

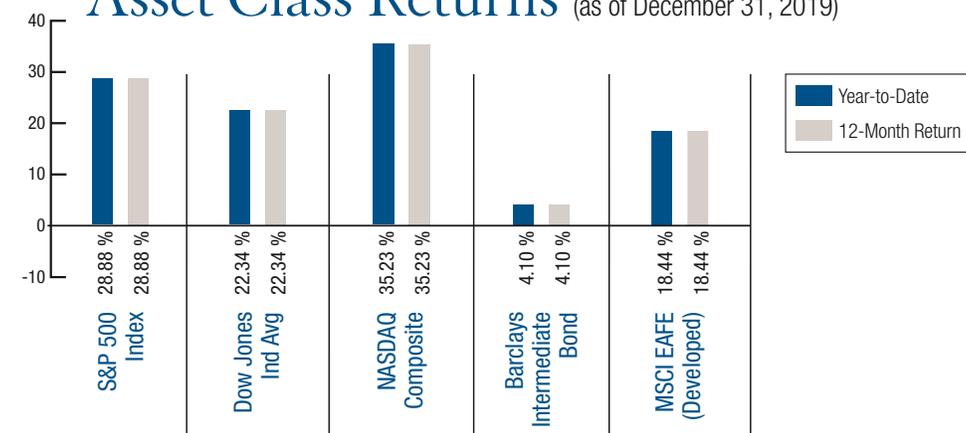


MARKET UPDATE

“The greater danger for most of us lies not in setting our aim too high and falling short; but in setting our aim too low, and achieving our mark.”
 - Michelangelo



Asset Class Returns (as of December 31, 2019)



Source: FactSet; Raymond James Equity Portfolio & Technology Strategy



MARKET/ECONOMIC SYNOPSIS

Terry Wiles, CFA™, CRPC®, AWMA®
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HAPPY NEW YEAR AND WHAT A YEAR AND DECADE IT HAS BEEN!!!

2019 has been an incredible year in the markets as a whole, with the stock and bond indexes performing far above their historic averages. For the record, we didn't hear any of the pundits predicting a year like this was in store for us at the end of 2018.

The U.S. stock market has had an amazing decade in terms of performance. We started in 2010 with an eight-year string of gains in the S&P 500. Then 2018 rolled around and we experienced a loss of just over 4%. In 2019, the S&P 500 was up nearly 29% and the US Aggregate Bond Index positive over 8%. This means we've had a decade where stocks were up nine out of 10 years, for a total gain well in excess of 200%.

The most interesting thing about this decade is that this Bull Market has been the most unloved that we can recall. Rarely have we heard good news about how investors feel about the stock market to-date. From a contrarian view, it is possible the pessimism is part of why the market has continued to chug along with record returns – the market tends to act opposite of what investors feel and moves in the direction that makes the most people wrong! Bull Markets tend to

end with excessive optimism, which just has not been the case yet in this cycle. The naysayers have been quick to point out this stock market rally is a house of cards, built on the back of money printing by the Fed, stock buybacks from corporations, and low-interest rates. Many have pointed to the idea that the stock market may be overvalued and that it has gotten ahead of the underlying fundamentals of American business.

However, when you look at the data for the decade the markets performance has been mostly driven by corporate fundamentals, much to the chagrin of perma-bears who blame everything on the Fed and have a negative outlook year in and year out.

THE MILLION \$\$\$\$ QUESTION:

Where do stocks and the economy go from here?

In truth, I've said this many times "I don't know". I can say that this unloved bull market doesn't feel like the irrational exuberance of the Dot.com bubble in 2000 or the Financial Crisis in 2008. Yes, there is still and always will be plenty of uncertainty, but secular bull markets don't die of old age, they die when corporate earnings start to disappear or when a major crisis out of our control strikes. As for Stonegate Financial, we'll continue doing what we do best: help plan for you to

achieve your goals and dreams and be diligent stewards when managing your assets through good and bad times. Wishing you a very prosperous, happy and healthy 2020!!!

