



Measuring Success Newsletter November 2017



Recently, you might've seen the 30th anniversary of Black Monday pass by. It is impossible for me to express the profound impact this event had on me as a professional, business owner, and financial advisor. So it is with due respect that I mark the significance of this anniversary. You'll probably agree that we tend to learn the most from painful experiences.

For those of you who missed this experience on October 19, 1987, the S&P tumbled 20% in one day of trading. It was the single worst day in stock market history. I'm reminded of the people who pulled their investments out during this market, never to get back in. It's a shame, as the same index today stands at 10x its closing level of that very day. Hence the adage, money is not lost in the market; it is simply redistributed from the uninformed to the informed.

Here are some lessons that I learned from Black Monday:

1. Define your asset allocation and investment policy in advance of crisis.
2. Never say never...
3. Nothing last forever, including bad news.
4. It's not a good idea to bet against the market over long-term.
5. Avoid debt to fund the daily business operation expenses.
6. Have emergency reserves.
7. Only work with clients who understand why one does not time the market.

Currently, my biggest concern (as it is with others in my profession), is the over concern of de-risking a portfolio. Financial journalism continues to signal an impending catastrophe due to valuations of equities. However, equities continue to be reasonably

valued, compared to bonds and the unwinding of QE (combined with the complacency of the bond market).

A global synchronized and sustainable recovery is in place, and many feel current policy intentions will keep it strong for several years (recession in the future). The economy is expanding, and unemployment is falling. It looks like favorable inflation and interest rate environment will continue for the foreseeable future. Earnings and dividends are growing smartly and American household net worth is surging.

Nick Murray says, "There are now six million fewer people living in poverty than there were in 2014; even better, minorities have reaped the biggest gains. Between 2015 and 2016, the median income for African Americans and Hispanics climbed 5.7% and 4.3% respectively, compared with 2% for Caucasians." (Source: October 2017 NM Interactive)

Good news for working Americans is that "after stagnating for as long as they did, their real incomes are both accelerating and significantly broadening out." (Source: October 2017 NM Interactive)

So, how do you stay the course? Continue to come in for your annual reviews. This is the time we look at your portfolio and investment plan relative to your goals and risk tolerance. For it is true that "those who judge their portfolio by its performance relative to some narrow benchmark are focusing on an issue that is largely irrelevant to their ultimate financial success." (Source: October 2017 NM Interactive)

We look forward to continuing our journey with you.

Sincerely,

Lynn Phillips-Gaines, CFP®, CLTC
CERTIFIED FINANCIAL PLANNER™

Any opinions are those of Lynn Phillips-Gaines and not necessarily those of RJFS or Raymond James. Investing involves risk and investors may incur a profit or a loss. Diversification and asset allocation do not ensure a profit or protect against a loss

Of Interest:

MEDICARE REMINDER

For those of you under Medicare, open enrollment is October 15th to December 7th. It is always a good idea to review your coverage options, even if you are happy with your current coverage. Benefits and premiums may have changed over the year, and

you can only make changes during open enrollment. If you need help with making your decisions, Raymond James has partnered with HealthPlanOne (HPOne) to help you evaluate your Medicare options. You can contact them by calling 844-269-2646 or by visiting www.hporetirees.com/raymondjames.

LUMP-SUM NEEDED

A present value (PV) amount of \$1.96 million in a pre-tax retirement account is required today to fund a future payment stream for 30 years of \$100,000 annually (with a 2.5% increase for maintenance of purchasing power) assuming that a 6% rate of return (ROR) can be maintained into the future. If the ROR falls to 5% from 6%, the PV amount rises by 13% to \$2.21 million. If the ROR rises to 7% from 6%, the PV amount falls by 11% to \$1.75 million. These calculations do not account for the payment of federal income taxes which would be due as a result of withdrawals from any pre-tax retirement account. (Source: BTN Research)

LIVING LONGER

Life expectancy at birth for an American has increased 6.9 years over the last 40 years, i.e., life expectancy at birth is increasing by 1 year every 6 years. (Source: National Vital Statistics Report)

NOT A LOT OF WIGGLE ROOM

74% of the projected spending of the US government over the next decade is "mandatory" spending (Medicare, Medicaid, or Social Security) and interest on our debt. (Source: CBO)

Updates from the Team:



Lindsey Johnson now serves as our *Client Services Coordinator*. In this

Important Dates

November 23rd & 24th

Office closed for Thanksgiving

December 15th

Required Minimum Distribution (RMD) Deadline

Tax Harvest Deadline (gains/loss selling)

December 2nd-December 8th

Lynn attends Advanced Planner's Study Group

position, Lindsey anticipates client needs, solves problems, and follows through on executing the strategic financial plan. This role encompasses everything client services, from new client onboarding, account opening and maintenance, transfers and money movement. She is available to answer most questions about your accounts and will make sure that every aspect is done appropriately.



Amber joined us this summer as the new *Branch Professional*. Amber graduated from Mississippi State University with her Bachelor's Degree in Business Administration, Management. Amber's responsibilities include scheduling and coordinating meetings, assisting with client services, and providing operational support. She is the first voice you hear on the phone and the person to greet you as you enter our office.

Required Minimum

December 25th-28th
Office closed for Christmas

January 1st, 2018
Office closed for New Years

January 16th, 2018
4th Quarter 2017 Estimated Tax Payments Due

Commentaries We Love

Freedom Commentary

by Nick Lacy, CFA, Raymond James VP of Asset Management Services

Weekly Economic Commentary

by Dr. Scott Brown, Raymond James Chief Economist

Investment Strategy

by Jeff Saut, Raymond James Chief Investment Strategist

Welcome, Carter!

Distributions

Important: The deadline to complete your RMD is December 15th (in preparation for our holiday closing). We will be in touch with those of you still to complete yours. However, feel free to contact us first, if desired. Below are some things to keep in mind.

Gifting: There is a minimum of \$500 for gifting to a non-profit directly from your IRA.

Automatic RMDs: One way to keep track of your RMD each year (Starting at age 70½), is to schedule an automatic withdrawal. You'll never need to worry about your RMD again because it'll happen at the same time every year. This is possible for Traditional, Simple, SEP, and Beneficiary IRAs.



Welcome, Carter! Congratulations to Lauren and Bradley Black on the birth of their baby boy. Carter was born on October 4th. Though Lauren is missed, we're so happy for a new addition to the family! Lauren will return full-time following the Thanksgiving break.



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Thank you for reading!

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