



FLD

connection



Financial
Life
Dimensions

FLD CONNECTION • WINTER ISSUE 2020

Winter 2020

We hope your holidays were filled with friends, family, and the making of good memories. We are very grateful for all your support last year, as well as the continued confidence and trust you place with us. We're looking forward to another great year!

With the beginning of the new year and all that is to come, we have quickly approached everyone's favorite time of year: tax time. With that being said, we wanted to devote a piece of this newsletter to information on when you can expect to start receiving your tax documents.

For most fund companies, the first wave of Tax Form 1099 was postmarked by January 31st, including American Funds, SEI Private Trust company, and LPL Financial. February 18th marked the second wave of mailings, and the third wave should be postmarked by March 16th. Please keep in mind that these are projected dates and subject to change.

Also as a reminder, LPL Financial, SEI Private Trust Company, and American Funds all offer online access to your accounts and documents. If you have signed up for online delivery of documents from American Funds, you will not be receiving a hard copy in the mail.

As always, we are here to guide you through this time. If you have any questions regarding the mailing schedule for tax documents or online access for your accounts, please call our office at (360) 425-0100 option 2, and Ellen will be glad to provide the most up-to-date information we have.

Here's to a prosperous and joyous 2020! Cheers.



What's Happening Now

by James Pafundi

- The Coronavirus outbreak has created uncertainty in the global markets.
- The ECRI Leading Weekly Economic Indicators continues to improve.
- Global growth is still predicted to be positive for the year at this time.

At the time of this writing, it is still too early to tell just how bad the outbreak of this virus is going to be. We can use past outbreaks to model what this should produce, and that would be a peaking of contagion at about 10 MM and 100K dead – which is not that much more than the flu on a global basis.

But, again, it is still too early to tell exactly what we are dealing with. It takes time to study and quantify what is really happening. Historically, outbreaks such as SARS or MERS have had only short term impact on the markets. That seems to be what we know so far. My hesitation in even writing about this issue is in how quickly things can change.

So far, positive corporate earnings have limited equity losses triggered by worries about the coronavirus outbreak in China and its potential economic impact. Moderating trade tensions, signs of economic stabilization, and still accommodative financial conditions are supportive of growth, and a pause in trade disputes gives global trade activity some breathing room.

The economic forecasts set forth in the communication may not develop as predicted and there can be no guarantee that strategies promoted will be successful. The opinions voiced in this material are for general information only and are not intended to provide specific advice or recommendations for any individual. All performance referenced is historical and is no guarantee of future results. All indices are unmanaged and may not be invested into directly. Stock investing involves risk including loss of principal. Government bonds and Treasury bills are guaranteed by the US government as to the timely payment of principal and interest and, if held to maturity, offer a fixed rate of return and fixed principal value.





Median Household Income Rose Modestly Over Decade - *Consumer Income*

by James Pafundi

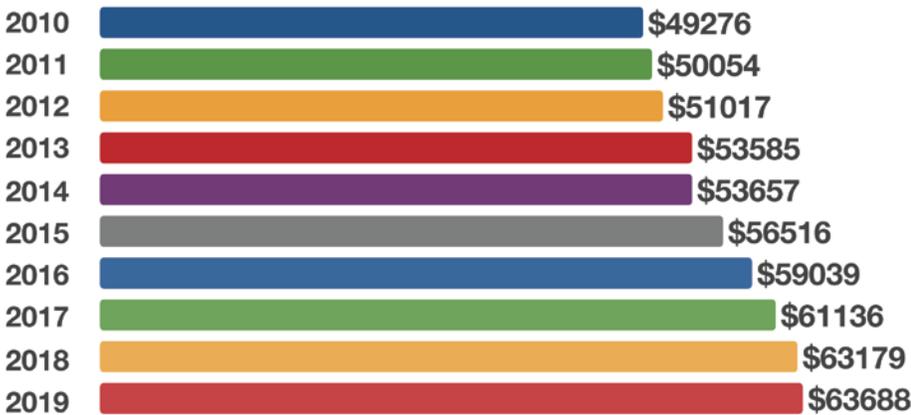
The recent rise in wages is a fundamental benefit to the economy and financial markets as viewed by economists, although the monetary stimulus that helped accelerate markets over the past decade, has been considered artificial by some economists.