ANNUAL PORTFOLIO AND FINANCIAL REVIEWS ARE MORE THAN IMPORTANT, THEY ARE REQUIRED

Like visiting your doctor for your annual physical, conducting an annual portfolio and financial planning review with us is not only important, it is now required. Annual reviews have always been our minimum standard, and depending on the complexity of your financial situation, much more frequent interactions will occur throughout the year. Now, regulations and guidelines set up by our regulatory agencies and monitored by Raymond James require that we conduct and document a myriad of conversation topics annually. So, when Becky or Heather call or email you to set up your next annual review, please be sure to make it a priority to get us on your calendar!

We understand that your time is valuable. We want everyone to know that these reviews can be done in person, over the phone, or via our Zoom meeting service. In hopes of making our meetings as efficient as possible, we will send out a confirmation email to request information we need prior to the meeting. When you are able to provide information in advance, we are able to make updates on our end and are better prepared to answer your specific questions and concerns during our time together. Our goal is to minimize the administrative functions and maximize our strategic dialogue as we provide guidance and assistance in helping you meet your goals and fulfill your dreams.



FINANCIAL PLANNING CORNER

WHAT IS THE SECURE ACT?
Alex Greene, CFP®, AAMS®, AWMA®
 Financial Advisor, RJFS

Another year, and another major piece of legislation! 2018 saw the first major tax changes in the United States

in decades with the passing of the Tax Cuts and Jobs Act. On December 20th 2019, the President signed into law the Setting Every Community Up for Retirement Enhancement Act, or not such a mouthful - the SECURE Act. These sweeping changes to will go into effect on January 1st of 2020 and create many changes for retirement savings accounts. The intent of the bill is to strengthen the retirement security for Americans.

SO, WHAT DO THESE CHANGES MEAN FOR YOU?

The changes are many, but there are arguably two major changes that are worth mentioning first:

- **Required Minimum Distributions:** Starting age is increased from 70 ½ to 72.
 - Required Minimum Distributions, or RMDs, refer to a mandatory distribution from retirement accounts. These are funds that must be withdrawn or face a penalty for not withdrawing (50% penalty plus taxes, ouch!).
 - If you turn 70.5 by the end of 2019, you can ignore the new RMD age, and must satisfy your RMDs as you would have under the previous rules.
 - The new Act allows for a few years of additional tax deferred growth on those retirement investments, and could provide a few more years of tax planning opportunities. On the flip side, this could lead to a higher RMD amount when you finally hit age 72.
- **Elimination of “Stretch” IRAs:** Outside of certain exceptions such as spouses, minor children or disabled beneficiaries – beneficiaries must fully withdraw their entire inherited IRA within 10 years.
 - This is arguably the most significant change for retirement accounts in the SECURE Act. Previously, most beneficiaries could stretch out their required distributions from inherited retirement accounts over their lifetime and therefore spread out the taxation from the withdrawals. Under the new rule, most beneficiaries will be required to distribute **all** funds within 10 years. To be specific, that is

within 10 years following the death of the original account holder. There is no set amount that needs to be taken from year to year – just the full amount needs to be withdrawn within 10 years.

- o There are several exceptions to this rule. Most notably, spousal beneficiaries will continue to have the same options available under the previous rules, which offer much more flexibility and control with mandatory withdrawals.
- o Particularly for larger IRAs, this is a major change that could have significant implications through higher taxes given a shorter window of time to withdraw the entire account balance. Compared to the previous rule, younger beneficiaries could take several decades to withdraw the money if they wanted.
- o The changes provided by the Act also make it extremely important for people that have a trust as their retirement account beneficiary to consult with their estate planning attorney. Updates may need to be implemented into those Trust documents to avoid any hiccups down the road for the trust beneficiaries.

There are various other provisions that aim to encourage retirement savings and create new rules to be considered for retirement savers of every age and stage. Some of the SECURE Act changes are seen as good, bad, or even controversial – mostly depending on what your unique and individual circumstances are.

Regardless, with this major change comes both challenges but more importantly, opportunity. Your team at Stonegate Financial is here to help you navigate the changes the SECURE Act brings when we turn the calendar to 2020 and look forward to equipping you with more information about these changes in the coming months.



TEAM MEMBER SPOTLIGHT

Q&A with Heather Rickenbaker

Client Services Manager

Q: Tell us a bit about yourself!

