



# *Soundings*

What's New - September 2017

Quote of the month:

*"Sometimes the smallest step in the right direction ends up being the biggest step of your life. Tip toe, if you must, but take the step." Naem Callaway*

It was the summer of 1999. I was home for lunch, living the life of a pharmaceutical rep, educating physicians on the benefits of my line of cardiovascular meds. I'm a pretty good teacher but a real crappy salesman so I was growing tired of my chosen career. The financial markets had been on a decade long tear, CNBC was on the tube, and a commercial for a financial firm came on with the tag line, "the Greatest Risk is Not Taking One. I resigned the following day and began my current career. It was a huge step, fraught with challenges I couldn't have known at the time, but I thank the Lord every day for giving me the push that I needed. I pay it forward whenever the opportunity presents. Don't be afraid to do the same, especially with those you love.

The financial markets ended August mostly flat. An early dip brought buyers by month's end. The S&P 500 and Dow basically marked time. The small cap Russell 2000 dropped 1.4%, and the tech-heavy Nasdaq added 1.3%. Even Steven. Geopolitics aside, the economic news has been mostly solid. GDP growth hit 3% for the first time in a decade, the jobs picture is strong, and both business and consumer optimism are at highs. The focus will shift to Washington with the budget, taxes, and immigration taking center stage. Expectations are pretty low so any success could be market moving.

Since the theme of this month's tome is career oriented, the *Market & Economic Commentary* contains a piece from the Wall Street Journal which highlights the recent uptick in the jobs market. As the consumer makes up 75% of the economy, the happier and healthier the worker, the stronger the economy. First, the numbers...

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# Market Update - Year to Date Returns

<u>Major Stock Indexes</u>	<u>(As of 9/1/2017) *</u>
Dow Jones Industrials	11.1%
S&P 500 Index	10.4%
NASDAQ	19.4%
DJ Global ex US	16.9%
Russell 2000 (small cap index)	3.6%
XAU (gold/silver)	14.3%

## Major Bond Indexes

Broad Market - Barclays Capital Aggregate	3.4%
High Yield Corporate - Barclays Capital	5.4%
Municipal Bond - Barclays Capital	4.8%

## Lipper Mutual Fund Categories

Large Cap Growth	22.9%
Large Cap Value	6.1%
Small Cap Growth	12.5%
Small Cap Value	-0.8%
International	19.2%
Balanced Fund	8.8%
US Govt Bond	2.6%
Corporate A-Rated Bond	5.1%

**\* Source: The Wall Street Journal**

### **Other Disclosures**

- 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 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 Russell 2000 index is an unmanaged index of small cap which generally involve greater risks. 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 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.
- Lipper Indexes are based on the largest funds within the same investment objective and do not include multiple share classes of similar funds. Barclays Bond Indexes are designed to measure the market performance of various fixed income asset classes. 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 information contained in this report 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 opinions are those of Jon Kagan and not necessarily those of RJFS or Raymond James Financial. Expressions of opinion are as of this date and are subject to change without notice. This information is not intended as a solicitation or an offer to buy or sell any security referred herein. There is no assurance any of the trends mentioned will continue in the future. Investing involves risk and investors may incur a profit or a loss, including the loss of all principal. Past performance may not be indicative of future results. Asset allocation does not guarantee a profit nor protect against loss. The process of rebalancing may result in tax consequences.
- Opinions expressed in the Market Commentary are those of Lauren Weber and not necessarily those of Raymond James. All opinions are as of this date and are subject to change without notice.

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# Market & Economic Commentary

Americans are happier at work, but they might just be settling for less. For the first time since 2005, more than half of U.S. workers say they're satisfied with their jobs, according to the Conference Board, a research group. Employment is up, wages are finally rising and layoffs are near record lows, resulting in a more optimistic, contented workforce. That buoyancy is giving Americans confidence to pull out their wallets. Consumer spending has risen every month this year, with a strong pickup in August, and the U.S. economy grew in the second quarter at its fastest pace in more than two years.

Yet the data also suggest U.S. workers have changing views of what makes a job good, and a decade of bruising job cuts, minimal raises and lean staffing has led them to lower their expectations, economists and labor-market experts say. The average employee today shoulders more risk for her retirement and health care than in past generations, and enjoys less job security as the idea of a job for life has vanished. The traditional bond between employer and employee—in which companies provided job and retirement security in exchange for hard work and loyalty—has eroded so much that young workers today “don't even know what they're missing,” says Rick Wartzman, a management expert and author of “The End of Loyalty: The Rise and Fall of Good Jobs in America,” released in May by Public Affairs.

Almost 51% of employees say they are very satisfied or somewhat satisfied with their jobs, according to the Conference Board, which surveyed about 1,600 workers across the U.S. last November on various aspects of their work. Workers gave top ranking to their colleagues, commutes and job tasks, but were frustrated with companies' promotion policies, bonus plans, training opportunities and performance-review processes. American workers remain scarred by the Great Recession, which reset expectations for a whole generation, says Peter Cappelli, a management professor at the University of Pennsylvania's Wharton School of Business. Unemployment reached a 25-year high of 10% in 2009, sending record numbers of Americans into long stretches of joblessness. Those who did remain in jobs were asked to do more with less, for smaller rewards. “In the dot-com period, we had M.B.A. students who literally were expecting to be millionaires within two or three years,” Mr. Cappelli says, referring to the late-1990s tech bubble. “After 2009, we had people who were just glad to get any kind of job.”

