

WELCOME!

2016 has been off to an interesting but not unexpected start. We had anticipated additional market volatility when the FED increased interest rates last December but this was slightly delayed. What the market does day to day, week to week or month to month should not impact your investment decisions. We understand that this is easier said than done! Those who ask 'what do we do now' are reacting and in our opinion have not planned properly. We believe in a proactive approach that takes into consideration the type of volatility we are experiencing. Moreover, asking 'what do we do now' is not the right question. We believe we should be asking 'Am I positioned properly to meet both my short term needs and my long term goals'. Understanding your needs and wants is why periodic reviews and ongoing conversations with your advisor are so important. This allows us to take a proactive and holistic approach to your Personal Vision Planning®. In this Client Memo we give some context for the current markets, provide advanced information on upcoming events and have some new items. Thanks for taking a few minutes to read this.

There are a lot of firms that seek to provide financial planning advice or sell investments; we are not one of them. We are here to help you achieve your personal goals and vision while simplifying your life. We utilize a trademarked Personal Vision Planning® process to do this. The key is taking a holistic approach to planning for your needs and objectives as a long term partner; not based

on market trends or media hype. As we begin another year, with the election cycle in full swing, we are being inundated with confusing, conflicting and often incorrect information. Please contact us with questions, concerns or if there is anything we can do to improve your experience. We are here for you.

The media would have you believe these are new and uncharted times. These are the same people who have predicted 40 of the last 8 downturns! We believe that the longer term economic and market fundamentals look very strong and expect good growth over the next three to five years in the broader markets and individual portfolios. The key is not being distracted or scared causing you to deviate from your long term plans. It is important to plan for the worst and be realistic in expectations but that does not require one to have a negative outlook or perspective.

As we look at the rest of 2016, and beyond, it is clear that the economic, political and geopolitical global landscapes continue to evolve, the only constant seems to be change itself. Moreover, the pace of change and volume of information continues to increase. Whatever transpires we will be facing a number of challenges including a more complex tax and investment planning climate, potentially higher interest rates, inflation and market volatility. We will provide information via our seminars, web site and individual meetings with you. Regardless of what transpires we appreciate the opportunity to be your partner and are here for you.

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Our entire team is grateful for your confidence and business. We remain committed and determined to do our best for you, no matter what the financial markets throw at us, and are thankful for the opportunity to do so. *Our firm was founded in 1990 with the simple vision of making peoples' lives better – yours and our community.* If there is anything we can do to improve your experience or if you have ideas that would benefit others, please let us know. We hope you have a great spring and look forward to seeing you at some of our events.

Respectfully,

Randy Carver, President Carver Financial Services Inc. /RJFS Registered Principal

Some of the content contained herein has been prepared by Broadridge Investor Communication Solutions, Inc. The information contained in this Client Memo does not purport to be a complete description of the securities, markets, or developments referred to in this material. The information has been obtained from sources considered to be reliable, but we do not guarantee that the foregoing material is accurate or complete. Any information is not a complete summary or statement of all available data necessary for making an investment decision and does not constitute a recommendation. Any opinions are those of Randy Carver and not necessarily those of RJFS or Raymond James. Investing involves risk and you may incur a profit or loss regardless of strategy selected. Diversification does not ensure a profit or guarantee against a loss. This information is not intended as a solicitation or an offer to buy or sell any security referred to herein. You should discuss any tax or legal matters with the appropriate professional.

YOU'RE INVITED!

The Quality of your life

You are invited to a very special event where you and your friends will learn how to predict how rich and satisfying your future years will be!

Major Universities have been working to invent new ideas and creatively translate technologies into practical solutions that improve people's health and enable them to "do things" throughout the lifespan. Equal to the need for ideas and new technologies is the belief that innovations in how products are designed, services are delivered, or policies are implemented are of critical importance to our quality of life tomorrow.

