wealth is convinced that changing our broker/dealer to Raymond James enhances our ability to better manage your portfolio. Specifically, Raymond James has technology, research, and resources which will provide FORM Wealth more freedom to work for your benefit. Now, we will have opportunity and more freedom to do what we feel is in your best interest, seeking to maximize the risk return potential in order to help enhance your ability to fund the best life you can afford.

### FINANCIAL PLANNING:

For 15 years, even after becoming Certified Financial Planners, we at FORM Wealth were not allowed to use the phrase, Financial Planner. Why not allow it? Our title at the bank was “Financial Advisor,” but now, with Raymond James, not only can we use the phrase, our very business titles will be “Financial Planner,” which better reflects our philosophy and the kinds of resources Raymond James offers around financial planning. In fact Raymond James’s motto is a “Life Well Planned.” This is a much better fit with FORM Wealth given our motto is:

*Plan Your Life,  
Manage Your Wealth,  
Change Your World.*

### TRANSFORMATION:

There are many enhancements that excite us, however none of them are more important than the realization FORM Wealth can enhance our ability to impact and change your life for the better through the Asset Management and Financial Planning resources we can access through a relationship with Raymond James. With the confidence and resources to both plan your life and manage your wealth we hope to improve the opportunity to Change your world for the better.

Come join us and allow us to continue to serve you! ■



## FORM WEALTH, LLC

Tyson Jon Ray CFP®  
Founding Partner

Luke Kuchenberg CFP®  
Founding Partner

431 Geneva National Ave. South  
Lake Geneva, WI 53147  
(262) 245-4543

[www.formwealth.com](http://www.formwealth.com)





## LIBERATION BY TYSON JON RAY CFP®

**Over 15 years ago Luke and I were called and clearly directed to become financial advisors. As a young man I was hired right out of college and joined a family company. Luke started with a major firm and then three years later joined me at this family company, for which I worked the first 10 years of my career. We grew a deep loyalty to this enterprise and a deep rooted vision of working for one company our whole career, something that is rare, yet very important to us.**

The past five years in the financial and banking worlds have been turbulent and full of change. Strong companies have gone under, while others have been acquired and taken over by mergers and government bailouts. Because of this, the family company for which I started working no longer exists. What once was an institution that operated with a bottom up management style, allowing us the freedom to make decisions for the best interest of our clients, has evolved into a top down management system controlled by a bank, which in many ways dictates to us how we should do things.

Seeking to be positive and make the best out of the situation, we have been loyal to the bank and have dedicated ourselves over the past five years to

understanding the bank, learning the bank's value system, and its ways of business. In addition, we have tried to help this bank understand how to assist you, our clients. Throughout this process, we learned important things about this bank.

This has brought us to a critical crossroads—a point where we have had to do some serious soul searching and decide whether staying with the bank and its top down management style is where we want to spend the rest of our financial careers. After contemplating our reasons for staying with the bank, we decided a change was necessary for our clients.

For these reasons we are creating our own business FORM Wealth and creating a relationship with another family company named Raymond James that will allow us to serve our clients in the ways we feel are best, and with a company that understands the importance of the clients' input. Our loyalties have always been, and will continue to be, to our clients, not a bank. This new liberation, independence and relationship with Raymond James is exciting. We trust you will share with us in the joy of this new gained freedom as together we work to continue to help you live your best life possible! ■

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## PROCESS TO MOVE TO FORM WEALTH

**We think of you as clients. You are like family and our office is a place you can come and discuss how we can help you. In creating FORM Wealth and establishing a relationship with Raymond James, we are able to put you first, which is the way we have always wished to conduct business. You are our main priority, and Raymond James second, as we are Raymond James' client not their employee.**

However, since your account is the legal property of the bank, we have some paperwork that needs to be completed in order to transfer your account. The bank will allow us to leave as long as we don't take any information about our relations, files, or accounts. Thus, your account will remain at the bank and will

be reassigned to someone who is an employee of the bank and seek to convince you to stay a client of the bank. If you chose to be a client of FORM Wealth, which is our hope, then we have some information we need from you in order to move your account over to us and away from the bank.

