SOUNDSIDE
WEALTH ADVISORS

Soundings

What's New – November 2019

Quote of the month:
"I don't want to say twice or for the hundredth time how much you've taken from us. I think you know that. I don't even want you to go to jail. I want the best for you because I know that's exactly what Botham would want." Brandt Jean

I'd wager that this statement was so remarkably received because most of us can't imagine making it under similar circumstances. The young man had recently lost his older brother at the hands of the woman he'd addressed. It was a tragic mistake that took his life, and changed hers forever. At her sentencing, she apologized to the family, asked for God's forgiveness, and stated that she hates herself every single day for what she'd done. Then came Brandt's statement and the hug seen round the world. Could I have done the same? I don't know and hopefully, will never find out. But I know one thing for sure. The world needs more Brandt Jeans.

October has been known to be "scary" for market participants. Not so much this year as all the major equity indices on the following page put on some nice gains. So what's in store as we approach the holidays? Lots of headlines for sure, but looking at the Nasdaq DALI matrix on the following page, stocks strengthened in October, gaining signals from cash and currencies. As such, our tactical models remain firmly on offense as we enter the historically strongest six- month period for the markets.

You may have read that Americans workers are facing a retirement crisis. There's no shortage of reporting on the dire straits of future retirees, particularly when compared to their predecessors. From where I sit, I'm not seeing it. It's true that most folks facing retirement have lots of questions and concerns. That's only natural given the enormity of the transition. In this month's *Market & Economic Commentary*, I've placed a piece from *Financial Advisor* titled, "The Retirement System Crisis is All Hype". It's an interesting read and paints both an encouraging, and realistic picture from my 20 years of practice. First, the numbers...

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Market Update – Year to Date Returns

Major Indexes	(As of 11/1/19)*
Dow Jones Industrials	15.9%
S&P 500 Index	21.2%
NASDAQ	24.9%
DJ Global ex US	12.7%
Russell 2000 (small cap index)	15.9%
Barclays Capital Aggregate Index (Bonds)	8.8%
Barclays U.S. Corporate High Yield Bond Index	12.0%
XAU (gold/silver)	35.3%

*** Source: The Wall Street Journal**

D.A.L.I. Signals - 11/01/2019

Domestic Equities	International Equities	Fixed Income	Commodities	Cash	Currency
302 27.7% (+0)	**207** 19.0% (+0)	**192** 17.6% (+0)	**158** 14.5% (+0)	**143** 13.1% (+0)	**87** 8.0% (+0)

Source: Nasdaq Dorsey Wright

- Inclusion of these indexes is for illustrative purposes only. Keep in mind that individuals cannot invest directly in any index, and index performance does not include transaction costs or other fees, which will affect investment performance. Individual investor's results will vary. The Dow Jones Industrial Average (DJIA), commonly known as the "Dow", is an index representing 30 stocks of companies maintained and reviewed by the editors of the Wall Street Journal. The S&P 500 is an unmanaged index of 500 widely held stocks that's generally considered representative of the US stock market. The NASDAQ Composite is an unmanaged index of securities traded on the NASDAQ market. The DJ Global ex US is an unmanaged group of non-U.S. securities designed to reflect the performance of the global equity securities that have readily available prices. The Russell 2000 index is an unmanaged index of small cap which generally involve greater risks. The Philadelphia Gold and Silver Index (XAU) is an index of sixteen precious metal mining companies that is traded on the Philadelphia Stock Exchange.
- The Barclays Capital Aggregate Index measures changes in the fixed rate debt issues rated investment grade or higher by Moody's Investors Service, Standard & Poor's, or Fitch Investors Service, in that order. The Aggregate Index is comprised of the Government/Corporate, the Mortgage-Backed Securities, and the Asset-Backed Securities indices. The Barclays U.S. Corporate High Yield Bond Index is composed of fixed-rate, publicly issued, non-investment grade debt, is unmanaged, with dividends reinvested, and is not available for purchase. The index includes both corporate and non-corporate sectors. The corporate sectors are industrial, utility and finance which includes both U.S. and non-U.S. corporations.
- DALI is a proprietary matrix created by Dorsey Wright & Associates, an independent 3rd party. It presents the relative strength relationship of six broad asset classes or "teams", domestic equities, international equities, commodities, fixed income, cash, and currencies. Each are represented by an equal number of ETFs. Each team play against each member of the other teams, with net victories tallied in an effort to rank each asset class team by order of overall strength. Raymond James is not affiliated with and does not authorize or sponsor any of the listed websites or their respective sponsors. Raymond James is not responsible for the content of any website or the collection or use of information regarding any website's users and/or members.
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Market & Economic Commentary

Contrary to popular belief, the majority of American workers will do just fine in retirement. They are saving more and will likely have more money in retirement than previous generations, according to a new report by the Empower Institute. Working Americans, the report points out, have greater access to workplace retirement plans than in the past; they are saving proportionately more; and have better protections in place to help guard their savings. The report, *The Over-Stated Retirement Crisis*, which is based upon publicly available literature, challenges the view that the 40-year-old defined contribution system is overly deficient in providing adequate retirement security for American workers. Empower Institute is affiliated with Empower Retirement, a Denver-based plan administrator that oversees $653 billion in assets for more than 9.2 million retirement plan participants.

