

## WELCOME!

It has been said that “never has the pace of change been this fast, and it will never be this slow again.” Today we are bombarded with information, new technologies and so-called news about everything from politics to the markets. With the midterm election approaching, the media onslaught might increase (if that’s possible).

As expected, we are starting to see a little more volatility in the broader markets. Although it might seem that things are getting more volatile, we are simply getting back to a more normal pattern after a number of years of unusual growth with few intra year corrections, as shown inside. We have developed and refined a wealth-management process that takes into account both the expected and the unexpected. We believe there is a great opportunity to maintain and build wealth if your portfolio is properly allocated and updated and your overall planning takes a holistic approach. We have a lot of information on these topics in this Client Memo, and we look forward to speaking with you personally.

Unlike firms that use set investment models, we take a customized approach with each client to allocate based on personal needs and objectives. While other firms are moving away from personal interaction and using automation to screen calls, review investments and communicate, we are adding to our team. We believe that cutting-edge technology is not a replacement for personal contact. Expanding our team and using a personalized approach allow us to take advantage of current conditions while meeting your changing needs and objectives. We understand that you might prefer to speak to one advisor here; however, we are all here to help you, and we encourage you to take advantage of the increased flexibility and expertise that come with our team approach.

### There are three key fundamentals to our investment process:

1. A holistic approach—It’s not what you earn that’s important but what you keep. By this, we mean that the only thing that matters is what you have in your pocket after fees, expenses and taxes. We take a holistic approach to your planning to help manage these aspects of your finances.
2. A focus on both income and growth—Income matters; we invest for both growth and income. Income can help provide stability, whether you are drawing on a portfolio or not.
3. Rebalancing based on your needs, not market fluctuations—We take a very proactive approach to rebalancing based on your individual needs; we do not react to the markets. Although we might discuss rebalancing in your regular planning meetings, we are monitoring the holdings and might contact you between regularly scheduled meetings if we see adjustments that we think need to be made.

As the pace of change becomes more hectic and things become more complex, we see that many people are consolidating their investment accounts to simplify reporting and better facilitate comprehensive financial planning. If you have portfolios in multiple places, it can be difficult for you and your financial advisor to know your true financial situation. When you get all your assets in one location, it’s much easier to keep your intended asset allocation on track, rebalance your portfolio, monitor performance, minimize tax implications and plan for the future.

One concern about consolidating accounts that some investors have is that they will

have “too many eggs in one basket.” This is understandable. When you consolidate your accounts with Raymond James, however, the investments remain diversified; we are simply consolidating the reporting.

While we do expect normal pullbacks, we are optimistic about the outlook for the broader markets over the next few years. We continue to expect strong growth in equities, coupled with rising interest rates and inflation. We believe that the higher interest rates might negatively impact bond prices.

Investors often ask us if they should move out of the market because it has gone up so much. We do not believe in market timing; instead, we take a very proactive approach to reallocating your portfolio so that you have the liquidity you need, along with cash for any near-term needs. This means that short-term volatility should not impact your ability to receive income or live your ideal lifestyle.

As we approach the midterm elections, we expect the political and economic rhetoric to increase—if that’s possible. We are here to cut through the noise and help you focus on what’s important.

We have some other great events planned for you this year that will provide both information and entertainment. Some are listed here, and all will be on our website. We encourage you to invite family and friends, whether they are clients or not. We are happy to meet with any of your friends or family members without cost or obligation if they have questions or simply would like a second opinion on what they are doing with their finances.

This is both an exciting and confusing time. We believe there are tremendous opportunities for those who are prepared and pitfalls for those who are not. We appreciate the opportunity to speak with you, your family and your friends and to be a part of your financial journey. It’s an honor and privilege. Please contact us with any questions or concerns, and let us know if we can be of service. We hope you have a great summer!

Best,

**Randy Carver**

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



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. 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. Past performance may not be indicative of future results. Certified Financial Planner Board of Standards Inc. owns the certification marks CFP®, CERTIFIED FINANCIAL PLANNER™, CFP® (with plaque design) and CFP® (with flame design) in the U.S., which it awards to individuals who successfully complete CFP Board’s initial and ongoing certification requirements.”

