



The THOUGHTFUL INVESTOR

Warren Wall, CFP®, MBA

Second Quarter

April-June 2018

The Market Update

The 2018 second quarter ended up in the positive with the Dow Jones gaining +1.4%, the S&P 500 up +3.6% and the Nasdaq Composite gaining an impressive +6.7%. After a rocky start to 2018, the Dow was the only major U.S. index to actually lose ground in the first six months of this year, while the S&P 500 is up over 1.6% and the Nasdaq has gained nearly 9%.

Market Bulls and Bears each have strong views about the future. Optimists point to rapid growth in corporate earnings and a strong labor market, while market pessimists see a weakening

global economy, a Federal Reserve that will become less accommodative leading to higher interest rates, and growing threat of a trade war.

Investors aggressively trimmed their stock exposure during the second quarter and rotated into safer assets. According to BofA Merrill Lynch Global Research, "...equity funds saw outflows of \$29.7 billion in the closing week of the quarter, the second-largest one-week redemption in history. They pulled \$24.2 billion from U.S.-focused stock funds, the third-largest weekly outflow in history. At the same time,

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Be Ready When You Step Out into Retirement

Has the idea of retiring been on your mind more and more?

If your answer is yes, it's time to take a hard look at your finances and find out how you can make retirement a reality.

- 1) Start by asking yourself what you want from retirement. What are the benefits you want to achieve and what kind of lifestyle do you envision yourself living?
- 2) Then put together a cost estimate of what that lifestyle might require in terms of a monthly and annual budget. Yes, you could use generic guidelines such as "You will need at least 80% of your present income adjusted for inflation annually," but you may not have a generic lifestyle in mind. After all, there's a big difference between settling down to a Walden Pond style of

life and setting out to play the best golf courses in the world.

- 3) You also need to give a thought to how long you might live. What will happen when you can no longer play golf, or aching joints make life in the wilderness less attractive? Some factors to take into consideration are how long your parents lived, if you have any significant health issues and what your lifestyle to date has been. If heredity says you could be running into some long-term health issues, you need to think about how that will affect your retirement.

And then, you have to look at the money side of life. There are a number of different approaches to retirement ranging from the "I will just work until I am forced to retire and deal with it

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Tax Planning Is Critical in Retirement

The biggest expense you could face in retirement isn't health care, long-term care or even daily living expenses. It's taxes. Retirement means withdrawing tax-deferred funds and realizing capital gains as you begin to utilize long-term investments. It may mean liquidating assets such as vacation homes and businesses. All of which have sizeable tax implications. You may also be starting to wonder about how to pass on assets without incurring inheritance taxes or how the tax law of 2018 will impact your retirement.

Wall & Company is pleased to invite you to an AxYourTaxes.com two-part seminar and fund raising project for the American Cancer Society, to be held at Lenoir-Rhyne University – Asheville, Tuesdays September 25 and October 2 or Saturday, October 6. Warren Wall, president of Wall & Co., and other tax professionals will discuss:

- Planning your retirement income based upon new 2018 tax rules
- Using the 3 basic types of retirement accounts to maximize retirement income
- Deciding if you should convert your IRA to a Roth IRA
- Maximizing Social Security and reducing Social Security taxation

And, as a special BONUS: receive a complimentary copy of the No. 1 Amazon Best-Selling book "The Power of Zero" (Taxes) by David McKnight.

See the enclosed flyer for details, or contact our office at 828-651-9617.

Money Can Have an Outsized Impact on Your Health

“I know money can’t buy me happiness, but I would like to give it a chance.”

The curious thing about money is that it doesn’t seem to matter how much you have, you still worry about it. For most people, there is a touch (and sometimes a lot more than a touch) of irrationality as well as a lot of deep-seated emotions in our attitude toward money.

One result is that money is a leading source of stress for Americans, according to the American Psychological Association. And, once you start worrying about something that is emotionally charged, it sets off our “fight-or-flight” system – the heart races, pupils dilate, and the body releases stress hormones like adrenaline and cortisol. With no physical danger on which to use that overload, the resulting muscle tension and anxiety takes its toll on the body. Prolonged stress creates irritability, fatigue, and nervousness. Headaches, upset stomach, elevated blood pressure, chest pain, and problems sleeping often result. Research suggests that stress also can bring on or worsen certain symptoms or diseases.