We are sending you a packet of information, which will need to be completed. Again, we were not legally allowed to take your account information from Wells Fargo. With this information and your signatures, we will move your accounts over to FORM Wealth, LLC at Raymond James. If you need any additional information before completing the paperwork, or at any time throughout the process, please don't hesitate to contact us. ■



## SWEET SIMPLICITY BY LUKE KUCHENBERG CFP®

**I love history; I'm a history geek really. I believe it is the best teacher for how to deal with the future. From personal lessons learned just 10 years ago to those human-kind learned over hundreds of years of discovery, history bears out the truth: you cannot know where you are going if you do not know where you have been.**

One of my favorite historical figures of the past is Leonardo da Vinci and, for the purpose of this piece, I want to focus on his quote, "Simplicity is the ultimate sophistication." Even all those years ago, this man was aware of the power of keeping it simple.

Simplicity sounds nice, it even sounds easy. Why, if it is simple, surely it is easily accomplished or done. Unfortunately, that is not so. Whether one is talking about financial planning or weight loss, easy and simple are not the same. As a dear friend who has struggled with weight his entire life once told me, the strategy behind getting healthy and losing some weight is easy... eat healthier, consume smaller portions, and get some regular exercise. While that sounds simple enough, it is *not* easy to do and thus my friend struggles still to this day. **Simple, not easy.** We all talk about simplicity and how we wish things were just simpler, that we could simplify our lives, etc. In fact, while researching this piece, the phrase "keep it simple" returned 98,000,000 results on Google... all in just 1.2 seconds. So, the desire to have more simplicity is out there, but how best do we work towards it? Further, how can we use this simple plan or lifestyle to gain greater success in whatever we are looking to achieve? In financial planning, this premise is no different and it is one we look to build into each client's individual strategy.

In the last InFORMational, I wrote a piece that pointed to the speed of life today. While that affects many areas of our personal lives, it really is no different when it comes to our finances. With all that speed comes the feeling that we should always be doing something, planning some kind of action, keeping things moving. From the point of managing your wealth, that message can be harmful. The world (i.e., the media) is always talking about the markets, security selection, timing, debt crises, political headlines, and other hair-raising events. While those external events will have some short term effect, it is really the smaller day to day, year to year planning points that will determine your long term success. In reality, the to-do list for being financially successful over

the long term is not head-line making. It is very simple, even boring. **Simple, not easy.** Thus the world is full of magazines, books, T.V. and get-rich-quick schemes trying to lure you into thinking it's complicated and all you need is their product or advice. Conversely, it is our belief that life-long actions like living within your means, paying down debts, saving a percentage of your income for a rainy day and goals in the future are the best course to long term success.

Over the years, many clients have heard Tyson and me say how much we love this stuff, love this career and the clients we have been blessed to work with over the last 15+ years. But, despite what many clients think initially, we do not feel that way because of all the information and technical planning points we try to



bestow upon clients. We will readily say that we do not build our value in relaying information to clients; rather it is helping you plan for and react to that information that is vital. In its simplest terms, we are coaches... financial coaches, and that is what inspires Tyson and me. While all the technical financial planning points are important, it is really the simple and consistent implementation and the ongoing execution of it that are most critical to actual success. **Simple, not easy.** Thus, a thorough action plan, applied with the old-fashioned stewardship principles noted above, paired with an advisor who can help you navigate those critical financial events of your future is, in our opinion, the most probable course for financial success and one we look forward to continuing with all of you.

Here's to a wonderful and *simple* new year! ■



## THE CORRECTION IS COMING... BY LUKE KUCHENBERG CFP®

**Please understand, we want to be the first to tell you “The Correction is Coming!” Please know, we are NOT going to react or overreact to the coming correction. Now let us tell you why...**

FORM  
belief  
#1

### **Our Long-term Allocation is Fundamentally correct.**

We believe fundamentally our long term allocation is correct given the risk reward potential of the different asset classes in which we are investing. The equity markets in our opinion are finally becoming reasonably valued but are NOT overvalued. The “talking heads” in the media want us to believe that the equity market is historically expensive, if not becoming overpriced, simply because the major market averages are trading in new all-time high ground. However the media is often not correct in their prediction of the future of the markets, any more than they are with their prediction of the weather.

In short, we continue to believe overweighting our ownership in some of the best companies around the world is the best way to help you fund your future *long-term goals* regardless of any pending inevitable correction.

FORM  
belief  
#2

### **We are Overdue for a Panic-like Correction.**

We believe the market trough in early 2009 was a buying opportunity of a generation. Since that time, other than the notable market decline in the summer of 2011, we have not had another significant correction in the last 5 years. Despite news headlines of US debt levels, elections, fiscal cliffs, sequesters etc., the stock prices of the world’s best corporations have continued to increase earnings and thus appreciate in value.

