The Edge

It's Never too Early to Plan for Retirement

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IN THIS ISSUE:

American business magnate Warren Buffet said, "Someone is sitting in the shade today because someone planted a tree a long time ago".

When it comes to retirement, the same philosophy applies. Starting to save early gives your portfolio the chance to grow through the years to create the maximum benefit. Here are a few steps that can help each generation secure their future retirement:

Millennials (born 1977 to 1995)

1. **Join the retirement plan at work.** Save the maximum amount, if possible, and choose a diversified investment portfolio.
2. **Limit debt.** Pay off credit cards in full each month, resist the urge to pay college tuition with your retirement savings and live within your means.
3. **Rollover retirement plan savings**. When you leave an employer, do not spend any savings accumulated in the retirement plan. Instead, roll it into an IRA or another qualified savings plan and avoid the taxes and penalties you'd have to pay by dipping in early.

Generation X (born 1965 to 1976)

1. **Keep contributing to your retirement savings.** Don't allow expenses – such as college tuition, vacation and healthcare – to tempt you to cut back on contributions.
2. **Develop a retirement savings estimate.** The Retirement Shortfall Calculator can help. Visit lincolninvestment.com, click on Resources and then on Calculators.
3. **Save at least one-half of any windfall you receive.** When you receive a bonus, an inheritance or any other cash windfall, save at least one-half of it in a retirement portfolio.

Baby Boomers (born 1946 to 1964)

1. **Allocate assets carefully.** As you near retirement, it's a good idea to adopt an asset allocation strategy that is designed to preserve your savings while generating income.

How ready is the U.S. for Retirement?

According to a 2017 TransAmerica survey, U.S. workers are far more on top of retirement planning than workers in other countries.

» **57%** of Americans are habitual savers vs. 39% globally.

» **47%** of Americans have a

back-up plan if they are unable to continue working before their planned retirement age vs. 33% globally.

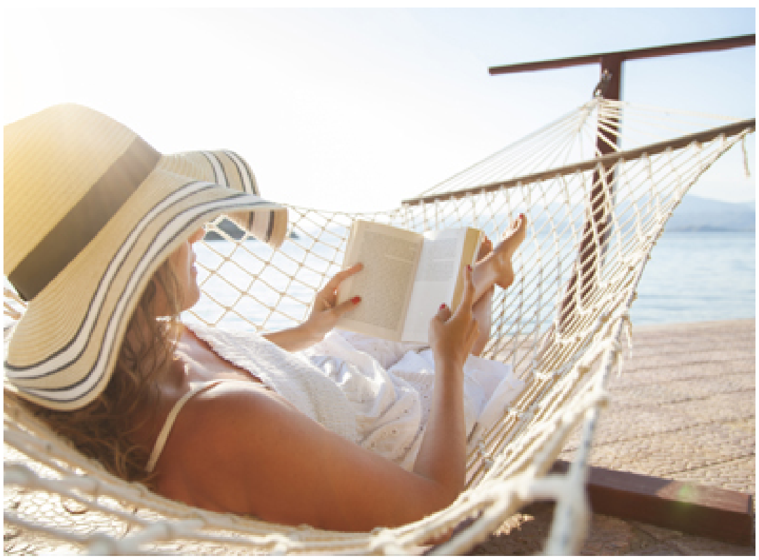
- **43%** of Americans feel very confident they'll be able to retire comfortably vs. 25% globally.
- **26%** of Americans think they are saving enough vs. 13% globally.

Source: Forbes

2. **Do a test run.** The Retirement Planner Calculator can help you determine how long your savings will last if you withdraw 75 percent of your pre-retirement salary each year during retirement. Visit lincolninvestment.com, click on Resources and then on Calculators.
3. **Retire later or work part-time during retirement.** If your savings are unlikely to last as long as you need them to, you may need to retire later or work part time during retirement.

Prior to rolling over assets from an employer-sponsored retirement plan into an IRA, it's important that you understand your options and do a full comparison on the differences in the guarantees and protections offered by each respective type of account as well as the differences in liquidity/loans, types of investments, fees and any potential penalties. Neither diversification, nor asset allocation can guarantee a profit or protect against a loss.

