



Giving Back by Sandy

Asset Planning believes in giving back and supporting our local community and charities. Many clients responded to our charity questionnaire to let us know what charities they support. We donated \$2,000 to the various causes nominated by our clients in December. The charities ranged from wildfire support, cancer, Alzheimer's, animal rescue and shelters, United Way, Red Cross, Diabetes research, Food Finders and World Wildlife Fund. We could tell many of our clients are animal lovers like us as the majority of donations went to support them. We hope you enjoy our pet holiday pics featured in this issue.

We had over thirty different charities selected by clients. In retrospective, we realized we should have preselected a few charities to have a bigger impact. In coming years, we plan on rotating a select number of organizations along with a story about each cause. We welcome nominations of causes near and dear to your hearts.

My daughter Nikki graduated from the University of Missouri with a major in English, minors in sociology, philosophy, and women's and gender studies. Her next goal is to move to Chicago and attend law school with an emphasis on civil rights

What a difference a few months make by Erin

I was at New Year's Eve party when the inevitable happened, people who knew my profession wanted to talk the markets and get my take on what to do. I normally decline to give off the cuff advice as I've seen far too many clients, friends, and family make terrible financial decisions because they listen to their brother-in-law or some other person that doesn't know the ins & outs of *their personal* finances. In this particular case, I felt compelled to offer some food for thought. This party goer had told me she had an advisor she *really trusted* but she wanted to stop contributing to her retirement accounts because "the market keeps going down". I told her "I understand your fear especially knowing how dire the news can make everything seem. But in future years, do you think the contributions you made at the beginning of the year when the market was hot will be worth more than the contributions you make now when the market is low?" She understood my logic and admitted her advisor had told her to invest more when the market is low. I told her "my best advice is to listen to the professional she trusted that knew her situation". *Continued on page 2*

Market Review / Outlook by Carol

2018 was a challenging year for us as advisors. Volatility returned as the year started off with gains, only to see them turn to losses in the last three months of the year. Needless to say, it was hard to invest new money knowing that the market was at all-time record highs and that a correction was inevitable. Here are some market facts of life that I would like to share: (credited to Marketwatch)

"A Market Crash on a Card

- Since WW2 there have been 22 corrections averaging -14%
- Daily dips of 2% or more occur about 5X a year.
- Every 5 years or so markets decline 30%+.
- **Over long periods, markets significantly beat inflation. After each major correction, stocks came back and climbed to new highs.**
- Selling low and buying high NEVER works.
- Turn off the TV and don't check your account every day.
- Never make important decisions based on emotions.
- These are the facts. Everything else is a scare tactic."

Benchmarks:	YTD
	Dec 2018
60% Equity/40% Fixed	-5.65%
50% Equity/50% Fixed	-5.31%
Barclays US Agg Bond	-2.60%
S&P	-6.24%
DOW	-5.63%
iShares (EFA) Foreign	-16.40%

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Continued by Erin

Buy low, sell high is the best way to invest our money. But time and time again average investor behavior does the exact opposite. In the second quarter of 2018, I wrote a piece about how average investor returns fall short of average investment returns due to bad behavior. I warned that though things were rosy now, the time would come when the markets turned. During the period of low market volatility and high returns, we had a number of clients questioning bonds or cash positions in their portfolios and requesting more investments risky areas that had performed well recently. Fast forward a few months and our more defensive portfolio positions are showing their purpose in the portfolios. Please don't let this market correction veer your retirement plan off track. Most of us have decades ahead of us and we need our money to last. The majority of us do not have the luxury of being able to have 100% in a fixed investment like a CD. Inflation and our withdrawal needs demand much higher returns which unfortunately come with market volatility.

With this in mind, keep to your plan and please don't hesitate to let us help you from making any big mistakes. And please don't stop your retirement contributions, you may in fact want to increase them.

2019 annual contribution limits for eligible tax filers:

401(k), 403(b), most 457 plans, and Thrift Savings Plan is increased from \$18,500 to \$19,000. You can contribute \$25,000 if you are age 50+

IRA contributions increased from \$5,500 to \$6,000 per year. The age 50+ catch-up contribution limit remains at \$1,000.

Carol...continued

Fast forward to 2019: what can we expect and what are we most concerned about:

1. Tariffs on China are still a concern and the March 1 deadline for tariffs to increase from 10 to 25% will be here soon. The market reacts positively on any negotiation news.
2. Fed Reserve increasing interest rates in 2019. The jobs report that was just released (312,000 jobs added in December!) reinforced why the rate was increased in December. We feel that the Fed will be wary about increasing rates as the government shutdown will impact the economy and job numbers in January by showing lower growth.
3. We are constantly reviewing asset allocations and have been adding more value vs. growth, cash, and short term bonds. We will continue to look for undervalued growth investment opportunities.



Erin's Patch, Bow, & Gibson



Sandy's Lumi, Roxie



Melani's Jax, Buddy, & Newman



& Callie

Happy New Year!



Carol's Dexter & Honey