



SULLIVAN & ASSOCIATES

AN INDEPENDENT REGISTERED INVESTMENT ADVISOR

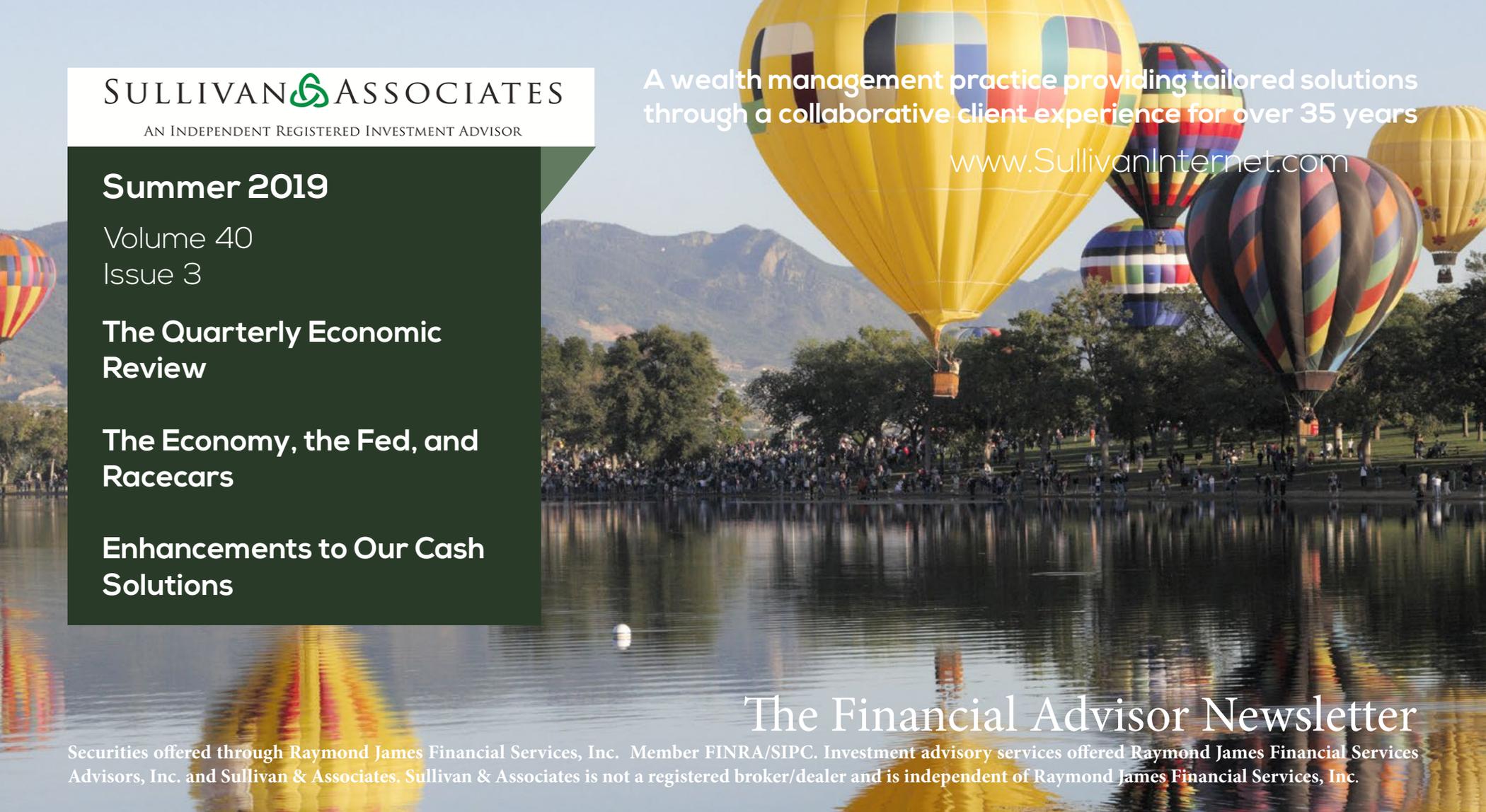
**Summer 2019**

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Issue 3

**The Quarterly Economic  
Review**

**The Economy, the Fed, and  
Racecars**

**Enhancements to Our Cash  
Solutions**



A wealth management practice providing tailored solutions  
through a collaborative client experience for over 35 years

