



## Winter 2019

### Inside This Issue

- 1 From the Desk of Edward Metz
- 2 From the Desk of Louis Hery
- 3 From the Desk of Zamira Sanchez
- 4 What's New at Raymond James
- 4 Important Dates

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*Julian & Dominique Performing at our 2018 Client Appreciation Event*

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### From the Desk of Edward Metz

Welcome to Winter!! Not only the weather has been cold. Both the stock and bond markets had quite a change in temperature over the last few months. In regards to the stock market we finally had a 10% correction. That's right, finally. In all bull markets there are always 10% corrections from time to time. In October both the stock and bond markets dropped. While that does not happen often, it does happen from time to time, generally over a very short period of time – perhaps a month or two. Late December was quite volatile with a change in the House leadership, trade talks with China and the government shutdown. The bond market dropped as the 10- year treasury bond rose significantly to 3.24% at one time in October. Since then it has dropped into the 2.7% range causing a rally in the bond market. Thus, after most of the year being positive in the stock market, it ended the year in negative territory at -4.38%. The bond market, on the other hand, was negative for almost a year and on its way to the worst year in over 20 years only to rise on the last day of the year to end up slightly positive at 0.01%. As we move into 2019 the fundamentals of the economy and the stock market are still positive. Price-Earnings ratios, unemployment, company profits and inventory levels are quite favorable. However, we must be concerned that the economy will slow down at some time. With that we try to make some adjustment to accounts to reduce risk, especially for clients that are near retirement or retired. We have discussed this over the last couple of months with many clients. If you have concerns and would like to discuss your specific circumstances please don't hesitate to reach out to us.

On a happier note, once again we had over 100 guests at our annual Client Appreciation event at Rockaway River Country Club. Everyone appeared to have a great time as we danced the night away to the fabulous entertainment provided by Dominique and Julian. Not to mention, the food and service was quite good. Lots of people liked the donuts also. We have already booked Dominique and Julian for next year's event on Saturday November 16, 2019. MARK YOUR CALENDARS as we hope you can join us. It is our way of expressing thanks for your business- many of you who have been with us for more than 20 years.

Erica has settled in nicely over the past several months and we continue to meet our clients' adult children who are gainfully employed. We hope to assist them with a great start to their financial futures. As we grow, we appreciate assisting anyone that you feel could benefit from our services.

Nancy and I hope to spend some time working from Naples Florida to escape the cold as technology works well with what we do and with the great staff and partners we have in the office. Please let us know if there is anything else we can do for you.



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**From the Desk of Lou Hery**

**HO-HO-HOLY VOLATILITY!**

So much for the Santa Claus rally in December. Unlike the Hery household, Santa delivered nothing but coal in investors stockings this holiday season. Going into December, the SP500 was up close to 5% and lost 9.03%, resulting in the worst December since 1931. Just like the weather in New England though, if you aren't happy with the results, just wait a few hours. The S&P500 had its worst Christmas Eve ever falling 2.7%, yet bounced right back and experienced the largest point gain ever on 12/26 with a 5% rise. It is because of these bounce-back days you cannot let emotions take over and sell when markets behave poorly. The information overflow of China trade agreements, Federal Reserve, BREXIT and Apple will continue to dominate headlines this quarter. We believe the fundamentals remain positive (corporate earnings, employment, tax cuts, Price/Earnings multiple of the S&P500 undervalued compared to historical average), but we realize the stock market can at times behave in irrational ways. The perceived boring bond market was not immune to this volatility either. The 10-year treasury rode the rollercoaster from 2.40% to start the year, peaked at 3.24% in November, and retreated back to 2.69% to close the year. President Trump continues his fight against the Fed's interest rate hikes. He may have registered a victory as the Fed in recent days has indicated they may not raise rates as high as previously expected. You may see one or two increases this year, but we wouldn't expect much more. As always, if you have any questions on your allocation, please give us a call.

**Market Update as of 12/31/18**

<i>Stocks / Equities</i>	<i>Bonds / Fixed Income</i>
<ul style="list-style-type: none"> <li>S&amp;P 500: -4.38%</li> <li>MSCI EAFE (International): -13.79%</li> </ul>	<ul style="list-style-type: none"> <li>10 Year US Treasury: 2.69% Yield</li> <li>Barclays US Aggregate: 0.01%</li> </ul>
<ul style="list-style-type: none"> <li>Healthcare &amp; Utilities leading sectors</li> <li>Energy &amp; Materials lagging sectors</li> </ul>	<ul style="list-style-type: none"> <li>Federal Reserve increased Fed Funds target rate to 2.25 – 2.50%.</li> </ul>
<ul style="list-style-type: none"> <li>US outperformed International</li> <li>Growth outperformed Value</li> <li>Large Caps outperformed Small Caps</li> </ul>	

**Hery Household**

As readers of this newsletter have come to learn, winter is a very busy time for us. The boys are having fun seasons for both their travel hockey team Jersey Colts, as well as the local Morristown Junior Colonials. We have exciting tournament trips coming up; Lake Placid for Louie and Hershey Park for Will. We were fortunate enough to visit family in Boston after Christmas. Activities included visiting several Revolutionary War sites (Boston Massacre, Boston Tea Party and the Granary Burial Grounds – the final resting place for Sam Adams, Paul Revere and Benjamin Franklin's parents). We also welcomed the newest Hery with the birth of a nephew on Christmas Day, my brother and sister-in-law's fourth child.