A: I'm a North Carolinian born and raised! Most of my family lives in Charlotte, so I still frequent the Queen City for holidays and family gatherings but I have greatly enjoyed living in the Raleigh area for the past eight years.

I graduated from Appalachian State University with a bachelor's degree in Psychology. While psychology interested me, I knew pretty early on in my studies that I wasn't going to pursue it as a career, so I made sure to minor in Business. Because no matter where I ended up working, I knew it'd be in some sort of "business". Foolproof plan, right? I also met my husband, Thomas, at App and while we both share a love of the outdoors, he is not a huge fan of the cold. For those of you that are unfamiliar, App State is located in a small mountain town in western NC. How and why Thomas spent four freezing winters in Boone, I'll never know but I'm glad he did.

Q: How did you wind up at Stonegate?

A: Pure happenstance! After working in Boone for a year after graduating, I moved to the Raleigh area to continue working in clothing retail management. I knew that I wanted a more structured work environment but wasn't quite sure where to put my focus so I started working for a temp agency. After working a few odd jobs, one of the temp-to-perm placements was supposed to be at an attorney's office. They were never able to work out their schedules to onboard me, so I was then assigned to Stonegate. The evening before I was set to meet Terry and Becky, the attorney's office contacted me to say that they were finally ready for me to join their team. However, I had already been told by my recruiter that Stonegate had dogs in the office, so that made my decision pretty easy. And while I came into the business not knowing much about the financial world, after almost seven years, I have

learned so much and greatly value the opportunity to have started my own financial planning journey sooner than I would have otherwise!

AROUND THE OFFICE

Fourth Quarter is always a busy time for us. We celebrated our fourteenth anniversary as an independent office in October. The last six of those years have been with Raymond James. In November, we held our annual client appreciation event with guest speaker Tom Rowley who offered a refreshing monologue on our political system and how it impacts our lives and the markets. Shortly thereafter, we held our annual Toys for Tots collection and you can see Luna here with all the gifts!

For fun and balance, all of our team members have been able to enjoy quality time enjoying their passions beyond the work they do for all of you. Over the holidays, Terry and Becky headed out to Park City with Kevin & Kelly to enjoy some fun in the snow! Lots of skiing and some snowshoeing were the main focus, but games, puzzles and trying new recipes rounded out the week. Kelly also got a subscription to Ancestry.com which has been a lot of fun to explore!

Lauren and Brett spent the majority of their holiday season on stage at Raleigh Little Theatre in the 36th annual production of Cinderella – Brett as a member

of the ensemble and Lauren as Stepmama. Due to their rehearsal and performance schedule, they stayed in the Triangle for Christmas and New Year's, but are very much looking forward to a week in the Florida Keys with Lauren's parents in early January.

Heather, Thomas, and their pup Willow were able to spend a lot of family time over the holidays in Charlotte, NC and Spartanburg, SC. Thomas' side of the family has had an influx of babies over the past few years, so there were plenty of little cousins and nieces to chase around. However, much to her disappointment, Willow the one-

year old black lab mix, was not allowed to partake in the toddler games since she hasn't quite mastered the art of "calmness" and was essentially a bowling ball of excitement. Heather and Thomas are looking forward to the day that Willow starts to settle down from her puppy rambunctiousness, but in the meantime, lots of long walks and games of fetch keep them occupied.

Alex and Lane spent the holidays on the road visiting family near the Raleigh area, as well as in the Eastern part of North Carolina. They also had a wedding in Mid-December to celebrate in the

midst of the holiday season. Once their travels slowed down, they were excited to enjoy a long weekend at their new house working on their many house projects and unpacking boxes!



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The DJIA index covers 30 major NYSE industrial companies. The NASDAQ represents 4500 stocks traded over the counter. The S&P 500 is a broad based measurement of performance of 500 widely held common stocks. The Barclays Aggregate Bond Index is diversified index measuring approximately 6,000 investment grade, fixed rate taxable securities. The MSCI EAFE index is designed to measure the equity market performance of developed markets excluding the US & Canada.

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Investing involves risk and you may incur a profit or loss regardless of strategy selected, including diversification and asset allocation.

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