Very Special Guest Speaker: John Diehl

WEDNESDAY, APRIL 6, 2016

2 SESSIONS AVAILABLE

Noon - Luncheon

7:00 PM - Desserts Buffet

Where: LaMalfa Center

5783 Heisley Rd., Mentor, OH 44060

There is neither a cost nor any obligation to attend either event and you are encouraged to invite family and friends to this important meeting! Please contact the office for reservations or more information at (440) 974-0808.

Presented by Carver Financial Services Inc.

Securities offered through Raymond James Financial Services, Inc. (member FINRA/SIPC)

The opinions and services of the speakers and entities at the event are independent of Raymond James.

Tax Forms and Filing – It's tax time again!

While we recommend you do your income tax preparation as soon as you receive all tax documents, we strongly recommend waiting to file your tax return until April and consider filing for an extension in the event corrected documents come in at the last minute. If you file and then delayed documents come in you will need to re-file an amended return. We also recommend using a qualified CPA for your tax preparation. Raymond James does everything it can to get out the information in a timely and accurate fashion, but we do understand the frustration of delayed tax reporting.

1099 Mailing Dates

- February 15 - Mailing of original 1099s
- February 28 - Mailing of amended 1099s and those delayed due to specific holdings
- March 15 - Final mailing of any additional original 1099s as well as continued amended 1099s as needed

Amended 1099 statements are often necessary for securities such as mutual funds, real estate investment trusts, unit investment trusts, grantor and royalty trusts, exchange traded funds, holding company depository receipts and select equity securities. This is due to a practice known as income reallocation, which adjusts declarations of income paid during a tax-reporting period. In addition, changes made by mutual funds related to foreign withholding, tax-exempt payments subject to alternative minimum tax, and the portion of the distributions derived from U.S. Treasury obligations also result in amended statements.

Due to processing complexities tied to Cost Basis regulatory reporting requirements, any 1099s with original issue discount (OID) bond reporting (including select municipal bonds) and fixed income securities and options acquired on or after January 1, 2014 will be delayed.

In an effort to control amended 1099s, Raymond James is expected to delay the mailing of 1099s that meet the following criteria:

- 1099s for accounts which hold securities that have not 100% reallocated or could potentially have income reallocation (such as mutual funds, real estate investment trusts, unit investment trusts, exchange traded funds and holding company depository receipts and select equity securities)
- 1099s for accounts which hold Original Issue Discount (OID) bonds, including select municipal bonds
- 1099s for accounts holding fixed income securities and options acquired on or after January 1, 2014 (due to the 2014 Cost Basis reporting legislation)
- 1099s for accounts which hold specific 45 day delay mortgage backed securities which are reportable based on record date (i.e. record on 12/31, payable on 2/15)

All tax documents will be available via the Investor Access online system as soon as they are generated. You may also give your CPA access to these electronic documents by setting up a Third Party Investor Access – Bobbi, Nancy or other sales assistants can help with this if you wish to do so.

A few other items to note:

- If you receive a 1099-B, please keep in mind that you are responsible for reporting the gain/loss on what you sold, not the entire amount. This means that you are responsible for the difference between what you originally paid for it and what you sold it for. We will provide cost basis information on holdings that we have the data for. If you have transferred an asset in or cost basis is not showing on your statement please call our office.

- You may receive a W9 form from your mutual fund and annuity companies. These are used to confirm and/or update your social security number. If you receive a W9 you simply need to fill in your social security number, sign and return to the Vendor. These are mailed as a matter of routine every few years.

- You may receive a 1099 for non-taxable transactions such as an IRA rollover or 1035 exchange of an annuity. A 1035 exchange is reported as Code '6' in box 7; a direct rollover to an IRA is reported as code 'G' in box 7; and a direct rollover to a qualified plan or TSA is reported as Code 'H' in Box 7. Receiving one of these 1099's does not mean that taxes are owed but you should carefully follow the IRS instructions for reporting this transaction.