# TEAM ACCOMPLISHMENTS



The Carver Financial Services, Inc., team continues to expand our knowledge through college, classes and certifications. We are happy to announce that Nancy Williams is now a CERTIFIED FINANCIAL PLANNER and has been promoted to Advisor.



## Nancy Williams, CFP®

CERTIFIED FINANCIAL PLANNER (CFP®) designation is a professional certification for financial planners. To receive authorization to use the designation, the candidate must meet education, examination, experience and ethics requirements. This certification is not for the faint of heart. You must first pass six modules before you can sit for your final exam. It typically takes an individual several years to complete the certification requirements. Nancy persevered and now uses this valuable knowledge to continue serving our clients' needs.

Nancy joined the Carver team in 1997 after working with the Federal Reserve Bank and Huntington National Bank. She has a bachelor's degree in finance from Miami University. She maintains a Series 7 license, as well as a life, health and annuity license. *Nancy, congratulations on your achievement!*

## HERE IS AN UPDATE ON OTHERS IN THE CARVER OFFICE WHO ARE WORKING TOWARD EDUCATION GOALS

- **Bobbi Bruner** | Associate Advisor, is finishing the winter semester at Franklin University; she has two more semesters and will graduate in December with a BS in Financial Planning. Following graduation, Bobbi will sit for the CFP® exam in the spring of 2019.
- **Raj Chatterjee** | Advisor, has passed all his modules and plans to sit for the CFP® in July 2018.
- **Joe Lowe** | Advisor, has passed two modules and is taking his third module in May 2018. Joe's target date to sit for the final CFP® exam is March 2019.
- **Lindsay Necci** | Client Service Associate, is sitting for her Series 7 test in early June 2018. The Series 7 exam — the General Securities Representative Qualification Examination (GS) — assesses the competency of an entry-level registered representative to perform his or her job as a general securities representative.
- **Polly Small** | Registered Associate, recently acquired her Ohio Accident & Health, Life, Variable Insurance designation. She is currently studying for the Financial Paraplanner Qualified Professional™ designation (FPQP™), which requires completion of 10 modules and a final exam.

## NEWEST ADDITION TO THE CARVER TEAM!



## Joe Lowe, Advisor

Joe Lowe is the newest addition to our team joining us as a financial advisor. Joe began his career as a Financial Advisor after earning his bachelor's degree in business from Mount St. Joseph University in 2014. He works closely with families and business owners to help develop customized strategies related to financial planning and investments. Joe is a member of the firm's Investment Committee and is currently pursuing his CERTIFIED FINANCIAL PLANNER certification. In his free time, Joe enjoys playing golf, cheering on Cleveland sports teams and spending quality time with friends and family.

***Our firm is committed to lifelong learning; it benefits our professional team members and helps us ensure that we are providing optimum service to our clients.***

\*Certified Financial Planner Board of Standards Inc. owns the certification marks CFP®, CERTIFIED FINANCIAL PLANNER™, CFP® (with plaque design) and CFP® (with flame design) in the U.S., which it awards to individuals who successfully complete CFP Board's initial and ongoing certification requirements.



## 30<sup>th</sup> ANNUAL CLIENT APPRECIATION

### CARVER FINANCIAL SERVICES NIGHT AT CLASSIC PARK HOME OF THE LAKE COUNTRY CAPTAINS

**WHEN | FRIDAY, JULY 20<sup>TH</sup>, 2018 • WHERE | CLASSIC PARK • TIME | 7:00 PM**

**GATES OPEN AT A SPECIAL TIME FOR OUR CLIENTS AT 5:00PM FOR AN OPPORTUNITY TO WATCH BATTING PRACTICE**

RESERVATIONS WILL BE TAKEN ON FIRST COME FIRST SERVE BASIS WITH 2,000 TICKETS AVAILABLE. YOU MAY RESERVE UP TO 4. PLEASE CALL OUR OFFICE AT 440.974.0808

TICKETS CAN BE PICKED UP AT OUR OFFICE. IF YOU CAN'T PICK UP YOUR TICKETS PRIOR TO THE EVENT THEY WILL BE AT 'CARVER WILL CALL' NEAR THE MAIN GATE OF THE PARK.