Historically low rates for loans to purchase homes and automobiles have enabled prices to rise without significant increases in loan payments. Modest gains in wages over the past decade have been buffered by the low rate environment. Wages, as measured by the Bureau of Labor Statistics, rose 29% from 2010 to 2019, which equates to roughly 2.9% wage growth per year. The 50-year average for inflation as measured by the Consumer Price Index (CPI) is 4%.

Since wages over the past decade have barely kept up with inflation, wage gains have not been as meaningful for workers. Median household income rose from \$49,276 in 2010 to \$63,688 in 2019. Inflation is a challenge for workers as wages need to keep up and offset higher living expenses. Fortunately, inflation remained tepid during the past decade, offering minimal increases for most expenses. The concern has been that if inflation should pick up, then a modest rise in wages might not offset higher expenses.

Source: BLS, Dept. of Labor, Federal Reserve Bank of Minneapolis, FRED

Median Household Income (2010-2019)



Source: FRED

Book Corner

by James Pafundi

“Empire of the Summer Moon; Quanah Parker and the Rise and Fall of the Comanches, the most powerful Indian tribe in America’s history”

by SC Gwynne

I recently listened to an interview of the author SC Gwynne. He talked about his book, “Empire of the Summer Moon,” a finalist for the Pulitzer. After listening to him speak, I knew I had to read it. It is an amazing, historically accurate review of the 40 year war between the United States and the Comanches, the most warring tribe of all Native American Indians - and let me tell you, this book does not disappoint. I couldn’t put it down!

While reading, I could only think about how lucky we are to live at this time. Life was tough in 1850’s America. The book covers a lot of ground, from the beginnings of the Texas Rangers (not the baseball team) to a prominent family, the Parker’s, familial connection to one of the greatest Comanche warriors of all time, to the invention of the Colt repeater pistol, to President Roosevelt visits... prepare to be amazed.



What's Cooking? by Ellen Grant

Lately, I've been trying to get more into meal prep for a couple of reasons. It's a lot more convenient when I'm busy to be able to just grab a meal instead of having to cook. I've also been trying to eat cleaner and have a healthier diet in general, and when I take an afternoon to prep a few days' worth of meals, it's easier to decide to

be healthy. Most of my bad food choices come from getting home at the end of a long day and just opting for something quick and easy because I'm tired – so when I've already prepped a delicious and healthy meal, that something quick and easy ends up being a lot better for me!

I first had Whole Bowl when friends from out of town came to visit and they made it for dinner, so I was very happy to find a recipe for it on SweetPhi.com. It's really easy to make and the recipe lends itself

to meal prep naturally. Sometimes I take one of my prepped portions and throw them into a tortilla for a nice vegetarian soft taco. The Tali sauce is what really makes this, so please enjoy!

SweetPhi
source: www.sweetphi.com



Whole Bowl

Bowl Ingredients:

1. 4 cups cooked brown rice (1 cup per bowl)
2. 1 can (15 oz.) black beans (1/4 can per bowl)
3. 1/2 cup salsa or pico de gallo (about 2 tablespoons per bowl)
4. 1/2-1 cup sharp cheddar, shredded (2 Tbs per bowl)
5. 1/4 cup black olives, roughly chopped (1 Tbs per bowl)
6. 1 avocado, sliced (1/4 avocado per bowl)
7. 1/4 cup sour cream (1 Tbs per bowl)
8. 1/4 cup cilantro, fresh, chopped (1 generous pinch per bowl.)
9. Tali Sauce (1/4 cup per bowl)