- K-1 forms are issued by partnerships, S-corporations, trusts and estates to report a taxpayer's pro-rated share of net income or loss from the entity, along with various separately stated income and deduction

items. These forms are required to be sent by March 15 following the close of the partnership's tax year and therefore investors may not receive their K-1 until late March or even the first week of April. Should you have a question pertaining to your tax documents please give us a call. The area of tax law is very complex. Extreme care must be used in developing accurate tax information. Both our office and the Raymond James 1099 Tax Reporting Department can answer many of your questions; however, we are not accountants and cannot provide specific tax or legal advice. We can recommend a qualified Certified Public Account (CPA) should you need assistance in preparing your taxes. You can also get answers to many of your questions using free IRS Publications which can be obtained by calling 1-800-TAX-FORM (1-800-829-3676) or by visiting the IRS website at www.irs.ustreas.gov where you may also print tax forms.

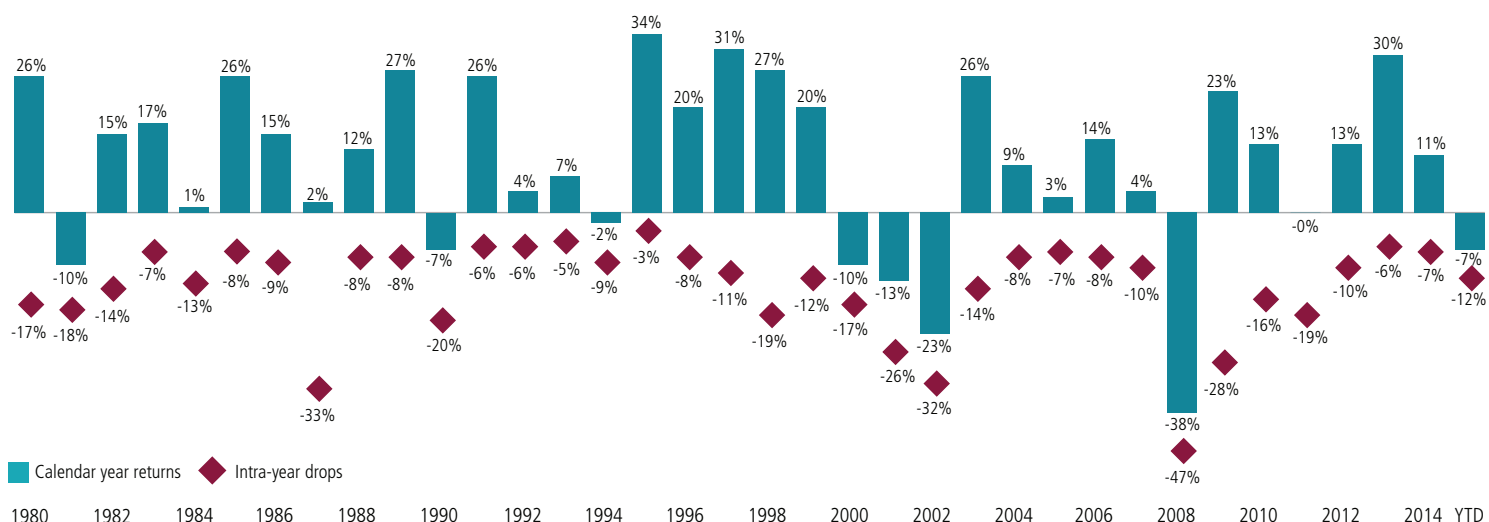
Please note that since 2005, the IRS has outsourced collection work to private agencies, thus allowing the IRS to focus on more complex tax cases. The amount of individual uncollected tax revenue (i.e., from Form 1040s) is estimated to be \$13 billion. The government will pay as much as 25% of the debts collected to the private collection agencies as compensation for their services (source: Treasury Department). The bottom line is that it is important to have accurate and complete tax returns. We recommend working with a tax professional in this regard. It is also important to note that the IRS never demands payment or personal information over the phone or by credit card. Any such phone call is most likely a scam. The IRS will contact you in writing if there are any questions or issues. ■

A LOOK AT CORRECTIONS

'The media would have some believe that the current market drop is unusual when in fact we have seen this type of volatility every year for the last 25 years!'