CARVER FINANCIAL WILL HAVE ITS OWN ENTRANCE BY THE THIRD BASE LINE, NEAR THE FRONT GATE. CONTINUING OUR TRADITION OF CLIENT APPRECIATION FOOD DRIVES, WE ARE ASKING ALL CLIENTS AND GUESTS TO BRING A DONATION FOR END 68 HOURS OF HUNGER LAKE COUNTY.

*Raymond James is not affiliated with End 68 Hours of Hunger Lake County.*



## 2018 WHEELS & WINGS

### FLY-IN & DRIVE-IN!

**NO REGISTRATION FEE FOR PLANES & CARS!**

**- ALL PLANES WELCOME! -**

**WHEN | SATURDAY, AUGUST 4<sup>TH</sup>, 2018 • 11:00 AM - 3:00 PM**

**WHERE | CLASSIC JET CENTER AT LOST NATION AIRPORT**

1969 LOST NATION RD. WILLOUGHBY, OH 44094

LOST NATION AIRPORT (KLNN) AIRNC 122.725

**FOOD TRUCKS | EAST COAST CUSTARD & FIRED UP TACO TRUCK**

**REGISTRATION / STAGING FROM 9:00 AM - 11:00 AM**

**FOR MORE INFORMATION CALL CLASSIC JET CENTER • 440.942.7092**



## CARVER 2018 AWARDS



# Forbes

### FEBRUARY 15, 2018 | RANDY CARVER NAMED TO FORBES LIST OF TOP WEALTH ADVISORS

Randy Carver was among the advisors named to the Forbes list of Best-In-State Wealth Advisors. The list recognizes advisors from national, regional and independent firms.

The Forbes ranking of Best-In-State Wealth Advisors, developed by SHOOK Research, is based on an algorithm of qualitative criteria, mostly gained through telephone and in-person due diligence interviews, and quantitative data. Those advisors that are considered have a minimum of seven years' experience, and

the algorithm weights factors like revenue trends, assets under management, compliance records, industry experience and those that encompass best practices in their practices and approach to working with clients. Portfolio performance is not a criteria due to varying client objectives and lack of audited data. Neither Forbes nor SHOOK receives a fee in exchange for rankings. This ranking is not indicative of advisor's future performance, is not an endorsement, and may not be representative of individual clients' experience. Neither Raymond James nor any of its Financial Advisors or RIA firms pay a fee in exchange for this award/rating.



### MARCH 12, 2018 | BARRON'S AGAIN NAMES RANDY CARVER TO TOP STATE BY STATE ADVISOR RANKING LIST, NATIONALLY AND OHIO

Randy Carver was again named to Barron's Top State By State Advisor Rankings list nationally and for Ohio. Randy was ranked as one of the top five advisors in Ohio. According to Reuters (February 11, 2015) there are roughly 285,000 financial advisors in the United States. Barron's listed their top 1,200 putting Randy in top 4/10ths of 1% of all advisors.

Raymond James is not affiliated with Barron's. Neither Raymond James nor any of its Financial Advisors have paid a fee in exchange for this recognition. Barron's is a registered trademark of Dow Jones & Company, L.P. All rights reserved. This recognition is not indicative of future investment performance and may not be representative of individual clients' experience. Rankings are based on data provided by the nation's 4,000 most productive advisors. Factors included in the rankings: assets under management, revenue produced for the firm, regulatory record, quality of practice and philanthropic work. Investment performance isn't an explicit component because not all advisors have audited results and because performance figures often are influenced more by clients' risk tolerance than by an advisor's investment-picking abilities.



Top  
**Financial  
Advisers  
2018**

### MARCH 22, 2018 | RANDY CARVER NAMED TO 2018 FINANCIAL TIMES 400 TOP FINANCIAL ADVISERS

Mentor OH – Randy Carver has been named to the 2018 edition of the Financial Times 400 Top Financial Advisers. The list recognizes top financial advisers at national, independent, regional and bank broker-dealers from across the U.S.