It’s easy to think that the more money you have the less you have to worry about and the less stress you will experience, but studies show that the amount of money you have or don’t have or possibly owe, may influence *what* you worry about but it has little to do with your overall money stress level. Rather, it is how much you worry about money that predicts depression and health problems.

Money worries carry with them a lot of stigma and shame that make people try to hide their concerns. Instead, psychologists say it is better to seek social support and to talk out your worries. People are better able to cope with stress when they have someone they can talk with about their situation. While it’s uncomfortable to talk about money, doing so can help you get information and make a plan to cope with your money worries. By

gaining a sense of control, you start to shut down stress responses.

If you are not ready to talk to others, clarify in your own mind what you are worried about. Keep a worry journal in which you write down everything you are worried about and possible solutions. You may have to make major changes to cope with your worries, but those changes are a lot less life threatening than continuing with a stress overload.

Put together a plan with an advisor or your partner to manage your financial worries. Your first step may be to reduce your debt. Eliminating debt diminishes stress and anxiety and gives you the freedom to do other things in your life.

If your financial worries stem from the way you think and interact with money, then the solution is not “just add more,” but may require changing the way you think about money entirely.

Among the most common underappreciated realities of money are:

- You need less than you think. We are indoctrinated by advertising, social media and entertainment programs to be discontent with what we have and to imagine we can find long-term happiness if we just have the right product, look or convenience. Choosing to own less can be a great freedom.
- When you assume that more money will make you happy, you may overlook or neglect real sources of happiness.
- A larger paycheck will not improve your job satisfaction. If you don’t enjoy what you do and the people you work with, money becomes a trap that increases

work-related stress.

- Wealth has its own troubles. Fears of the wealthy include isolation, anxiety, being exploited, lacking true friendship, and doubting personal relationships. Money can cloud moral judgement, distort empathy, promote pride and arrogance, and become an addiction.



- The pursuit of money robs us of life. When money becomes the focus of every waking hour there is no time for friendship, family, appreciation of a beautiful day or the pleasure of physical activity.
- Boundaries create innovation. A financial boundary forms a helpful framework for life. It invites us to seek alternative pleasures, to find new ways to be happy, to create something uniquely ours.
- Experiences have more long-term value than possessions. The pleasure of good memories can last a lifetime while a new possession can quickly lose its novelty and value.
- Generosity reduces stress. Studies show generous people are happier, healthier, more admired, more satisfied with life, and have deeper relationships with others. Their lives are less stressful.

Money, at its core, is only a tool. Our challenge is to use it effectively and to prevent money from controlling our lives and damaging our health.

PERFORMANCE REPORT
(Total Annualized Returns Net After Maximum Fees)

| Hypothetical Asset Allocations | 2018 2nd Qtr | 1 Year | 3 Year | 5 Year | 10 Year |
|--|-----------------|--------|--------|--------|---------|
| Aggressive Growth | | | | | |
| 90% Tactical Market Leader (TML) 00% Bond Allocation Program (BAP) 10% High Yield Bull/Bear (HYBB) | 3.46% | 14.64% | 4.91% | 8.84% | 11.49% |
| Capital Growth | | | | | |
| 75% Tactical Market Leader (TML) 15% Bond Allocation Program (BAP) 10% High Yield Bull/Bear (HYBB) | 2.67% | 11.63% | 4.74% | 7.83% | 11.57% |
| Balanced Growth | | | | | |
| 60% Tactical Market Leader (TML) 20% Bond Allocation Program (BAP) 20% High Yield Bull/Bear (HYBB) | 1.83% | 8.60% | 4.63% | 6.83% | 12.49% |
| Conservative | | | | | |
| 40% Tactical Market Leader (TML) 40% Bond Allocation Program (BAP) 20% High Yield Bull/Bear (HYBB) | 0.77% | 4.72% | 4.33% | 5.44% | 12.51% |
| Preservation | | | | | |
| 20% Tactical Market Leader (TML) 60% Bond Allocation Program (BAP) 20% High Yield Bull/Bear (HYBB) | -0.30% | 0.98% | 4.00% | 4.04% | 12.41% |
| MARKET INDICIES | | | | | |
| S&P 500 Composite Index (with Dividends) | 3.44% | 14.38% | 11.95% | 13.44% | 8.63% |
| Barclay US Aggregate Bond Index | -0.16% | -0.40% | 1.73% | 2.28% | 4.46% |
| Barclay US 1-5 Yr Gov't/Credit Index | 0.18% | -0.19% | 0.84% | 1.13% | 2.95% |