The researchers pointed out that workplace retirement plans have evolved and improved over the years, which makes saving for retirement easier and more accessible for more American workers. The report explained that more than 40 years ago, retirement planning in the U.S. began to shift from defined benefit plans to defined contribution plans. And while defined benefit plans had been common for decades, they had plan challenges such as they were not portable and they covered relatively few people. Employers began moving away from the defined benefit model after passage of the 1978 legislation that created defined contribution plans, the report noted. Today, approximately $7.5 trillion are held in defined contribution plans, and access to workplace plans has increased over time. While 71% of civilian employees have access to either a defined benefit or a defined contribution plan, in 80% of married couples at least one spouse has access to a retirement plan. Furthermore, the shift from defined benefit plans to modern defined contribution plans, has played an important role in this increase, the report said. In 1980, only 38% of private sector workers participated in a pension plan. And modern plans are also more available to employees of small businesses. In 1981, there were only about 4 million participants in pension plans at companies with fewer than 100 people.

With the modern plan design and auto-features that allow participants to automatically enroll or automatically increase contributions, employees in workplace retirement plans are saving more now than they ever have. Total employee and employer contributions have increased from an average of 9.9% of employee salaries in 1984 to 12.8% of employee salaries in 2017, the report noted. What's more, it said, is the amount of money saved in retirement savings accounts is at near-record levels. Citing data from the Federal Reserve Board, the report said in 1975, total retirement savings were equal to 48% of total employee wages. In 2017, retirement assets topped 337% of employee wages. So views of retirement plans and features are favorable for defined contribution account owners, the report said. In fact, the percentage of Americans who view their retirement plans favorably is at an all-time high, the report pointed out. In 2018, 75% of individuals held a favorable view of their retirement plan compared with 63% in 2009.

The research said both savers and retirees are better off than those in earlier decades and are pleased with their situations. The future retirees will be able to maintain the standard of living set by previous generations, it said, noting that retirees born during the Great Depression had a median income equal to 109% of their average inflation-adjusted earnings. Gen Xers are on track to replace 110% of their earnings. And while the reputational issues with the retirement system may be over-played, work remains to be done to improve the prospects for more Americans, the research said. It recommended increasing plan access, improving plan features and advocating for public policy such as Social Security reform.

Jacqueline Sergeant, "The Retirement System Crisis is All Hype, Group Argues", Financial Advisor Magazine, October 31, 2019

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On a Personal Note

We'd survived a wedding reception in our back yard. The weather held out, there were no stabbings or law enforcement involvement of any kind. We decided to treat ourselves to a north Georgia getaway for some relaxation and a little leaf-peeping. A friend told us about the Misty Mountain Inn and Cabins in Blairsville. Fans of Hobbits and Led Zeppelin, how could we say no. I led the way on the motorcycle, Kathleen followed in the truck, and ten hours later we pulled into the gravel driveway of the Serenity cabin. Beautiful country. Blairsville is a quaint little mountain town in northwest Georgia, about 2 hours past Atlanta in the shadow of Brasstown Bald, Georgia's highest peak. It's the land of waterfalls, the beginning of the Appalachian Trail, and a wonderful place to escape the daily grind. That was until Kathleen woke up with some awful pain in her lower right abdominal quadrant. We'd planned a day trip to Highlands, Georgia with a nice motorcycle ride, mountain hike, and dinner at a hip restaurant recommended by a friend. It quickly became apparent that Kathleen was dealing with more than just indigestion. She was hurting, but mobile, so we decided to pack up, load the motorcycle into the truck, and head home. Ten hours later, we pulled into our driveway and called it an early night.

Guys, we may think we're tough, but when it comes to pain tolerance, women put us to shame. Kathleen woke up the following morning, glad to be home and feeling a little better. It wasn't until 3 days later when back at work, her partner in crime hit her with the ultrasound. The attending physician who just happened to be a gastroenterologist took a look and strongly suggested further diagnostics. A CT the following morning confirmed the diagnosis, the offending gland was getting evicted. Three hours later, she was in recovery, minus one badly inflamed appendix. We went home that night and a few days later, all was right again in Mudville.

Non-medically, we had a nice development. Collin is on his own. Having passed all his licensing exams, the lad moved from training-pay to a position where, with some careful planning, he just might be able to support himself. After a fairly exhaustive search, my new partner secured himself a very cool bachelor pad in downtown Pensacola's North Hill district. For those outside of the area, Pensacola's downtown scene has completely metamorphosized over the past 10 years. It is a truly hip place with so much going on, particularly for the younger crowd. Collin is right in the thick of it all and on the weekend, a bicycle will get him anywhere he needs to go. He's in an older, two-story brick quadplex, with lots of windows and a covered porch area where he can hang out, sip Mojitos and read Hemingway (he won't, but he could ;)

I've got to admit, I really enjoy having Collin in the office. I love this career; it is my calling and I really do not plan on retiring…ever. That said, it can be a lonely job. Believe it or not, there can be a bit of pressure having 250 or so families depending on you to maintain their lifestyle. Don't get me wrong, I live for it and wouldn't think of doing anything else. But it's turned out to be a real treat to have someone around to share thoughts with and bounce ideas off of. I think this experiment just might work out. And for those who haven't yet met my mini-me, we're hoping to fix that. Attached to this newsletter is an invitation to an upcoming client appreciation barbecue. The hoedown will be held at our home in Gulf Breeze on Wednesday, November 20th, from 4:00 – 7:00 pm. We'll be bringing in chow from Dicky's BBQ and have beverages to wash it all down, for the adults and kids alike. We are so excited and hope you can make it. And don't hesitate to bring a guest. With Collin on the team, we have added capacity and are shifting into growth mode. If you know someone who might fit into our client family, bring them along. One request, please RSVP so we don't run out of chow. I don't want any stabbings at this event either.

As always, I hope you're enjoying every day as it comes.

Warmest regards,

Jon

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