This is the sixth annual FT 400 list, produced independently by the Financial Times in collaboration with Ignites Research, a subsidiary of the FT that provides business intelligence on investment management.

Financial advisers from across the brokerage industry applied for consideration, having met a set of

minimum requirements. The applicants were then graded on six criteria: assets under management (AUM); AUM growth rate; experience; advanced industry credentials; online accessibility; and compliance records. There are no fees or other considerations required of advisers who apply for the FT 400.

The final FT 400 represents an impressive cohort of elite advisers, as the "average" adviser in this year's FT 400 has 28 years' experience and manages \$1.4 billion in assets. The FT 400 advisers hail from 38 states and Washington, D.C.

The FT 400 was developed in collaboration with Ignites Research, a subsidiary of the FT that provides specialized content on asset management. To qualify for the list, advisers had to have 10 years of experience and at least \$300 million in assets under management (AUM) and no more than 60% of the AUM with institutional clients. The FT reaches out to some of the largest brokerages in the U.S. and asks them to provide a list of advisers who meet the minimum criteria outlined above. These advisers are then invited to apply for the ranking. Only advisers who submit an online application can be considered for the ranking. In 2018, roughly 880 applications were received and 400 were selected to the final list (45.5%). The 400 qualified advisers were then scored on six attributes: AUM, AUM growth rate, compliance record, years of experience, industry certifications, and online accessibility. AUM is the top factor, accounting for roughly 60-70 percent of the applicant's score. Additionally, to provide a diversity of advisers, the FT placed a cap on the number of advisers from any one state that's roughly correlated to the distribution of millionaires across the U.S. The ranking may not be representative of any one client's experience, is not an endorsement, and is not indicative of advisor's future performance. Neither Raymond James nor any of its Financial Advisors pay a fee in exchange for this award/rating. The FT is not affiliated with Raymond James.

The Forbes ranking of Best-In-State Wealth Advisors, developed by SHOOK Research is based on an algorithm of qualitative criteria and quantitative data. Those advisors that are considered have a minimum of 7 years of experience, and the algorithm weighs factors like revenue trends, AUM, compliance records, industry experience and those that encompass best practices in their practices and approach to working with clients. Portfolio performance is not a criteria due to varying client objectives and lack of audited data. Out of 21,138 advisors nominated by their firms, 2,213 received the award. This ranking is not indicative of advisor's future performance, is not an endorsement, and may not be representative of individual clients' experience. Neither Raymond James nor any of its Financial Advisors or RIA firms pay a fee in exchange for this award/rating. Raymond James is not affiliated with Forbes or Shook Research, LLC.

Source: Barron's "Top 1,200 Financial Advisors." DATE: 2018. Barron's is a registered trademark of Dow Jones & Company, L.P. All rights reserved. The rankings are based on data provided by over 4,000 individual advisers and their firms and include qualitative and quantitative criteria. Data points that relate to quality of practice include professional designations, acceptable compliance records (no criminal U4 issues), client retention reports, charitable and philanthropic work, quality of practice, designations held, offering services beyond investments offered including estates and trusts, and more. Financial Advisors are quantitatively rated based on varying types of revenues produced and assets under management by the financial professional, with weightings associated for each. Investment performance is not an explicit component because not all advisers have audited results and because performance figures often are influenced more by clients' risk tolerance than by an advisor's investment picking abilities. The ranking may not be representative of any one client's experience, is not an endorsement, and is not indicative of advisor's future performance. Neither Raymond James nor any of its Financial Advisors pay a fee in exchange for this award/rating. Barron's is not affiliated with Raymond James.



# WHAT'S THE BEST WAY TO CALCULATE MY RETURN?



We all want to know how we are doing with our investment portfolios. The question is, how do we judge that, and are we looking at the wrong information? At the end of the day what is important is how many dollars you have in your pocket after all fee's expense and income tax. Not a random percentage or number the doesn't take into account expense or tax.