S&P 500 Index: Calendar year returns and intra-year declines

During bouts of market volatility, short-term thinking is often an investor's worst enemy. Investors who can't look beyond the market's quick moves up and down may overreact and do more harm than good to their portfolios. It's the potential to capture a longer-term upward trend that keeps us invested through volatile periods — even if it comes at the expense of short-term underperformance. History has confirmed that these periods of decline don't last.



Sources: 1980–2014: Strategas - Investment Strategy Report, August 2015. 2015 YTD Bloomberg as of 30 September 2015.

Despite 28 times of falling more than 5% in a week, on average, the S&P 500 rose almost 5% in the next 12 weeks.

Source: Bloomberg, "Here's What Usually Happens to Markets After the S&P 500 Drops 5 Percent in a Week," August 2015.

Past performance is no guarantee of future results.

The **S&P 500 Index** measures the broad US stock market.

It is not possible to invest directly in an index.

MEET THE TEAM

“Helping you achieve your personal vision requires experience, knowledge and the time to listen to your needs. We have a large team dedicated to helping you with more than 125 years of cumulative experience in the financial services field. Please meet our newest member, Sara A. O’Neil, Sr. Registered Associate.”



Sara A. O’Neil

Sr. Registered Associate

Sara joined the Carver team in December 2015 as a Senior Registered Associate. She has 15 years of financial industry experience. Sara holds Series 7 and 66 licenses and has a life, health and annuity insurance license. She helps coordinate each client’s overall experience by working closely with Kale. Sara understands the diverse needs of clients and prides herself on delivering exceptional client service. She has participated in many community support efforts, most recently the Healthy Cities playground build and assisting the Cleveland Food Bank. Originally from Monroeville, PA, she moved to Ohio in 2001. Although she loves her Pittsburgh sports teams, she married a Cleveland fan. She and her husband Ryan live in Mentor with their 4-year-old son, Alex. Her family enjoys working on their ‘62 Chevy C10, hiking in the local parks, visiting the zoo and the Lake County Farm parks. She and her husband also participate in a local dart league.

An Amazing Week with Alan Greenspan, Sir John Sawers, Cokie Roberts and more!

Our team strongly believes in continuing education and meeting directly with world and thought leaders so that we can provide you with timely, unbiased and relevant information. The week of February 1st, 2016 was a truly amazing week as I had the opportunity to meet with Alan Greenspan (former FED chairman), Sir John Sawers (former head of MI6), Cokie Roberts and more than a dozen other influential leaders to hear their thoughts. We had more than a dozen meetings over five days in two cities. What is very interesting is that there are some common themes and insights. You can read the details of this on our Blog – see our website www.carverfinancialservices.com and click on ‘*press & news*’.

There is a consensus that both the United States and world as a whole are facing some new challenges and threats including an existential threat from Russia and a more direct threat of cyber-attacks. With that being said, all of the leaders that I spoke with were very optimistic about the outlook for the United States and its place in the world – and more specifically our equity markets over the next three to five years. They believe we will remain the dominant super power and our currency will continue to be the reserve currency at least for the relative near term. As is generally the case in life there are some great opportunities for the country, and individuals, who have the courage to take advantage of them but also some significant challenges and risks ahead. There was general acknowledgement that it is virtually impossible to predict what will happen over very short periods of time (one to six months) and that ultimately if someone plans properly it really shouldn’t matter. As always please feel free to contact me, or your advisor, with questions, comments or if we can otherwise be of service.

For more, please visit our Blog!



SAVE THE DATE

JUNE 20 2016

TIM GROVES MEMORIAL
19TH ANNUAL CHARITY GOLF OUTING

REGISTER EARLY & SAVE!