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The Financial Advisor Newsletter

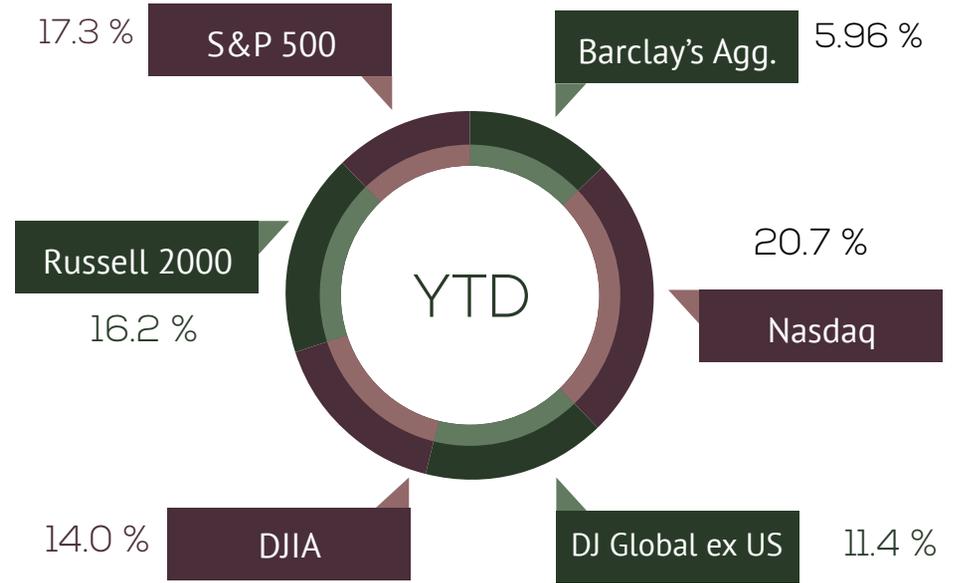
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Front cover photo taken by Patrick L. Sullivan

## ECONOMIC SNAPSHOT



Source: WSJ, July 1, 2019. Inclusion of these unmanaged 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 effect actual investment performance. Individual investor results will vary. Past performance does not guarantee future results. The Dow Jones Industrial Average (DJIA), commonly known as "The Dow," is an index representing the stocks of 30 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 is generally considered representative of the U.S. stock market. The Nasdaq composite is an unmanaged index of securities traded on the Nasdaq system. The Dow Jones Global ex US is a stock market index measuring equity securities traded globally in 64 countries, excluding the U.S. The Barclays Capital US Aggregate Bond Index is a benchmark index composed of US securities in Treasury, Government-related, Corporate, and Securitized sectors. The Russell 2000 index measures the performance of the 2000 smallest companies in the Russell 3000 Index, which represent approximately 8% of the total market capitalization of the Russell 3000 Index.

# PAT'S VIEW

## THE QUARTERLY ECONOMIC REVIEW

The second quarter of 2019 was unusual in many respects. Please keep in mind we have now gone the longest time ever between recessions, which has left some people very uncertain. There is no doubt that we will have another recession, the question is when. While many attempt to predict when, no one knows for certain. The best defense for a recession may be to keep emotions out of the market, maintain good diversification, and in the event that a recession does occur, wait for the market to return; keep in mind it always has. This week, we have seen a new high in stock market interest rates, however, they may be edging downward, in part due to lower inflation. Both of these issues can cause some uncertainty, but geopolitical issues appear to be causing much more. While our government causes some concerns and higher prices with their move to potentially increase tariffs, we're finding the British cannot seem to make a decision about Brexit. In addition, without the space to go into detail, there are major issues with other countries such as Iran, Mexico, the Philippines, etc. It seems with all of this uncertainty, the fact that we continue to see record highs in the stock market is unexpected.