Calculating your return on investment (ROI) seems simple. You simply take the gain of your investment, subtract the cost or expense of the investment and divide the total by the cost of the investment:  $ROI = (Gains - Cost) / Cost$ .

For example, if you buy 20 shares of stock for \$10 a share, your investment cost is \$200. If you sell those shares for \$250, then your ROI is  $(\$250 - \$200) / \$200$ , for a total of 0.25, or 25 percent.

But financial advisors, and some sales organizations, use other methods to calculate ROI, depending on a client's situation and what they are trying to sell! They can be confusing, but here is an overview of just these three methods.

**WAYS TO CALCULATE YOUR RETURN** When judging the return on an investment, or an entire portfolio, we need to understand how the return is calculated. There are many ways to calculate return, including time weighted, dollar weighted and simple average. Just looking at the percentage might not tell the entire story.

## 1. Time-weighted return

This methodology is sometimes called "reported return," "portfolio return," "investment return" and "geometric mean return." It does not account for any cash inflows or outflows. Calculating your return using this method assumes that you don't make any transactions at all. It's like asking how much \$100 invested on January 1st is worth today.

This method tracks the performance of your investments only. This makes it easy to compare your return to a benchmark, such as the S&P 500 Index, but may not reflect how you did if you added to or withdrew funds.

## 2. Dollar-weighted return

This methodology is sometimes called "money-weighted return," "personal rate of return" and "internal rate of return," or IRR. It does account the timing and size of any cash inflows or outflows into or out of your portfolio. This calculation might seem more accurate because it takes your personal investment activities into consideration, but it's harder to compare against a benchmark.

## 3. Simple-average return

This methodology uses an average of two or more annual returns to calculate your overall return. For example, if you had a 20 percent return one year and then the investment went down 20 percent the next year, your average return is zero percent  $(20\% - 20\% = 0)$ .

However, the *dollar* value of your portfolio has actually gone down. Had you invested \$100,000 and made 20 percent, the value of your investment would be \$120,000. And then if the value dropped 20 percent, you would lose \$24,000, and the value is now \$96,000. So you are down 4 percent, despite the average return of zero percent.

**EXPENSE CAN BE MISLEADING** One metric that can be misleading when calculating your return is expense. It's certainly a consideration, but the most important factor is the net return. If one investment has an expense of 1 percent and a return of 4 percent, and another investment has an expense of 3 percent and a return of 10 percent, then the latter is better. Wouldn't you rather earn 10 percent than 4 percent?

It is also important to understand all components of expense — both internal and external. This is something an experienced and trusted financial advisor can assist you with.

**DON'T FORGET INCOME TAX** Yet another consideration is the impact of income tax. A tax-exempt return of 4 percent could provide a better net return to you than a taxable investment that earns 7 percent, depending on which tax bracket you're in. At the end of the day, it's not how much you make; it's what you keep that's important. Understanding the potential tax implications of an investment and selecting investments that make sense for your personal situation are critical to making decisions that can maximize your net return.

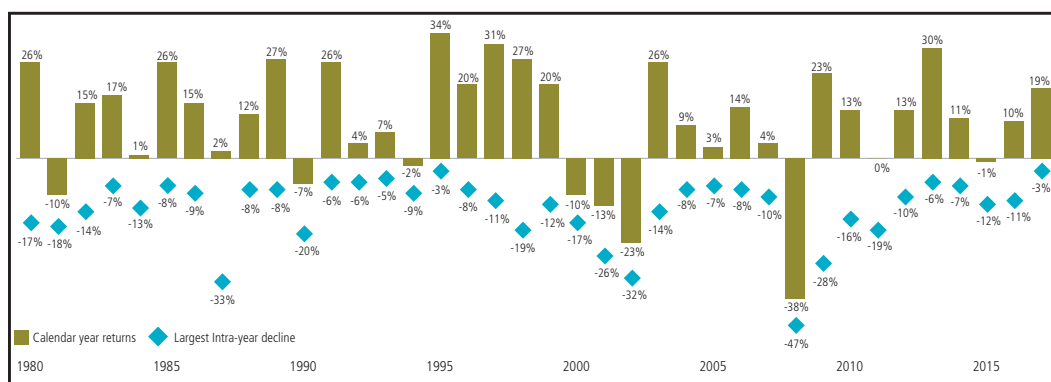
When comparing one portfolio or investment to another, we believe you need to understand the return you are looking at and understand what you will net after fees, expenses and taxes. There are myriad factors to consider when evaluating investments and your portfolio.