Now, with unemployment at 4.4% and wages showing signs of lifting, workers are feeling greater peace of mind and fulfillment than they have in years, finding roles in line with their skills and ambitions. Mechanical engineer David Hunt was let go from an engineering job in 2012 and spent the next five years unemployed or working short-term contracts, including a stint as a salesperson at a Lowe's Co s. store. When Mr. Hunt, who holds two master's degrees, was offered a job at a Boston-area high-tech company in June, the firm's human-resources manager called him with good news and bad news about his salary. Mr. Hunt, 52 years old, asked for the bad first. We can't pay what you asked for, the manager told Mr. Hunt. Instead, the company offered 10% above that number. Mr. Hunt now earns enough to support his family while his wife pursues a Ph.D., and says he feels his ideas are valued. For the first time in years, he says, he's excited to go to work each day.

Amid a continuing shift away from pensions toward 401(k) plans with unpredictable returns, satisfaction with retirement plans rose from 35% to 37.3% from 2011 to 2016, the Conference Board says, possibly reflecting higher 401(k) returns from stock investments. Overall, Americans' sense of retirement security has dropped. In 1993, 73% of U.S. workers felt confident they could afford a comfortable retirement, according to the Employee Benefits Research Institute. In 2017, 60% felt that way. Also falling in workers' esteem are health-insurance and family-leave plans. Employees are paying more for health care and coping with higher deductibles. And though some employers have enriched parental-leave benefits for white-collar workers, U.S. working parents get less leave than their counterparts in other industrialized nations.

*Lauren Weber, As Workers Expect Less, Job Satisfaction Rises, the Wall Street Journal, September 2, 2017*

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## On a Personal Note

When it comes to life, I hate to exhale. You know what I mean. To let your guard down and get cocky with the forces of the universe that are always out there forcing us to do more and get better. That said, if everything works out, a year from now Kagan, Inc. will have one less on payroll. Alex is a senior. I exhaled a few years back. He was an engineering student with a full (engineering) scholarship at Alabama and an internship with a global engineering firm, secured during the summer after his freshman year. Done with that one right...wrong. Turned out the kid didn't really enjoy his chosen field and after much thought, prayer, and planning, decided accounting was the road he'd travel. Fast forward to the present. It looks like he just might pull it off. A full summer of classes got him on track to graduate with his class and wouldn't you know, he just accepted an internship with a large, local accounting firm, Jamison Money Farmer. They were one of several Alex had interviewed with and by far, his top choice. JMF has been around for nearly 100 years but rather than being stodgy and old (no offense to all my stodgy old compatriots out there ; ), their website takes the time to tout a culture of work-life balance, where employees are treated like family. He'll be working as both a tax and audit intern, in the height of tax season...a baptism by fire. The kid is on cloud nine and naturally, so are we. But no, I haven't exhaled.

It's starting to get real for #2 son Collin, who just began his junior year at the University of Central Florida. A summer class finished up his prerequisites and he was officially accepted into the College of Business with a Finance specialty. Eons back, a business student myself at the University of Massachusetts, it was more "business-light" for me, with a focus on marketing. There will be none of that for my kid. With classes like Intermediate Corporate Finance, Equity and Capital Markets, International Business, and Supply Chain Management, this kid's gonna be ready to take the helm of Goldman Sachs, or maybe even Soundside Wealth Advisors someday. Now college is great fun, but I don't want my kids back after 4 years so they are starving students by design. Their lifestyle needs are all self-funded (eating is a lifestyle need, right?). My attempt at teaching them about the work-life balance. Collin tends to fly right up to the edge of the sound barrier at times but so far, he's pulling it off balancing a robust social calendar with a solid work-ethic.

Always the under-achiever, Alex's girlfriend Claire is currently in Ghana on a three-month internship in order to complete her degree in Social Work. She is working for an organization called City of Refuge Ministries ([www.cityofrefugeoutreach.org](http://www.cityofrefugeoutreach.org)) at a home for children who have been rescued from the local slave trade and single mothers learning trades to become financially stable. Light stuff. I've told you in the past how much we love Claire and to date, she shares my wife Kathleen's only flaw...an obvious lack of self-esteem, judgement, and awareness of how much better she could do in the area of partner selection.

In keeping with this month's career-theme, I've got to brag on my nephews from the north a little. Brother Jay and his wife Joanie did something right. Their eldest son, Benjamin is a senior at the University of Vermont. A chemistry major, this future doctor has spent the last two summers as an intern at the Los Alamos National Lab doing some really cool and very secret stuff. I don't think it involved aliens but then again, he wouldn't say. What isn't a secret is that the genius got published. He's listed second on a study published in the journal, Royal Society of Chemistry, titled, Revisiting the bis(dimethylamido) metallocene complexes of thorium and uranium: improved syntheses, structure, spectroscopy, and redox energetics of  $(C_5Me_5)_2An(NMe_2)_2$  ( $An = Th, U$ )†. A real tear-jerker. Not to be outdone, his younger brother Noah graduated from high school in May of 2016. A couple months later, he was in Army boot camp, followed by jump school at Fort Benning. After graduation, this newly minted airborne soldier, checked into his first duty station at Fort Bliss, TX. With his unit in the field, Private Kagan had plenty of time to think about the future. His original plan was to satisfy his enlistment requirement and then use his GI Bill benefits to go to college. Solid plan, but wait a second, this kid is Airborne, that sounds a little too dull and conventional. A few weeks later, Noah sent in his application to West Point. Last night he saw his football team beat Fordham 64-6. Go Army, beat...anyone but Navy! As always, I hope you're enjoying each day as it comes.

Warmest regards, *Jon*

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