Domestic stock markets seem to be ignoring many problems and have generally been performing well. While the expectation is for our economy to start slowing down, we expect some growth to continue and for the stock market to slowly grow with it. We anticipate continued volatility, because

of the uncertainty. Our bond markets are expected to be okay. The federal reserve will continue to follow the economy and will continue to make changes as they see fit. One of their main focuses will be inflation and despite how well our economy is doing, inflation is staying under control. Please keep in mind that bonds have the potential to help control risk and aid in portfolio safety.

It should be noted that while our economy still appears to be doing well, it appears a lot of the uncertainty is having a negative impact on international markets, which have generally underperformed our market. This may continue as we sort out the final issues on tariffs and the final determination on Brexit, as well as many of the issues in other countries. We anticipate keeping international investments as part of our diversification with the expectation that as some of these issues are resolved, hopefully in the second half of the year, some of the international markets will start to do well.

As always, we thank you for your referrals and will continue to work to help you meet your financial planning goals. We look forward to meeting with you again soon and if you have any questions or financial planning concerns, please do not hesitate to contact us. □

## KEVIN'S VIEW

### THE ECONOMY, THE FED, AND RACECARS

The second quarter of 2019 saw a sharp drop in the equity markets towards the middle of the quarter, before ending on a relatively high note. The drop was a result of concerns about continuing trade issues. We will continue to see this kind of volatility continue as barriers to global trade continue to be erected. We remain hopeful that we will see a resolution to some of the trade issues sooner rather than later.

The economy itself continues to show resilience with strong employment numbers among other good signs. There is also very little sign of inflation. However, there are cracks starting to show. For example, due to concerns regarding trades, corporations are starting to build up inventories. The idea from a corporate point of view is it's better to buy extra now than risk a tariff being put on and have it cost more later. Alternatively, it's better to move goods into other countries now before tariffs are in place and the corporation has to either raise prices or cut profits. Holding on to additional inventory is costly for corporations and a negative for their outlook.

There has been a lot of attention on the Federal Reserve (the Fed) lately. The Fed controls short term interest rates, among other things, and has a dual mandate of both employment and keeping inflation in check. There has been a lot of discussion on what the Fed "should" do during this period.

To fully understand the Fed's job, I always remember how one my college professors described it. Imagine you are driving a car with the most incredible engine and that can go 0 to 60 in world record time. It also has the most amazing brakes that can bring you to a stop with the slightest tap. The steering is so responsive the slightest wrong touch can send you sliding off the track into a ditch. If trying to control that car wasn't already hard enough, we are going to blackout the windshield and side windows so all you can see is the rear-view mirror. Finally, we are going to add some big speakers in the back with hundreds and thousands of people telling you what you're doing wrong, but please note they can't see the track any better than you can. Sounds like fun doesn't it?

The highest compliment we can receive is when you let your families and friends know about us.

**Referrals Welcome!**



I don't know about you, but if I had that job I would move very slowly and deliberately. That's what I think the Fed is doing right now. They will likely lower rates in July and may lower it one more time before the end of the year, but they are focused on the data (the rear-view mirror).

#### Your Portfolio.

I have had a number of conversations with clients after opening their May statements. May was when the equity markets took a tumble. We've had 11 years of a bull equity market, but the only certainty is one day it will come to an end. Now I don't think that is today, or particularly soon, but it could be sooner than we think. Now would be a great time to revisit your goals, risk tolerance, and risk capacity. It is always better to review these things before the pressure of a bear market becomes a reality. Please call us today to setup an appointment to review these and other issues. We appreciate your trust and confidence and look forward to seeing or talking to your soon. □

Source, Raymond James, Rolling Stones Magazine

## DID YOU KNOW...

The Rolling Stones' upcoming No Filter Tour is being sponsored by Alliance for Lifetime Income. The group is a nonprofit out of Washington D.C. made up of two dozen financial services firms. The goal of Alliance for Lifetime Income is to encourage people to explore financial planning tools and non-employment income options. This brings a new idea to "You Can't Always Get What You Want".