**Wine Recommendations**

Please below for some of our favorite selections. Feel free to forward your favorites to us!

<i>Category</i>	<i>Name</i>	<i>Price</i>	<i>Vintage</i>	<i>Varietal</i>
Value	Hess Collection Select	\$12	2016	Chardonnay
Mid-Range	MollyDooker – Boxer	\$22	2016	Syrah/Shiraz
Guilty Pleasure	Groth	\$44	2014	Cabernet Sauvignon



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## From the Desk of Zamira Sanchez

Happy New Year! It's unbelievable how fast 2018 went. Many of you have probably made resolutions and or goals for 2019, so I wish you the best of luck in achieving them. Last year at this time I had recommended updating your retirement contributions for the new year. For those of you who are now over the age of 50, you can now contribute more with the catch-up contribution. The contribution limits have changed for 2019, please see new limits below.

### **For 401(k), 403(b), and most 457 plans and the federal government's Thrift Savings Plans:**

The elective deferral (contribution) limit increases from \$18,500 to \$19,000 for 2019. The catch-up contribution limit for employees aged 50 and over who participate in these plans remains at \$6,000.

### **For individual retirement arrangements (IRAs):**

The limit on annual contributions has not changed for many years. For 2019, however, it increases from \$5,500 to \$6,000. The additional catch-up contribution limit for individuals aged 50 and over is not subject to an annual cost-of-living adjustment so it remains \$1,000 for 2019.

### **For savings incentive match plan for employees (SIMPLE) IRAs:**

The contribution limit on SIMPLE IRA retirement accounts increases to \$13,000 for 2019 (from \$12,500 for 2018). The SIMPLE catch-up limit remains unchanged at \$3,000 for 2019.

### **For simplified employee pension (SEP) IRAs and individual/solo 401(k) plans:**

Elective deferrals increase to \$56,000 for 2019, based on an annual compensation limit of \$280,000 (up from the 2018 amounts of \$55,000 and \$275,000). The minimum compensation that may be required for participation in a SEP remains unchanged at \$600 for 2019.

While saving for retirement is of utmost importance, having a financial plan is also very significant and can aid in achieving your goals. Please contact us if you would like for us to help create a plan for you.

### **Sanchez Household**

I really enjoyed the holidays this year in our new home. After some home improvements, our house was ready just in-time for us to host Thanksgiving. Christmas and New Year's is always so much fun with our little ones. Zayden is back in wrestling and he started lacrosse in November. He loves both. Karina is still in Pre-K and participates in Kiddie Soccer. She is starting to read now and it fills my heart!

I hope you all had a wonderful holiday season and best of luck in 2019.



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## What's New At Raymond James

The team at Money At Work wants to give our clients A+ service and Raymond James enables us to do so with cutting edge, high quality technology.

Although we've discussed this feature before, we believe it's worth mentioning again. Within Client Access, **External Accounts** consolidates all Raymond James and client-initiated outside accounts to provide clients with a holistic view of their financial picture. In just a couple of clicks, you can add accounts not held with Raymond James like bank accounts, as well as liabilities such as credit cards or mortgages. This makes collecting information more automated with less paperwork, and makes it easier for us to create and update your financial plan. Through our software, all of your account balances will be integrated and updated daily and will help you to see your actual net worth versus your plan. Contact us for more information.

## Important Dates / Upcoming Events

Below you will find some important dates and/or deadlines for your convenience.

<b>New Year's Day</b>	<b>January 1<sup>st</sup></b>
<b>Estimated Taxes Due</b>	<b>January 15<sup>th</sup></b>
<b>Valentine's Day</b>	<b>February 14<sup>th</sup></b>
<b>President's Day</b>	<b>February 18<sup>th</sup></b>
<b>1099 Statements Mailed</b>	<b>February 28<sup>th</sup></b>
<b>Ash Wednesday</b>	<b>March 6<sup>th</sup></b>
<b>Amended 1099 Stmts Mailed</b>	<b>March 15<sup>th</sup></b>
<b>MAW Client Appreciation</b>	<b>November 16<sup>th</sup></b>

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JANUARY 2019						
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FEBRUARY 2019						
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MARCH 2019						
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24	25	26	27	28	29	30
31						

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