PERSPECTIVE

The Most Wonderful Time of the Year

DECEMBER 2018

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Avoiding Portfolio Drift

Market analysts are at odds as to where the market will go from here. However, they all agree that it's important to rebalance your portfolio periodically so that your investments realign with your risk profile. Investors who have not rebalanced may discover that their portfolios are more heavily invested in stocks than they had originally planned. This is known as

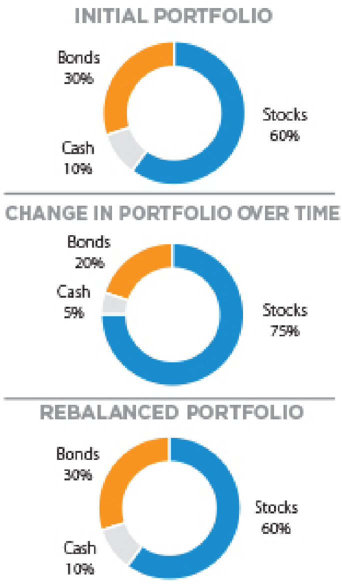
'Tis the season for gift giving, family gatherings and holiday parties, and to remember that an important part of maintaining a successful financial portfolio is a year-end portfolio review.

One of the benefits of having a professional financial advisor is that you have someone monitoring the market and watching your investments every day. Still, we recommend that we meet at least once a year to review the various aspects of your portfolio, and for many investors, year-end works well because you may be in the midst of gathering financial information for the upcoming tax season.

Portfolio review meetings may include discussions focused on:

- **Your needs and goals.** Has anything changed? Do these changes affect your financial goals?
- **Investment management.** It's important to evaluate your allocations, strategies and holdings within the context of your needs and goals.
- **Tax planning.** Income shifting and the new tax laws may be a factor for you. In addition, by waiting until January to reassess your portfolio, you could miss tax savings opportunities, such as maximizing your retirement contributions before year-end or donating to a charity.
- **Risk management.** Review preservation and protection strategies, including insurance, trusts and other asset protection structures.
- **Estate planning.** If you plan to leave a legacy, review your current plan and modify it as needed.

If you've retired or plan to retire soon, you may want to invite family members to participate in these annual meetings. It's important for your children and loved ones to understand the choices you are making and the context in which those choices are portfolio drift.



made. Annual reviews provide an opportunity to communicate your vision of the future to younger generations.

If you haven't scheduled your year-end portfolio review, call to make an appointment. It could give you a new outlook for 2019.

Give Them the Perfect Gift

There has been debate in recent years about whether a college education is worth the cost. Not to mention the problem with student loans, which has grown by 52 percent in the last 11 years and is expected to get worse, as it continues to hold the highest delinquency rate of all household debt.[1]

Regardless, recent research into the earnings of Millennials (born after 1980) found that those with bachelor's degrees who worked full time had significantly higher earnings than young people with some college, a two-year degree or high school graduates. On average, the median yearly income gap between high school and college graduates is about $17,500 a year.[2]

As a result, the perfect gift for the youngsters on your holiday list may be a contribution to a 529 Education Savings Plan. 529 plans are the smart way to save and invest for education. In addition, recent changes in the law may allow you to use the funds for a student's college education, or tuition expenses in an elementary or secondary public, private or religious school. Be sure to check your state laws first.[3]

A 529 plan is a great way to save for a child's education because contributions grow tax-deferred and withdrawals are tax-free as long as they are used to pay for qualified education expenses.

So, this year, give the gift that keeps on giving. Give us a call to learn more.

[1] Bloomburg.com, *The Student Debt Crisis is About to Get Worse*, October 2018.

[2] USNews.com, *Income Gap Between Young College and High School Grads Widens,* November 2016.

[3] Time.com, *Plans for K-12 Tuition Expenses*, 2017.

Participation in a 529 Education Savings Plan (529 Plan) does not guarantee that contributions and investment return on contributions, if any, will be adequate to cover future tuition and other higher education expenses or that a beneficiary will be admitted to or permitted to continue to attend an institution of higher education. Contributors to the program assume all investment risk, including potential loss of principal and liability for penalties such as those levied for non–educational withdrawals.

An investor should consider, before investing, whether the investor's or designated beneficiary's home state offers any favorable state tax treatment or other state benefits such as financial aid, scholarship funds, and protection from creditors that are only available for investments in such state's qualified tuition program. Consult with your financial, tax or other adviser to learn more about how state-based benefits (including any limitations) would apply to your specific circumstances. You may also wish to contact your home state or any other 529 college savings plan to learn more about the features, benefits and limitations of that state's 529 college savings plan. Furthermore, the Tax Cuts and Jobs Act that was signed into law on December 22, 2017 allows for up to $10,000 a year per beneficiary in tax free distributions from a 529 Plan if used for tuition incurred for enrollment or attendance at a public, private, or religious elementary or secondary school. Check with your state's guidelines prior to withdrawing the funds. For more complete information, including a description of fees, expenses and risks, see the offering statement or program description.

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