Fowler's Mill Golf Course
13095 Rockhaven Rd., Chesterland, Ohio 44026

Early Bird Special

Register Before April 1st

\$100 single/\$400 for foursome

After April 1st - \$125/single - \$450 foursome

Price Includes

Golf, Cart, Prizes, Lunch and Steak Dinner.
Plus all registered players get 1 raffle ticket for a 50" TV!

Call the office @ 440.974.0808 to reserve a space or email darlene.hanus@raymondjames.com.

Multigenerational Wealth Planning & Business Continuity Initiative

Many families require that their financial plan be designed to include not one generation, but rather two and sometimes three generations. Multigenerational wealth planning requires a level of continuity rarely found in the financial planning industry today because of the aging financial advisor population. While none of the senior advisors at Carver Financial Services Inc., including Randy, have any plans to retire in the near term we want to make sure that we are prepared to serve you for generations to come and in the event something unexpected happens to one of our team. As we look into the future, we plan to provide that level of continuity through our Multigenerational Wealth Planning Initiative by adding younger, highly skilled financial advisors to our staff. These young professionals add immeasurable value to the service we provide by helping you achieve your financial goals through your retirement and to your beneficiaries as the assets are inherited. This initiative ensures we will be here to serve your family for generations to come.

Additionally, many young investors may not have access to a quality financial advisor or may want to work with someone closer to their own age. Carver Financial is uniquely positioned to help younger investors create a long term financial plan geared towards

their goals and objectives. In addition to working with a broad spectrum of clients, Andy Flack, Mike Kelley and Greg Sazdanoff are able to directly relate to the challenges and opportunities that face younger investors while at the same time, delivering the level of expertise that you have come to expect from Carver Financial Services. We encourage any clients with children, or grandchildren, that may need assistance with their finances to make an appointment with us to review their financial situation. Moreover, we are happy to do a family meeting with multiple generations to review your estate and wealth transfer plans.

Andy Flack, Mike Kelley & Greg Sazdanoff have all earned the CERTIFIED FINANCIAL PLANNER™ (CFP®) certification. Only those who have fulfilled the certification and renewal requirements of the CFP Board can display the CFP® certification trademarks which represent a high level of competency, ethics and professionalism. And because they are held to a fiduciary standard of care, a CFP® professional is required to act in your best interest. The Multigenerational Wealth Planning Initiative demonstrates Carver Financial Services' ongoing commitment to providing continuity in skilled financial planning for generations to come. Please contact the office with questions or if you and your children would like to set up a meeting.

Certified Financial Planner Board of Standards Inc. owns the certification marks CFP®, CERTIFIED FINANCIAL PLANNER™ and CFP® in the U.S.

Program 60 – Free College

Although not widely known, many states offer the opportunity for citizens aged 60 and over to attend classes at any state university free of charge. While these programs do not permit over-60 learners to earn credits or receive degrees, they present an ideal opportunity for lifelong learning to those who were previously burdened with demanding work schedules or family obligations. Whether it's studying a foreign language, taking that art class you never had time for or learning about a new subject that has recently sparked your interests. For Ohio residents who are interested in this we encourage you to contact the Ohio Department of Aging at 1-866-243-5678 or visit their website for more information. <https://aging.ohio.gov/information/learning/>

CLIENT PETS

Hello Animal Lovers! As promised we will be bringing you a feature of your special furry friends. If you would like to have your pet featured please email their picture and brief bio to **Theresa.goldhardt@raymondjames.com**. We will feature as many as we can.

This month's pet feature is a pair of Maine Coon cats, Ben & Jerry. They are the "buddies" of Kathy Sabol. Ben and Jerry, two 10 year old, long-haired cats were welcomed into the Sabol home on December 23, 2005. The Sabol's veterinarian, Dr. Debbie Ting of Lakeshore Animal Hospital, had phoned to find an adoptive home for two beautiful, young, part Maine Coon cats. The cats had been abandoned on the doorstep of the hospital. Ben and Jerry made an impression when, tempted as they surely were, they did not attack Christmas ornaments, packages or bows in their new home.