We are proud to say we did not react or overreact to these headlines above and thus have been rewarded. That said, it is important to note again that it has been over two years since we have seen a meaningful correction to this increase. Therefore our belief is we are due for a correction. To predict its timing or duration would be folly and that is not what we do. What is important is to let you know we expect it, that it is normal and that we feel it is vital not to overact to it if and/or when it happens.

A short history lesson: since the mid 1940’s, there has been an average intra-year decline in the markets of about 15%. So every year, during the year, the market corrects at some point and then again moves forward. The point we are trying to drive home here is two-fold. One, we are beyond the average time duration that one or maybe even two of these normal corrections take place. Two, and most importantly, we do not want our clients to be surprised when it happens, whenever it does come. If you have enjoyed the increase in our investment recommendations in the last years, then you have learned that the corrections bring the next advance for those who don’t react to or panic in the volatility of those events.

FORM  
belief  
#3

### **Without a Correction, Watch out for a Performance Hysteria.**

*Without a correction soon, 2014 will be the year when performance mania becomes the mistake.* Is it *fear* or is it *greed*? When the investor focuses too much on one or the other, mistakes happen. As the memory of the Great Panic sell-off of 2008 fades, it is being replaced with the enjoyment of a return to a consistent positive performance of investments. Unknowingly, one allows their fear of loss to be replaced with a desire for more return. Investor’s stop focusing on risk and start focusing on how much more they can or should be making in the market’s advance. 2014 will be the year when the 2008 negative returns drop off the five-year averages that many investment companies and investors use to measure themselves. This means that for the last several years, the 5-year average return of most market indexes has shown a loss. This loss has justified investor’s emotions and driven a negative desire for market investments. In 2014, those 5-years averages will likely turn positive and, in some cases, very positive. The problem is that all those investors who panicked out of their investments in the last 5 years have created for themselves, in our opinion, a permanent loss to their portfolios. As the performance numbers turn positive, many people will likely see the advance they either missed out on all together or they will see how they could have done better if they were in these market investments. Thus they will seek to change their portfolio to chase after this past performance - a classic mistake of buying high and seeking more return without considering risk.

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## THE CORRECTION IS COMING...

This is a mistake from which we seek to protect you. As we have stated, we seek to build a relationship with clients around their goals. This relationship isolates us both from all the noise in the world that our friends in the media churn out. It also focuses us on being able to help modify behavior so as not to react to emotions like greed and/or fear, no matter the stimuli. At the end of the day we believe strongly that it is behavior - not investment performance - that is the dominant determinant in your long-term, real-life success. A great mistake is to focus on avoiding risk when the potential for real long-term return is the greatest, or to focus on great returns when the potential for real long-term risk is the greatest.