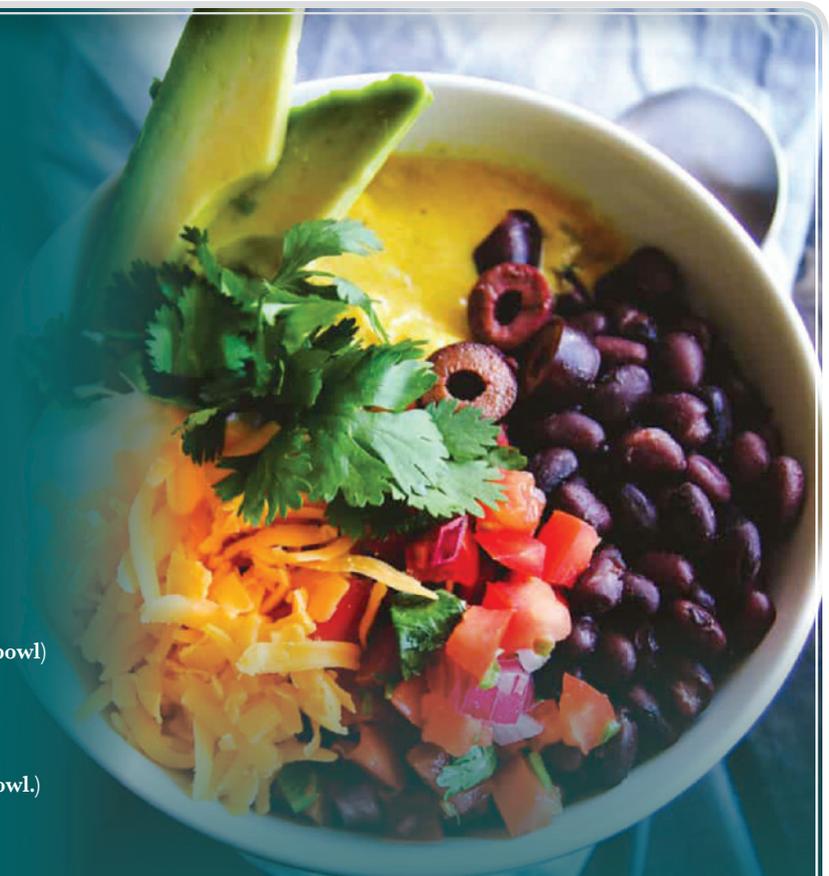
Tali Sauce:

- 1/4 cup extra virgin olive oil
- 1/4 cup water
- 1/4 cup nutritional yeast (found in bins at health food stores)
- Juice of 1 lemon
- 3 garlic cloves
- 1/3 cup garbanzo beans, drained
- 1/2 tsp mustard powder
- 1/4 tsp each of: cumin, curry powder, turmeric powder, salt, garlic salt, onion salt
- 1/8 tsp cayenne pepper

Instructions

For the sauce: Measure out all of the ingredients and blend them in a food processor or blender until they are silky smooth. If you want yours to be thinner, add an additional tablespoon of water until the desired consistency is reached. The sauce makes enough for four bowls, so store it in the fridge in an airtight container for up to a week if you are not using it all immediately.

Bowl Assembly: In the bottom of a bowl, place brown rice and beans, then salsa, then 1/2 the amount of Tali Sauce, then the cheddar, olives, and on the sides the sour cream and remaining Tali Sauce. Top it all off with cilantro and enjoy!



Travel & Adventure

by James Pafundi



Recently a friend and I had an opportunity to take a scenic drive to Columbia, CA. Columbia got its 1850 start as a lucrative gold mining area in the foothills of the Northern Sierras. By 1852, there was a large population including banks, churches, hotels, and drinking establishments serving over 5,000 people. Columbia is known for trying to get their town to be made the capital of California.

There's a story about friends of a convicted murderer, sentenced to hang, who stole the petition for statehood - with some 11,000 signatures - and submitted it the Governor... but first they changed the petition to read as pardoning the accused. Well, it worked and the governor signed the pardon. How could 11,000 people be wrong?

Key Inflation Tax Numbers for 2020



Individual Income RATE	Taxable Income SINGLE	Married Filing JOINTLY
10%	Up to \$9,875	Up to \$19,750
12%	\$9,876 to \$40,125	\$19,751 to \$80,250
22%	\$40,126 to \$85,525	\$80,251 to \$171,050
24%	\$85,526 to \$163,300	\$171,051 to \$326,600
32%	\$163,301 to \$207,350	\$326,601 to \$414,700
35%	\$207,351 to \$518,400	\$414,701 to \$622,050
37%	\$518,401 +	\$622,051 +

Capital Gain, Dividends

RATE*	Taxable Income SINGLE	Married Filing JOINTLY
0%	Up to \$40,000	up to \$80,000
15%	\$40,001 to \$441,450	\$80,001 to \$496,600
20%	\$441,451 +	\$496,601 +
Standard Deductions	\$12,400	\$24,800

Exemptions

Estate and Gift TAX	\$11.58 Million per individual
Annual Gift Tax Education	\$15,000

Retirement-Plan Contribution Limits

Traditional or Roth IRA	up to \$6,000	+ \$1000 for age 50 and older
401(k) or Roth 401(k)	up to \$19,500	+ \$6500 for age 50 and older
SEP IRA or Solo 401(k)	up to \$57,000	+ \$6500 for age 50 and older

*Applies to gains on assets held longer than a year and qualified dividends.

Source: Internal Revenue Service



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