The most important thing to consider, in our opinion, is whether or not the portfolio meets your needs, objectives and risk tolerance. We believe that the true value of a trusted and experienced advisor is not in selecting investments but in helping you achieve the highest potential net return that meets your needs and objectives in a manner consistent with your risk tolerance. In this way, a good advisor may more than makes up for the cost of his or her services.

Please feel free to contact us, without cost or obligation, to discuss your personal vision and how we can help you achieve it. We are happy to provide a second opinion on any investments or portfolios that you, your family or friends may have.

## A LOOK AT CORRECTIONS - S&P 500 Index: Calendar year returns and intra-year declines

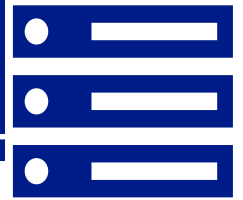
During bouts of market volatility, short-term thinking is often an investor's worst enemy. Investors who can't look beyond the market's quick moves up and down may overreact and do more harm than good to their portfolios. It's the potential to capture a longer-term upward trend that keeps us invested 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.



\* Source: Strategas, as of 12/31/17.

This is a hypothetical example for illustration purposes only. Actual investor results will vary.

# TO GET THE BEST ADVICE, TELL YOUR ADVISOR ABOUT ALL YOUR ACCOUNTS



We want to ensure that your financial health is the best it can be, just as your doctors want to ensure your optimum physical health. To treat you safely and effectively, your medical team needs to know about your medical condition, your concerns and all the medications you are taking. The advice and medication they give you must take those facts into consideration. While you may see different doctors for different conditions it is important that they all understand all medications you are taking and conditions you are experiencing to best help you and to avoid a bad drug interaction.

Similarly, we need to know all aspects of your investment planning, including but not limited to your debt, savings, insurance and all investment accounts you might have in various places. Without an accurate picture of all your holdings, your financial advisors cannot give you the best advice.

If you have holdings elsewhere, you do not need to move or change the accounts; simply let your advisor know about them so he or she can provide insight into what you have and do more holistic planning. To provide you with a customized solution, we need to know your full financial situation. Your advisor will then work with you to develop a plan based on your needs, objectives and overall situation.

Do you have friends or family members who are not clients of ours but who would like a second opinion on their portfolios? Please feel free to refer them to us. We are happy to review portfolios without cost or obligation.

## BITCOIN & BLOCKCHAIN – WHAT’S ALL THE FUSS ?

There has been a lot of buzz in the media about Bitcoin, cryptocurrencies in general and blockchain. If you’re wondering what all the fuss is about, you’re not alone.

**FIRST, LET’S COVER THE TERMINOLOGY** Bitcoin is a digital currency that was supposedly created by an unknown person, or persons, using the alias Satoshi Nakamoto and was introduced in 2009. A Bitcoin can be divided out to eight decimal places, so you can send someone 0.00000001 Bitcoins. This smallest fraction of a Bitcoin — the penny in the Bitcoin world — is called a Satoshi, named for the anonymous creator of Bitcoin.

A blockchain, originally block chain, is a continuously growing list of records, called blocks, which are linked and secured using cryptography. [Each block typically contains a cryptographic hash of the previous block, a timestamp and transaction data.] By design, a blockchain is inherently resistant to modification of the data. It is “an open, distributed ledger that can record transactions between two parties efficiently and in a verifiable and permanent way” (Iansiti, Marco; Lakhani, Karim R. January 2017 “The Truth About Blockchain”. Harvard Business Review. Harvard University) For use as a distributed ledger, a blockchain is typically managed by a peer-to-peer network collectively adhering to a protocol for inter-node communication and validating new blocks. Once recorded, the data in any given block cannot be altered retroactively without the alteration of all subsequent blocks, which requires collusion of the network majority. (Wikipedia) Therefore, while created specifically for Bitcoin blockchain is a technology that is being used for the storage and management of all types of data and information.