## MARK YOUR CALENDAR

### Friday, August 2:

Observe Information Security Day – update your passwords for all online accounts to keep your personal information secure.



SUMMER 2019 | MARKET CLOSURES

Monday, September 2: Labor Day

# Manage Your Cash Conveniently and Securely – from Anywhere

## Client Access: Deposit checks with your mobile device.

Mobile Check Deposit enables you to safely and conveniently deposit checks into your eligible Raymond James account using Client Access and the camera on your smartphone or tablet.

### Download the Client Access app

[App Store](#)

(for Apple devices)



[Google Play](#)

(for Android devices)



To use the mobile app, you must already have a Client Access login. You can visit [raymondjames.com/clientaccess](https://raymondjames.com/clientaccess) to enroll.

# Mobile Check Deposit Frequently Asked Questions

## **Q. How do I start using Mobile Check Deposit?**

All you need is online access to your account(s) and the Client Access mobile app.

## **Q. What mobile devices are supported?**

You can use Mobile Check Deposit on Apple and Android mobile devices such as phones and tablets.

## **Q. How much does it cost?**

The mobile app and all its features – including Mobile Check Deposit – are free.

## **Q. How does Mobile Check Deposit work?**

Select the Deposit Checks option from the menu. Choose the account in which you want to deposit your check. Enter the check amount. Place your check on a flat, dark, well-lit surface. Take pictures of the front and back of your check, while being sure to hold the camera steady.

## **Q. How much can I deposit?**

There are daily deposit limits based on your relationship with the firm. Your daily limits will appear on the Mobile Check Deposit screen in the app.

## **Q. What types of checks can I deposit?**

Official checks, cashier's checks, United States Treasury checks, or other payment instruments drawn on a financial institution within the United States, payable in United States currency, and payable to you or Raymond James.

## **Q. What types of accounts are eligible?**

Most brokerage and retirement accounts are eligible. Only eligible accounts will appear in the account selection menu on the Deposit Checks screen.

## **Q. Can I use Mobile Check Deposit to contribute to my IRA?**

Yes, as long as you haven't met your annual contribution limit. You can also choose to make a contribution for the prior tax year, if it's between January 1 and tax day.

## **Q. What should I do with my paper check after I deposit it?**

Please mark your check as deposited or void with the date you submitted the deposit and retain the check for at least 14 days. After confirming your deposit has been accepted and your funds are available, properly destroy the check.

Source, Raymond James

## ENHANCEMENTS TO OUR CASH SOLUTIONS

As of May 2019, you can be further rewarded for consolidating your cash with Raymond James.

### **Raymond James Bank Deposit Program:**

Today, this program “sweeps” funds from your Raymond James account into accounts at multiple banks, with each bank providing FDIC insurance up to \$250,000, allowing you to have combined FDIC insurance of up to \$2.5 million. Starting in May, the number of banks in the program is increasing (each will provide FDIC insurance up to \$250,000), for up to \$3 million in combined FDIC insurance, allowing us to go even further to protect your assets.

### **Cash-based interest rate model:**

We will further reward you for consolidating your cash with Raymond James by setting interest rates based upon your total cash balances. Higher balances can earn you a higher interest rate. While our rates are already better than most banks, you will now have an opportunity to increase your return by moving low-yielding bank balances to Raymond James.



Enjoy enhanced cash management offerings and be further rewarded. Discover [Capital Access](#).

- Access your cash on the go, including mobile check deposit and mobile wallet
- Free debit card, unlimited check writing, direct deposit
- Use of any ATM, with fees reimbursed
- 24-hour support and fraud monitoring
- Optional SMS text alerts

### **Money market platform:**

We will be streamlining the cash sweeps programs in May by discontinuing the JPMorgan Money Market sweep options. We can still work together to purchase money market funds that are a good fit for your overall goals and strategies. We are offering funds with very low internal expenses at no minimum investment.

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Everyday spending solutions give you immediate access to cash when you need it and include the Raymond James Bank Deposit Program (RJBDP) and Capital Access.