Summer Reading List 2018



Summer is the perfect season to enjoy a great book on the beach, by a lake or on your own front porch. Whether you love thrillers, historical fiction, literary novels, women's fiction or biographies, there is something for every reader on The Ultimate Summer Reading List 2018.[1]

Enjoy the rest of the summer and kick back with one of these recent releases:

The Perfect Mother by Aimee Molloy (Suspense)
The summer's most anticipated book is an addictive psychological thriller about a group of women whose lives become unexpectedly connected when one of their newborns goes missing.

The Crooked Staircase by Dean Koontz (Mystery)
Jane Hawk, who dazzled readers in The Silent Corner and The Whispering Room, faces the threat of a lifetime in this electrifying new thriller by best-selling author Dean Koontz.

Calypso by David Sedaris (Nonfiction, Biographies and Memoirs)
If you've ever laughed your way through one of David Sedaris' stories, Calypso is a must read for you. It's been called his darkest and warmest book yet – and it might be his very best.

When Life Gives You Lululemons by Lauren Wiesberger (Women's Fiction)
Welcome to Greenwich, Connecticut, where the lawns and the women are perfectly manicured. From the author of The Devil Wears Prada, Wiesberger offers an alluring look into this over-the-top world.

The President is Missing by James Patterson and Bill Clinton (Political Thriller)
It's been called the publishing event of 2018. The President is Missing is the story of a threat so huge that it jeopardizes not just Pennsylvania Avenue and Wall Street, but all of America.

Warlight by Michael Ondaatje (Literary Fiction)
From the author of The English Patient comes a mesmerizing new novel set in the decade after World War II about a group of unexpected characters whose lives are shaped by their unwitting involvement.

The Soul of America by Jon Meacham (Nonfiction, History)
Our current climate of partisan fury is nothing new. Pulitzer Prize–winning author Jon Meacham helps us understand the present moment in American politics by looking back at critical times in our history.

The Outsider by Stephen King (Horror)
An unspeakable crime plus a confounding investigation equals one of the most unsettling and compulsively readable stories. The master of horror has done it again.

[1] www.bookbub.com, *The Ultimate 2018 Summer Reading List.*

back to top

IM&R Team

INVESTMENT MANAGEMENT AND RESEARCH

2Q 2018 Market Update from Shashi Mehrotra, CIO and COO Legend Advisory

Our outlook for the global economy is bullish, particularly for growth in emerging markets. Global growth could exceed 3.5% for 2018. Japan has been a bit of a surprise with the strategies employed by Prime Minister Shinzo Abe. Over the short-to-intermediate term, our models favor U.S., Japan, and emerging markets. This doesn't mean it is time to abandon European equities. They should do well over the longer term. One caveat is the possibility that Italy might leave the European Union. The probability is low, but if it does happen, it could be troubling. Europeans could react by crowding the German banks in fear that other countries would also leave.

In the U.S., the economy should continue to grow at a slower pace. Our concerns for the U.S stock market in the second half of 2018 include:

1. Decreased earnings growth: The market expects earnings to grow the way they have over the last five years. The U.S. market is the most expensive market because it's valued for its performance over that period. However, we don't believe that the earnings per share momentum can continue to grow at the same pace.
2. Inflation increase: Interest rates may also present a risk. The Federal Reserve could have a misstep in their decisions, or long-term rates could start to jump in response to inflation fears.
3. Lack of pessimism: Households have 23.5 trillion in equity holdings, about 40% of their total household financial assets. This is higher than the long-term average since 1968, and even higher than what it was in 2007, right before the peak of the market. If you exclude real estate holdings and anything other than financial assets, the percentage is more
4. Market stages: Even in a market that's surging slowly, there are four different phases to a panic selling moment. We experienced the first one in the steep sell-off in February. Then we saw multiple failed retests when the market tried to bounce back. This will continue until a long-term market trend is established and backed by fundamental indicators.
5. Breadth thrust: When the market started falling, the volume of stocks falling was much higher than the volumes of stocks rising. We want to see the opposite, which is known as a breadth thrust. The markets can still go up without a breadth thrust, but the bull's days could be numbered if we don't have one.