**BITCOIN’S ARE MINED** The digital coin is called Bitcoin, and Bitcoin is also the name of the payment network the digital tokens are stored on. The gold coins you see with a “B” on them don’t really exist; they are just visual representations of the digital currency.

Cryptocurrency is a digital currency in which encryption techniques are used to regulate the generation of units of currency and verify the transfer of funds, operating independently of a central bank. Bitcoin and Litecoin are examples of cryptocurrencies. (Litecoin appeared after Bitcoin, and the two are similar.)

The Bitcoin network is not run by a single company or person. The system is run by a decentralized network of computers around the world that keep track of all Bitcoin transactions, similar to the way Wikipedia is maintained by a decentralized network of writers and editors. As of late 2017, that computer network was composed of about 9,500 computers.

Miners are the only people who can confirm cryptocurrency transactions. They take transactions, stamp them as legitimate and spread them in the network.

The record of all Bitcoin transactions that computers are constantly updating is known as the blockchain.

**UNDERSTANDING BITCOIN’S “VALUE”** You’ve probably heard the saying, “A property is worth what someone is willing to pay for it.” That is true of just about any asset. Using that logic, then, your home has no real value; its value is dependent on what someone else thinks it’s worth. That is true of Bitcoin, too. When the currency was launched, it was worth nothing. By March 5, 2018, the average price of one Bitcoin was \$11,512, according to Blockchain.info, a news and data site. The price of Bitcoin fluctuates constantly and is determined by open-market bidding on Bitcoin exchanges, like stock and gold prices are determined by bidding on exchanges.

# BITCOIN & BLOCKCHAIN (CONT'D)

**HOW TO BUY AND USE BITCOIN** You can buy and sell Bitcoin on “Bitcoin exchanges” such as Coinbase, Bitstamp and Bitfinex. Using Bitcoin, you can make transactions without banks. You can engage in international trade easily because Bitcoin isn’t tied to a particular country. You can use Bitcoin to shop online, just as you would a credit card, and you can transfer funds electronically to other people using Bitcoin.

Unfortunately, Bitcoin is used to buy drugs and to engage in other illegal activities because although Bitcoin transactions are recorded in a public log, no names are associated with those transactions. You can buy and sell anything without it being traced back to you. For this reason, Bitcoins are like cash — if you lose them, they are not recoverable. Bitcoins are stored in “digital wallets,” sort of like a virtual bank account, located on your computer or in the cloud. When transactions are made, only the wallet ID numbers are recorded.

**PEOPLE HAVE WON AND LOST FORTUNES WITH BITCOIN** Plenty of people worldwide have lost a lot of money investing in Bitcoin. A few have made fortunes with Bitcoin. Grant Sabatier is one of them. He is a Millennial who first invested \$5,000 in Bitcoin in 2013 at \$72 per coin. Now he owns 69.2 Bitcoins. By December 2017, Bitcoin was trading at \$16,600, which made his Bitcoins worth \$1,148,720. But he discourages people from investing in Bitcoin. Why?

First, it’s impossible to value the currency. The value of Bitcoin can fluctuate 20 to 30 percent in one day, so it’s extremely unstable and risky. Sabatier calls it “short-term gambling, not investing,” because you’re trading on hype, not value.

Also, transaction costs are skyrocketing because of the instability of the currency, and there have been bottlenecks in closing transactions. By the time your transaction goes through, the value of your Bitcoins could be much different than when you originated the transaction 10 days earlier.

Bitcoin isn’t secure. It isn’t regulated by the FDIC in the United States or by any other regulatory agencies worldwide. In December 2017, more than \$70 million in Bitcoin was hacked from NiceHash, a Bitcoin mining marketplace. In 2016, Bitfinex was hacked, and tens of millions of dollars worth of Bitcoin were stolen.