### **The benefits of RJBDP include:**

- FDIC deposit insurance provides a maximum of \$250,000 of coverage per depositor per bank. The Raymond James Bank Deposit Program “sweeps” client deposits into numerous deposit accounts with multiple banks, providing up to \$3.0 million in FDIC coverage for an individual account holder. Through our program, the available coverage is 12 times the maximum individual limit.
- Daily liquidity
- Options to diversify your cash
- Competitive returns



# Making cash work for you

Raymond James offers cash solutions that aim to align your money with your needs.

Source, Raymond James

### Through Capital Access, you'll enjoy:

- Complete suite of mobile capabilities
- Online money movement and bill pay
- Debit card usage at any ATM with reimbursements\*
- Unlimited check writing with no minimums

These combined offerings give you access to your cash 24 hours a day, seven days a week.

**Savings and strategic solutions** help with the money you don't plan to utilize in the immediate future. These options can be used for various types of savings or as a potential hedge against market downturns, and can be applied to investments such as:

- Money market mutual funds
- Certificates of deposit (CDs)
- U.S. Treasury bills

These options may also provide higher returns than everyday spending solutions, while also providing liquidity that aligns with your savings goals. □

\*Reimbursement allowance of at least \$200 annually for all accounts and unlimited for relationships with market value of at least \$500,000.

Investment products are: not deposits, not FDIC/NCUA insured, not insured by any government agency, not bank guaranteed, subject to risk and may lose value. FDIC deposit insurance provides a maximum of \$250,000 of coverage per depositor per bank. The Raymond James Bank Deposit Program "sweeps" client deposits into deposit accounts with multiple banks, providing up to \$3.0 million in FDIC coverage for an individual account holder. Through our program, the available coverage is up to 12 times the maximum individual limit.

## SULLIVAN & ASSOCIATES NEWS

Sullivan & Associates is proud to announce that our Administrative Assistant/ Receptionist, Katelyn Meeks, has received her Colorado Notary Certification. As a service to our clients, Katelyn will be available to notarize all types of documents, according to state notary law.

We would also like to announce the retirement of Jane Jacobs, longtime employee and Office Manager. While we are so sad to see her go, we are equally excited for this new adventure that she has embarked on. □



**Privacy Notice:**

Sullivan & Associates is committed to protecting confidentiality of the information furnished to us by our clients. We are providing you this information as required by Regulation S-P adopted by the Securities and Exchange Commission. Information about you that we collect: We collect nonpublic personal information about you from the following sources: information we receive from you on applications or other forms or through our web site; information about your transactions with us, our affiliate or others; and information we may receive from a consumer reporting agency. Our use of information about you: We may share information about you with other companies in the Raymond James family - that is, companies that are owned by Raymond James Financial. In certain rare cases, we may share information with professional designation oversight bodies if an investigation is being conducted. Otherwise, we do not disclose any nonpublic personal information about you to anyone except as permitted by law. We follow the same policy with respect to nonpublic information received from all clients and former clients. How we protect your confidential information: Sullivan & Associates has policies that restrict access to nonpublic personal information about you to those employees who have need for that information to provide investment alternatives or services to you, or to employees who assist those who provide investment alternatives or services to you. We maintain physical, electronic and procedural safeguards to protect your nonpublic personal information. Opt-Out Procedure: If you prefer that Sullivan & Associates does not take your nonpublic personal information and use it at a nonaffiliated firm, you may direct us not to make or permit such disclosures by contacting us at the following toll-free number: 1-866-423-7237.

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Sullivan & Associates is registered with the Securities and Exchange Commission as an Investment Advisor. Pursuant to rule 204-3 "c" we are required to offer you a copy of our current Disclosure Statement (Part II of the Registration Form ADV) upon your request. If you would like to receive a current copy of the disclosure statement, please write to: Sullivan & Associates, 1229 Lake Plaza Drive, Colorado Springs, CO 80906

# SULLIVAN ASSOCIATES

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Your Dreams. Your Goals. Our Priority.

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