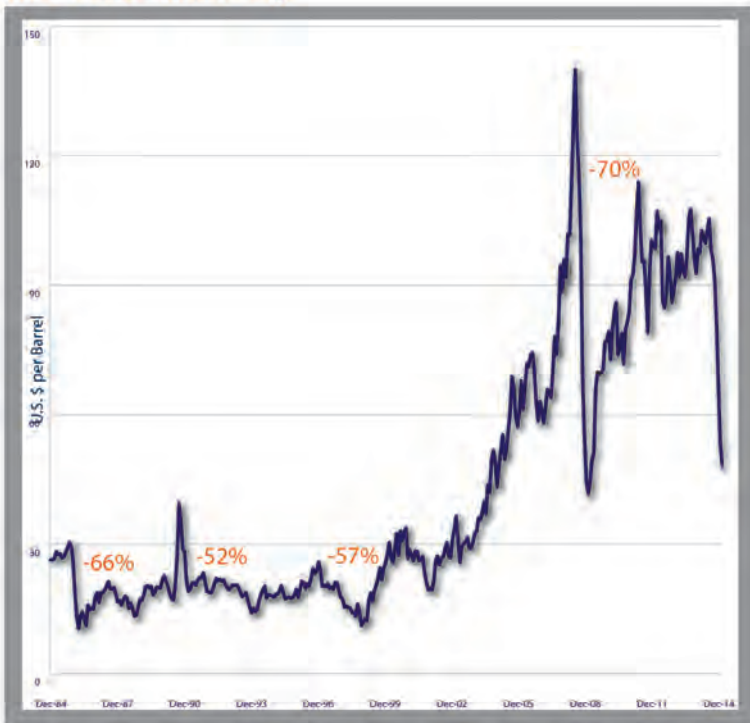
Ben and Jerry were named by one of the staff at the hospital following a pattern of their predecessors. Tim (Conway) and Bill (Cosby). They, too, were named after comedian – Ben (Stiller) and Jerry (Seinfeld). However Ben & Jerry's Ice Cream usually comes to mind first when hearing their names. The favorite "hang out" for both boys in the screened-in porch where they perch for hours watching birds and squirrels in the backyard – their domain!!!



Stock Market Returns After Significant Oil Price Declines

The recent 54% decline in crude oil prices from June 2014 to January 2015 has led investors to wonder how markets have performed historically in the aftermath of similar steep declines. The chart below tracks U.S. crude oil price performance from December 31, 1984 through January 30, 2015 and shows four periods of price drops of more than 50%. The table highlights the 12-month upswing of the S&P 500 Index ("S&P") during the one-year period following oil price declines.

WTI Crude Oil Price History



Time Span	Oil Price Drop	S&P Total Return 1 Year After Price Decline
Oct. '85 – Mar. '86	-66%	26%
Sept. '90 – Feb. '91	-52%	16%
Dec. '96 – Nov. '98	-57%	21%
Jun. '08 – Jan. '09	-70%	33%

S&P Average Gain After Crude Oil Price Drop of More Than 50%: 24%

Source: Bloomberg. Past performance is no guarantee of future results. All references are for illustrative purposes only and not a recommendation to purchase or sell any security. The S&P 500 Index is an unmanaged index of 500 stocks used to measure large-cap U.S. stock market performance. S&P 500 Index returns do not reflect any fees, expenses, or sales charges. The index is unmanaged and cannot be purchased directly by investors. Common stocks are subject to risks, such as an economic recession and the possible deterioration of either the financial condition of the issuers of the equity securities or the general condition of the stock market. Common stock returns have been more volatile than the other asset classes. These returns were the result of certain market factors and events which may not be repeated in the future.