Sabatier has this advice for those who want to get into the Bitcoin game: “If you do decide to buy Bitcoin, I encourage you to buy responsibly. Don’t buy using more than 1 percent of your net worth, and be honest with yourself: Bitcoin is a gamble, not an investment. It’s super risky, and there are far better places to invest your money securely for both the long and short term.”

**NAVIGATE THIS UNSTABLE TERRITORY WISELY** Until Bitcoin and other cryptocurrencies become more stable, they can be dangerous. Jamie Dimon, the CEO of JPMorgan Chase, calls Bitcoin “a fraud.” Former Fortress hedge fund manager Michael Novogratz said, “Cryptocurrencies like Bitcoin are going to be the biggest bubble of our lifetimes by a long shot.” Former hedge fund manager Jim Cramer, host of CNBC’s Mad Money, says Bitcoin is a “gamble,” and he compares it to Monopoly money.

In 2017, famed investor Warren Buffett called Bitcoin “a mirage.” About Bitcoin, he said, “Stay away from it. The idea that it has some huge intrinsic value is just a joke in my view.”

We believe that blockchain technology will be a fundamental change in how organizations handle data. We don’t believe that cryptocurrencies make sense as an investment at this time. If you do want to satisfy your curiosity, consider what Grant Sabatier advised in the article we just mentioned: invest a small amount of money in Bitcoin, and see what happens, just for fun. You might get lucky. But then again, you might not! So don’t bet a significant portion of your net worth on the gamble that you can make a fortune on Bitcoin.

**WE ARE HERE TO HELP YOU ON YOUR FINANCIAL JOURNEY** Our role at Carver Financial Services Inc. is to help you prepare for whatever innovative new currencies might appear on the horizon and whatever might transpire with taxes, the economy, benefits or anything else. We are here to help you achieve your personal vision for the future and your life.

We are always happy to meet with you to discuss your vision and wealth planning — without cost or obligation. We will tailor your financial plan to your unique situation.

*We appreciate the opportunity to be your partner as we all navigate the new financial territory that technology has created. Please contact us whenever we can be of service at [Randy.carver@raymondjames.com](mailto:Randy.carver@raymondjames.com) or (440) 974-0808.*



1. Grant Sabatier, “Bitcoin Millionaire: Don’t Invest in Bitcoin,” Money, December 12, 2017, <https://www.cnn.com/2017/12/11/Bitcoin-millionaire-grant-sabatier-dont-buy-Bitcoin.html>. 2. Ibid. 3. Ibid. 4. Kathleen Elkins, “Should You Buy into Bitcoin? Here’s What Top Investors Say,” CNBC, December 7, 2017, <https://www.cnn.com/2017/12/07/should-you-buy-into-bitcoin-heres-what-top-investors-say.html>. 5. Kathleen Elkins, “Warren Buffett Called Bitcoin ‘a Mirage’ in 2014 — Here’s Where He Says You Should Invest Your Money,” CNBC, December 9, 2017, <https://www.cnn.com/2017/12/08/where-warren-buffett-thinks-you-should-invest-your-money.html>. Additional Sources : “What Is Bitcoin?” CNN, <http://money.cnn.com/infographic/technology/what-is-bitcoin/>. - Nathaniel Popper, “What Is Bitcoin, and How Does It Work?” The New York Times, October 1, 2017, <https://www.nytimes.com/2017/10/01/technology/what-is-bitcoin-price.html>.

Prior to making an investment decision, please consult with your financial advisor about your individual situation. The prominent underlying risk of using bitcoin as a medium of exchange is that it is not authorized or regulated by any central bank. Bitcoin issuers are not registered with the SEC, and the bitcoin marketplace is currently unregulated. Bitcoin and other cryptocurrencies are a very speculative investment and involves a high degree of risk. Investors must have the financial ability, sophistication/ experience and willingness to bear the risks of an investment, and a potential total loss of their investment. Securities that have been classified as Bitcoin-related cannot be purchased or deposited in Raymond James client accounts.