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## CHECK YOUR W-4 TAX WITHHOLDING

The W-4 is an Internal Revenue Service (IRS) form your employer uses to calculate how much income tax to withhold from your pay. You should review your W-4 withholdings anytime you have a major life change such as marriage, divorce, a large change in pay, or a new baby in the family. All these events can affect the amount of taxes you owe.

### **Allowances**

If you claim too many allowances and not enough taxes are withheld you may end up with a large tax bill on April 15. If you claim too few, you may end up receiving a large refund. Although a refund is better than paying a tax bill, you also don't want to give the federal government use of your money interest-free!

It is especially important to check your withholding this year because of the new tax rates triggered by the Tax Cuts and Jobs Act of 2017.

### **Calculator**

You can check your W-4 withholding rate with a new calculator released by the IRS found at <https://www.irs.gov/individuals/irs-withholding-calculator>. Before you try using the calculator be sure to have a copy of your 2017 tax return and recent paycheck stub(s) available. Enter the information carefully, the results are only as accurate as the information entered.

### **Information**

The calculator will ask for your filing status, your family situation, income(s) and current withholding. It will then produce your results with instructions on how to change withholding to more accurately fit your situation. Estimates are just that - estimates - but they should get you closer to a smaller payment or tax refund at the end of the year.

If you make changes to your W-4 this year be sure to check it again in 2019. Consult with your tax advisor if you have questions.



## THINK YOU CAN TIME THE MARKET? THINK AGAIN.

Buy low and sell high. It sounds so easy. Surely anyone who follows the market's latest gyrations and stays abreast of economic and earnings news can anticipate and capitalize on these movements, right?

Wrong. In fact, as history has shown, trying to time the market is a losing game. Much research has been done on the topic. Stock market theorists and academics have all come to the same conclusion; Trying to beat the market by timing its ups and downs is a roll of the dice.

Even the experts cannot predict consistently the market's random walk. A landmark study by CXO Advisory Group tracked over 4,500 forecasts between 2000 and 2012 of 28 well-known market timing gurus. The study showed that only 10 were able to predict accurately over 50% of the time and that none were able to predict accurately enough to make the strategy consistently out perform the market.<sup>1</sup>

The simple truth is that nobody can guess the market correctly over time. Some can make a good call now and then; others may even time both top and bottom in a given market cycle. But over the long run, the law of averages will eventually win out effectively rendering a market timing strategy a game of chance.

There is also human nature to factor in. People tend to sell in a panic at the bottom and buy in a flush of confidence at the top. Behaviors such as loss aversion, overconfidence, anchoring and avoidance all enter into buy/sell decisions, adding emotion into what is already a chance call.

And even if you correctly guess a good time to sell, when do you get back in? With rates on liquid, short-term investment vehicles still hovering near historic lows, the opportunity cost of staying out of the market can be significant.

### **The Effect of Missing Top Performance Periods**

For example, when you look at the 10-year period from January 2008 to December 2017, missing the top 12 months could have reduced an investor's annualized return by over nine percentage points, based on the S&P 500 index. Keep in mind past performance is no guarantee of future results.

If you find yourself tempted by a market timing strategy, think again. Instead follow a well-coordinated investment strategy that is based on your personal risk tolerance and time frame. Or consider a regular investing strategy such as dollar-cost averaging (DCA).<sup>2</sup>

### **A Systematic Investing Strategy**

The idea behind DCA is a simple one: Instead of trying to "time the market" - and potentially buying or selling at the wrong time - you invest a set amount of money at regular intervals. This means you automatically buy more shares when prices drop and fewer when prices rise.

DCA puts the decision of when and how much to invest on autopilot. Since your investment moves are consistent and automatic, it helps you ease into investing. This eliminates much of the guesswork while potentially letting the market's short-term price fluctuations work in your favor.

Although DCA cannot guarantee a profit or protect you from losses, it may help you avoid the temptations of market timing.

<sup>1</sup> Index Fund Advisors, Inc. 2014. Based on a study by CXO Advisory, copyright: CXO Advisory Group LLC

<sup>2</sup> DCA involves regular, periodic investments in securities regardless of price levels. You should consider your financial ability to continue purchasing shares through periods of high and low prices. This plan does not assure a profit and does not protect against loss in any markets.

# GREG'S CORNER

I hope you are all having a great summer this year. Ours has been busy and exciting. Cal had his graduation party at the end of June, went to college orientation, registered for fall semester classes and has been busy ordering supplies for his dorm room. We are super excited for him but we are also sad as our first born leaves the nest for the first time. Cal has also been busy with Legion baseball and is working for the city of Maple Grove in their Parks department. He mows, pulls weeds and works on outdoor projects. Hopefully he can save a lot of money and contribute to his school fund.

Tyler is busy with both VFW and Legion baseball. Playoffs are starting next week for the Legion team and hopefully they play well. He's excited for his upcoming junior year of high school and we are going to start the process of looking at colleges for him this fall.



**Cal and Lisa at graduation**

He also plays countless hours of Fortnite - a popular PlayStation game. We wish his summer vacation was spent doing

something a little more productive, but apparently he is an amazing internet warrior and I'm sure playing this video game will only help him out in life! Or not! I'm just jealous because the games weren't that cool when I was a kid.

Lisa will start a new job this fall working at one of the local elementary schools as a reading para for kids in grades 1-5. She will work Tuesdays, Wednesdays and Thursdays and has already told the neighbors up at the lake to expect to see a lot of her now that she is "semi-retired". I think I'm jealous of her too!



**Turkey hunting with Tyler**

No! I enjoy working with all of you and I have no plans to retire any time soon. If any of your family or friends need help or have questions about their situation, be sure to give them my name.

I hope all is well with you and your families.



**Family on the 4th of July**

## Don't Even Try to Time the Market

“The idea that a bell rings to signal when to get into or out of the stock market is simply not credible. After nearly fifty years in this business, I don't know anybody who has done it successfully and consistently. I don't even know anybody who knows anybody who has.”

Jack Bogle



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## PUT IT IN A LETTER

Most people don't spend too much time thinking about their own funeral, but they may have a vision about the memorial service or the handling of remains. A letter of instruction can help accomplish that goal.

A letter of instruction is not a legal document; it's a letter written by you that provides additional and more personal information regarding your estate. It can be addressed to whomever you choose, but typically letters of instruction are directed to the executor, family members or beneficiaries.

### Make a Cheat Sheet

Think of a letter of instruction as a "cheat sheet" to your estate. Here are a few ideas and concepts that may be included:

- ◆ The location of important legal documents, such as your will, insurance policies, titles to automobiles, deeds to property etc.
- ◆ A list of financial assets, savings and checking accounts, investment and retirement accounts. Be sure to include account numbers, PINs and passwords where applicable.
- ◆ A list of pensions or profit-sharing plans.

- ◆ The location of any safe deposit boxes and their keys.
- ◆ The location of your tax returns and Social Security statements.
- ◆ Information on your social media accounts and how they can be accessed.

### Identify Funeral Wishes

A letter of instruction is also a good place to leave burial or cremation wishes. You may even wish to specify which hymns or speakers you would like included in your memorial service. There is no easy way to write a letter of instruction, but your heirs will be glad to know how you would like to be remembered.