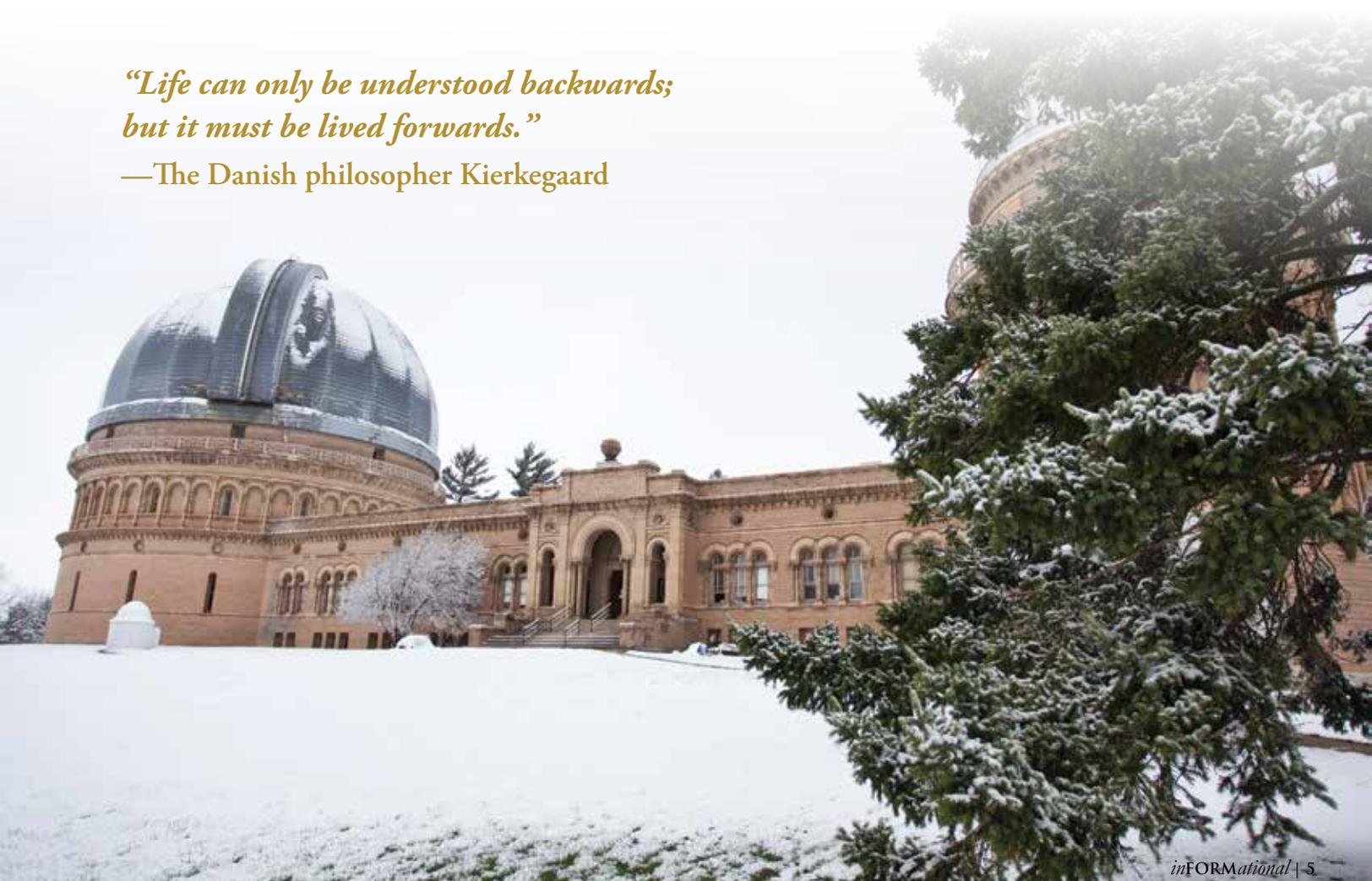
Despite what the psychology books tell us, in 15+ years we have learned one truth: *greed can do just as much damage to investors as fear*. We know that when the desire for performance mania strikes, all those truths of long-term investing go right out the window. If the market keeps streaking higher before it corrects, you cannot allow yourself to react or overreact to the desire for more. Nor can you be surprised when the

market finally does correct. Why? Because we can say that history shows us that when the markets are at all-time highs (which most are), every correction has been temporary and every advance from that correction has been permanent. That doesn't guarantee that will always be the case, thus the past doesn't promise the future. Yet it does offer a great perspective into how we will behave based on what history has taught us.

So, what do you need to do? ...As a client, the only action you need to do take is to let FORM know what money from your investment portfolio you will need over the next 12-24 months. FORM desires to make sure we know about and have planned for any funds you need from your accounts through January 2016. We will make sure those funds are removed from our long-term investment allocations so whenever a correction happens in the next 12-24 months, we do not feel the need to react or overreact to it. After we have created a plan for how to get the funds you will need until January 2016, all we ask is that you try to sit back and relax in the knowledge you knew a correction was due and that it is very normal. ■

*“Life can only be understood backwards;  
but it must be lived forwards.”*

—The Danish philosopher Kierkegaard



# FORMwealth

— an Independent Firm —

431 Geneva National Ave. South  
Lake Geneva, WI 53147  
(262) 245-4543

## FORM FAMILY



Nelson Ray - 9



Austin Ray - 8



Carson Ray - 5



Jackson Kuchenberg - 4



Lauren Kuchenberg - 2

## MISSION STATEMENT

FORM Wealth seeks to be a family's sole financial advisor. Working with only a select number of clients, we consult by knowing your Family, Occupation, Recreation, and Mission. Then, we focus on risk management.

## FORM OF HELP

If you have someone you care about who might benefit from our services, we invite you to let us know. We are here to help you and often that can come in the FORM of helping those you care about. We invite them to experience the skill and dedication of a team built on integrity, client service and a spectrum of services for individuals, families and institutions.

- Investment Management & Monitoring\*
- Retirement Income Planning
- Estate Strategies
- Life Insurance & Long Term Care
- Debt Management & Lending\*\*
- Business Succession Planning

To learn more, contact FORM Wealth today at 262-245-4543 or visit us at [formwealth.com](http://formwealth.com).

\* Professional money management is not suitable for all investors.

\*\* Offered through Raymond James Bank.