IMPORTANT DISCLOSURE INFORMATION This performance report is a generalized or hypothetical presentation of how investors with different risk profiles might allocate between specific W. Wall and Company, Inc.(WCI) managed investment programs. **Performance results illustrated represents a combination of both "actual" and "hypothetical" historical performance. Request a copy of WCI's investment programs to see actual performance history. WCI clients should refer to their individual quarterly performance reports for their specific program allocation and performance history.** Past performance may not be indicative of future results. Therefore, no current client or prospective client should assume that future performance will be profitable, or equal to the WCI program performance results reflected or any corresponding market indices. Specific client recommendations would depend upon a client's unique risk profile, age, income needs, tax bracket and net worth. All performance results reflect the reinvestment of dividends and other account earnings, and are net of applicable account transaction and custody charges. The maximum WCI management and custodian fees and any separate fees assessed directly by each unaffiliated mutual fund holding that comprises each portfolio has also been deducted. The S&P 500 Composite Index ("S&P") is a market capitalization-weighted index of 500 widely held stocks often used as a proxy for the stock market. The Barclay U.S. Aggregate Bond Index ("AGG") is a market capitalization weighted index of investment grade fixed rate debt issues, including government, corporate, asset-backed, and mortgage-backed securities, with maturities of at least one year. This index is often used as a proxy for the general bond market. The Barclay 1-5 Year Gov't/Credit Index ("1-5G-C") includes US Government and investment grade corporate bonds that have maturities between one and five years. This index is used as a proxy for the short-term bond market. The historical performance results of the S&P, AGG and 1-5G-C do not reflect the deduction of transaction, custody or management fees, the incurrence of would have the effect of decreasing indicated historical the S&P, AGG and 1-5G-C performance results. The historical S&P, AGG and 1-5G-C performance results are provided exclusively for comparison purposes only, so as to provide general comparative information to assist a client or prospective client in determining whether the performance of a WCI portfolio meets, or continues to meet, his or her investment objectives. The S&P, AGG or 1-5G-C indices are not directly tradable investments. It should not be assumed that WCI account holdings will correspond directly to any such comparative indices. **Please note:** Although performance results do reflect deductions for WCI management fees and related custody expenses, the results do not reflect the impact of taxes. WCI investment programs generally involve above-average turnover, which could negatively impact upon gains experienced by an individual client in a taxable account. Specific WCI investment program performance, fees and related disclosures are available upon request.

For reasons including variances in portfolio account holdings, variances in the investment management fee incurred, market fluctuation, the date on which a client engaged WCI's investment management services, and any account contributions or withdrawals, the

performance of a specific WCI client's account may have varied substantially from the indicated composite model portfolio performance results. In addition, the underlying individual mutual funds that has comprised, and will continue to comprise, the model programs are subject to change at the discretion of WCI.

Hypothetical performance results were achieved by means of the retroactive application of the model portfolio, and, as such, the corresponding hypothetical results have inherent limitations, including: (1) the model results do not reflect the results of actual trading using participant assets, but were achieved by means of the retroactive application of each of the above referenced models, certain aspects of which may have been designed with the benefit of hindsight; (2) back tested performance may not reflect the impact that any material market or economic factors might have had on the adviser's use of the model if the model had been used during the period to actually manage participant assets; and, (3) for various reasons (including the reasons indicated above), participants may have experienced investment results during the corresponding time periods that were materially different from those portrayed in each model. Hypothetical illustrations do not illustrate the impact of mutual fund short term redemption fees. Mutual funds used in the hypothetical back test may differ from what mutual funds will actually be used in this program. **Actual performance typically underperforms hypothetical performance results.**

In the event that there has been a change in a client's investment objectives or financial situation, clients are encouraged to advise their financial advisor immediately. Different types of investments and/or investment strategies involve varying levels of risk, and there can be no assurance that any specific investment or investment strategy (including the investments purchased and/or investment strategies devised or undertaken by WCI) will be either suitable or profitable for a client's or prospective client's portfolio. Accordingly, no client or prospective client should assume that the above model portfolios (or any component thereof) serve as the receipt of, or a substitute for, personalized advice from WCI, or from any other investment professional.