A volatile and hyper-reactive market
2017 was an unusual year due to the lack of volatility. At the beginning of 2018, we expected more volatility and we got it. In the second half of the year, there's likely to be even more. However, there's time to give the bull the benefit of the doubt because our financial models remain bullish.

The high percentage of algorithmic trading makes this much trickier, since pre-programmed formulas are used to automatically sell or buy depending on the programmed response to market conditions. I am concerned about its impact, as it increases the speed of market reactions. Algorithmic trading volume has gone from 25% in 2004 to just shy of 70% in 2017. This means if there's a catalyst for a market decline, it can go down faster and deeper.

alarming. Looking at only stocks, bonds and cash allocations by households, equities make up 55.2% of the assets. This is significantly above the 45% we have seen since 1952.

In summary, the bull market is alive, but it's in a mature phase with the upside being limited. As always, we are closely monitoring changes.

Sources: NDR, Trend Macro & Wellington Shields, Inc.

Shashi Mehrotra, Chartered Financial Analyst, is the Chief Operating Officer and Chief Investment Officer of Legend Advisory. The opinions and predictions expressed herein are those of Shashi Mehrotra solely and not necessarily the opinions or expectations of Legend Advisory or any of its affiliates. Such opinions and predictions are as of June 21, 2018, and are subject to change at any time based on market and other conditions. No predictions or forecasts can be guaranteed.

Current market and economic data is as-of June 21, 2018. Information contained herein has been obtained from sources believed to be reliable, but is not guaranteed.

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Past performance is no guarantee of future results.

There are some risks associated with investing in the stock markets: 1) Systematic risk - also known as market risk, this is the potential for the entire market to decline; 2) Unsystematic risk - the risk that any one stock may go down in value, independent of the stock market as a whole. This also incorporates business risk and event risk; and 3) Opportunity risk and liquidity risk.
Investors for the prospect of high returns seek emerging markets, as they often experience faster economic growth as measured by GDP. Investments in emerging markets come with much greater risk due to political instability, domestic infrastructure problems, currency volatility and limited equity opportunities (many large companies may still be "state-run" or private). In addition, local stock exchanges may not offer liquid markets for outside investors.

In general, the bond market is volatile, and fixed income securities carry interest rate risk. (As interest rates rise, bond prices usually fall, and vice versa. This effect is usually more pronounced for longer-term securities). Fixed income securities also carry inflation risk, liquidity risk, call risk and credit and default risks for both issuers and counterparties. Lower-quality fixed income securities involve greater risk of default or price changes due to potential changes in the credit quality of the issuer. Any fixed-income security sold or redeemed prior to maturity may be subject to loss.

Foreign Equity - Issues floated by foreign companies in the domestic equity market.

Inflation is the rise in the prices of goods and services, as happens when spending increases relative to the supply of goods on the market. Moderate inflation is a common result of economic growth. Hyperinflation, with prices rising at 100% a year or more, causes people to lose confidence in the currency and put their assets in hard assets like real estate or gold, which usually retain their value in inflationary times.
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Please contact your financial advisor for more information.

back to top

Check These Two Items *Before* they Leave for College

Sending your child off to college for the first time is an overwhelming experience. You plan, pack and make lists before the big day, but you're still likely to overlook something. Here are two important items you may want to add to your to-do list now – before they leave for college:

Find out about renters' insurance
Students residing in dorms on-campus are usually covered by their parents' homeowners' policy. However, students in an off-campus apartment may need to cover his or her belongings. Contact your insurance agent for the specifics, and keep in mind that if

renters' insurance is needed, each student sharing the apartment will require a separate policy.[2] To calculate how much coverage the student will need, add up the value of electronics, clothes, furniture and any other items.

The same applies to car insurance

If your over-18 child is still on your policy and is involved in a serious accident that results in a lawsuit, your assets may be at risk. However, if your child has an individual insurance policy, parents typically cannot be held liable.[3] If they are on your policy, consider paying for an individual policy. It will cost more than what you currently pay, but the potential liability expense in the event of a significant accident is far greater.

[2] www.kiplinger.com, *When College Students Need Renters Insurance*.

[3] www.fjyfinancial.com, *Nine Things Every Parent Should Know Before Sending Their Kids to College*.

back to top

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