



Capital Markets Report

Twelve months ago, those of us watching our clients accounts, as well as our own, felt the world was potentially ending and the markets would fall to 2009 recession lows. Those disciplined planners and investors stayed their course and benefitted from one of the shortest bear markets in history, and subsequently our present state of all-time highs with the Dow Jones Industrial average nearing 35,000, the S&P 500 4,400 and the Nasdaq approaching 15,000 for the first time. The markets appear fearless and possibly manic, and with easy access to money and the increase in asset values, the only concern on everyone's mind is inflation. Inflation is the subtle backdrop to the growth in our economic system, but it is coming forward and is forcing advisors, planners, and individuals to double check their projected math, to rewrite plans created 30-40 years ago that mathematically are no longer viable relative to the current days risk appetite.

We all understand that no market or asset moves straight up. There will be downside and repercussions for the current state of our fiscal policy. How are we planning for the those risks in our system, and are we intellectually honest about the guidance and solutions we provide to those we serve? Our clients are asking us exceedingly difficult questions. Some are too afraid to ask because either ignorance is bliss, or worse they fear the responses we may give them.

The dichotomy between the current guidance we give our baby boomers, and their subsequent generations has never been more complex. The millennials were not alive to see double digit interest rates in the early 80s, and the baby boomers are too afraid to accept they no longer exist. Two generations living with 2 very distinct understandings of market returns, interest rates and risk.

Inflation is a complex conversation because it is vital to the growth in our economy and society, but destructive if not calculated accurately and planned for. We understand the difficult decisions a 75-year-old or a foundation board member must make when deciding the future course of their families or organizations. Plans were enacted years ago, at a time when 10% interest rates were realistic without taking risk. That same 75-year-old or trustee today must take exorbitant risk to attain the 5% being pulled out of their accounts annually, so that principal is not being drawn on.

These decisions are never easy, and they should not be taken lightly, the millennials are watching, listening, and learning.

The Millennials Take The Reins

It happens in every generation, the transition of power so to speak: the transference of decision making, of responsibility, and most importantly their consequences and rewards. In our case the baby boom generation must watch their younger millennials rise to the occasion. The same error filled and entitled millennials are now being depended on by his or her siblings, their kids, their parents, and many of the institutions and organizations we love dearly.





These millennials are becoming the successor trustees, board members, and the asset and business owners in our communities. It is with great fortune that there are so many brilliant and respectable professionals and mentors to guide, but nonetheless the task is great and the obstacles many.

This younger generation were, in many cases, still in college or unburdened with significant responsibility during the great recession. We cannot undervalue the lessons they learned from their parents and mentors at the time, but we must understand what life looks like through their eyes and experiences. Since the great recession, stock portfolios have primarily gone straight up, housing values the same, and now we are at a crossroads where new asset classes are carrying weight that to previous generations are not even comprehensible. All this matters because the torch is being passed, and these new responsibilities are being assumed. These new decision makers are looking for guidance, that is objective both to the upside and downside, and what is best for them and those they are responsible for. The millennials are finally looking behind their parents' curtain at the assets they own, or the estate plan they have in place, and now they must help their parents say, "here is what we are going to do next."

It may feel like a tall order to our younger clients who are just obtaining this new set of tools and knowledge. However, even with knowledge the difficulty of watching mom and dad age and in some cases, decline is stressful to say the least. Couple that with the parents needing to give up the reins, and force themselves to be humble enough to say, "I am slowing down, I do need to trust my kids (even though they were young, dumb, and entitled like me)." All of this leaves a scenario where family dynamics are put to the test, and the professionals like we are experienced become an invaluable role in providing solutions.

Now more so than ever, the value we provide our clients is being recognized and necessary. We work to learn from one another, create synergy from one profession to another, and most importantly pass the reigns from one generation to another. I feel honored that we can work to leave legacies both professionally and personally, as we believe Judaism asks of us. There is no greater honor than being of service to others in helping them leave a legacy that they can take pride in!

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