All performance results have been compiled solely by WCI utilizing the performance results reported by each respective mutual fund and ETF that comprised the portfolio, are unaudited, and have not been independently verified. WCI also maintains all information supporting the performance results in accordance with regulatory requirements.

Information pertaining to WCI's advisory operations, services, and fees is set forth in WCI's current Form ADV II, a copy of which is available from WCI upon request. Information pertaining to any mutual fund or variable annuity sub account that is current component of WCI model portfolios are set forth in each respective prospectus, copies of which are available from WCI or directly from the mutual fund or variable annuity company. Some but not all articles are written by WCI. Articles not written by WCI are provided by Financial Communication Associates Inc, a source deemed reliable.

Be Ready When You Step Out into Retirement *continued from page 1*

from there,” to planning and saving for 50 years to accumulate as much as humanely possible for retirement. Both approaches have some obvious flaws from the uncertainty of an unplanned retirement to potentially depriving one’s self of fun, adventure and a good life only to end up leaving money to heirs without personally benefiting.

Although many people will resist retirement planning – perhaps fearing bad news – retiring without a plan is a lot like going on a road trip without a map. You could end up anywhere.



- 4) Determine your possible sources of income. Retirement income may include Social Security income, pensions, workplace retirement savings, life insurance or annuities, potential home equity, investments and real assets you might sell, such as a second home.
- 5) Consider the impact of paying off any long-term debt, such as mortgages, car loans or credit card balances to keep your cash flow positive when you stop bringing home a paycheck.
- 6) If your sources of income don’t cover the estimated cost of your retirement lifestyle, you don’t have to give up your dreams, you just need to get more creative in how you achieve them. Golf course rangers, for example, receive playing privileges along with a paycheck. Becoming an usher could get you into the hottest Broadway shows. There are often ways to enjoy the life you want without taking the conventional path.

What happens if you can’t make your projected retirement income fit your lifestyle goal? You have some options. One is to work a little longer, cutting your current expenses to the bone so you can save as much as you can. Another option is to look at how you can reduce your retirement costs. Possibly you could consider working part-time (although be aware that too much income can reduce your Social Security benefits if you haven’t reached full retirement age, which in 2018 is 66 and 4 months).

Retirement really can work much better if you have a plan and your eyes wide open as you enter a new stage in your life. If you really want to see your dream retirement a reality, make an appointment to sit down with your financial advisor and walk through the numbers part of retiring. Your advisor has the advantage of having worked with other individuals on their retirement goals as well as a professional’s desire to see you be successful. Plus, making that appointment can help get you past procrastination and a lot closer to truly retiring.

The Market Update *continued from page 1*

private-client allocation to Treasury’s surged to a 10-year high in 2018.”

The rotation from equities into fixed income has come as bond yields have sharply risen. The yield on the U.S. 10-year Treasury note has increased from 2.38% at the start of the year to 2.83% currently; it briefly cracked the 3% threshold and hit its highest level since May 2011. The dividend yield of the S&P 500 is now 1.82%, below the 2.52% yield of the safer U.S. two-year Treasury note.

The key question investors are asking is “now what?” According to a growing list of market forecasters, catalysts that have been fueling the bull market are fading.

Whether the “growth” narrative or the “risk” one emerges as dominant could be the biggest theme of the markets in the second half of the year. Evidence for which story is stronger could start arriving early in the new quarter as we see notes from the Fed’s most recent meeting and upcoming jobs report.

Stock Positions: Equity trend signals continue to be positive and as such, all our risk-managed equity programs continue to be fully invested.

Bond Positions: All our risk-managed bond programs continue to be fully invested as bond market trend signals continue to be positive.

| | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 |
|--------------------|-------|--------|--------|-------|--------|--------|
| DJIA | -1.81 | +25.08 | +13.42 | -2.23 | +7.52 | +26.50 |
| NASDAQ | +8.79 | +28.24 | +7.50 | +5.73 | +13.40 | +38.32 |
| S&P 500 | +1.67 | +19.42 | +9.54 | -0.73 | +11.39 | +29.60 |

Sources: cnbc.com, bigcharts.com, treasury.gov - 6/29/18 Indices are unmanaged, do not incur fees or expenses, and cannot be invested into directly. These returns do not include dividends.



Wall & Company
WEALTH MANAGEMENT

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Tax & Income Planning Strategies for 2018 and Beyond

A CLASSROOM COURSE FOR THOSE 55 AND UP TEACHING
THE PRINCIPLES OF SOUND TAX AND RETIREMENT INCOME PLANNING



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Come learn what our tax professionals are waiting to share with you about **Tax Planning** and how it can be integrated into your retirement income plan.

Hosted by:

The Tax Professionals at AxYourTaxes.com as a fundraising project for **American Cancer Society**



**100% OF THE PROCEEDS
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GREAT CAUSE!**

CLASS SCHEDULE

Lenoir-Rhyne University - Asheville

2nd Floor Boardroom
36 Montford Avenue
Asheville, NC 28801

TUESDAYS

Part 1 - September 25

Part 2 - October 2

6:30 pm - 8:30 pm

Light refreshments provided

- OR -

SATURDAY

October 6 (Parts 1 & 2)

9:00 am - 1:00 pm

Light lunch provided

**TAX PLANNING SHOULD PLAY A KEY ROLE
IN YOUR RETIREMENT INCOME STRATEGY!**

LEARN HOW TO:

- *Plan your retirement income based upon new 2018 tax rules*
- *Use the 3 basic types of retirement accounts to maximize retirement income*
- *Decide if you should convert your IRA to a Roth IRA*
- *Maximize Social Security and reduce Social Security taxation*
- **BONUS: Complimentary copy of the No. 1 Amazon Best-Selling book "The Power of Zero" (Taxes) by David McKnight**

A CLASSROOM COURSE AT: LENOIR-RHYNE UNIVERSITY - ASHEVILLE

TO LEARN MORE OR TO REGISTER, CALL 828-575-2046

>>> COMPLETE COURSE DETAILS INSIDE!

COURSE PREVIEW

This course will address numerous challenges involved in taking charge of your tax planning and retirement income:

- Increasing taxes
- Decisions about tax planning
- Making your money last
- Planning for your lifetime
- Allocating assets to maximize income

SECTION 1

Required Minimum Withdrawals and Rising Tax Rates

- Why taxation is likely to change - affecting your future taxation amounts.
- What are Required Minimum Distributions?
- The "Stretch IRA" - Designing your legacy for generations
- Tax implications in planning your legacy
- How long must your money last?
- Critical withdrawal mistakes to avoid

SECTION 2

Should You Convert Your IRA to a Roth IRA?

- Traditional IRA to Roth IRA conversions
- Benefits or new tax laws
- The key role tax planning plays in retirement income strategy
- Tax-efficient withdrawals for income
- Why the order in which you take money out of your accounts can make a big difference.

SECTION 3

Other Financial Tools

- Stocks, Bonds, Cash, CDs
- Simplifying your plan with account consolidation
- Immediate and deferred annuities
- Annuity withdrawal choices and taxation
- Fixed, equity-indexed, and variable annuities
- Taxes, inflation and purchasing power
- Charitable planning with tax benefits

LOCATION

Lenoir-Rhyne University - Asheville
2nd Floor Boardroom
36 Montford Avenue
Asheville, NC 28801

Suggested Donation is \$29.

Spouses may attend at no cost.

**All proceeds support the
American Cancer Society**

COURSE SCHEDULE

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6:30 pm - 8:30 pm

Light refreshments provided

- OR -

SATURDAY

October 6

(Parts 1 & 2)

9:00 am - 1:00 pm

Light lunch provided

REGISTRATION

Advance Registration is Required

Call: 828-575-2046

- OR -

Complete the Registration Form below and mail with your donation check to:

Adult Learning Center
501 College Street, Suite B
Asheville, NC 28801

Make checks payable to:
American Cancer Society

REGISTRATION FORM

Name: _____

Address: _____

City: _____ State: _____ Zip: _____

Phone: _____

E-mail: _____

Course Selection (please check one):

Tuesdays - September 25 and October 2

Saturday - October 6

Suggested Donation is \$29

I am bringing my spouse at no extra cost

Total donation included in this registration:

\$29 Other _____

Make checks payable to: American Cancer Society