



THIRD QUARTER NEWSLETTER

**ADDRESSING THE NEEDS OF INDIVIDUAL INVESTORS AND
PLANTING THE SEEDS FOR A SECURE FUTURE.**

Third Quarter Client Letter MARKET WATCH



John with Ed Slott

The longest days of the year, warm and the gardens all around town beautiful, a riot of color against a backdrop of verdant green. Happy Summer!

We thought about simply changing the date on last quarter's letter and sending it out again. While a lot has happened, we find ourselves in much the same situation, seemingly having run so very fast to simply stay in the same place! The economy is still chugging slowly along, the Fed has not changed rates, the capital markets have been positive and the folks in Washington are still bickering about most everything.

If we dig a little deeper though we'll start to see some nuance in the various measures. Last quarter we touched on some of the metrics we follow, let's revisit those briefly now.

International trade continues to be a scrutinized area and this quarter certainly had its share of dramatic developments. While April saw continued optimism about a China/US trade pact, May brought renewed fears as talks with China deteriorated and the Mexican tariffs were announced. Markets reacted as would be expected with nervous selling and renewed fears of a global slowdown. Just as quickly though, the Mexican situation was settled and, hope springing eternal, June saw a rebound in stock prices that brought equities to their best first half-year in quite some time.

In contrast to the sometimes frenetic activity on Wall Street, life was a bit calmer on Main Street. Measurements of the Leading Economic Indicators flattened out a bit but remained positive overall for the quarter signaling continued modest growth in the economy. We are not growing as quickly as we did a couple of quarters ago, but we are growing nonetheless. Recession continues to be tomorrow's worry, not today's, although folks continue to debate over just when tomorrow may be!

One Year Performance Ending 6/30/19
(Exchange-traded fund data used as a proxy for index performance. Source: Yahoo! Finance.)



From a portfolio perspective, this last quarter was quite robust. US stocks led the pack, but international equities turned in a strong showing as well. Perhaps more ephemerally but welcome nonetheless was the strong showing from US and international bond markets as yields fell, pushing up the prices of many sorts of bonds significantly over the quarter.

Diversified portfolios turned in a respectable gain overall with only commodity exposure losing ground over this period. We made no substantive changes to holdings or portfolio weightings.

You could be forgiven, however, for thinking otherwise looking at the bond market. While last quarter the big news in interest rates was the pause in rate increases by the Fed, this quarter's action was in longer dated maturities whose rates have fallen precipitously over the last several months. The inverted yield curve (short bond yields above longer-term bond yields) we discussed last quarter is proving persistent and this much watched sign of slowing ahead is signaling a pessimism about the longer-term prospects for the economy. It is important to note, however, that while most modern recessions have been preceded by an inverted yield curve, not all inversions have resulted in recession. This unusual situation could be changed by the Fed lowering short term rates, by renewed optimism causing longer rates to rise or by some combination of the two. It is interesting to note that market returns historically have been robust in the period six months or so following an inversion.

Likely most of us are hoping for a rather uninteresting rest of the year but somehow that seems unlikely to occur. Tariffs and the discussion thereof will keep the economy in the forefront and the Fed's moves along with the pace of global growth will certainly gather attention as well. We can take comfort in the fact however that diversified portfolios will lag the best performing asset classes on the upside but lose a lot less ground in times of turmoil. After last year's 4th quarter, when we flirted with a bear market for stocks and May's nervous swoon, we've been shown just how volatility affects our portfolios bottom line. We hope the rest of this year is fruitful for you and your family, and that you get to enjoy the best of what summer has to offer. We appreciate your trust and confidence in us and we remain,

Optimistically yours,

"Furious activity is no substitute for understanding."

H. H Williams

Please meet Joanne Durko



"THE RETIREMENT PLANNERS FAMILY"

Joanne was born on Long Island and grew up in Pennsylvania and moved to Pace, Florida in 2004 with her family. Her family always talked about moving to the "Sunshine State" and they are delighted to be here. She was married 29 years when her husband passed away in 2013. She has two grown children a son Seth and a daughter Holland. No grandchildren just grand puppies. When not working she enjoys the beach. Joanne also enjoys traveling (a bag is always packed and ready for the next adventure) and listening to all types of music.

Before moving to Florida, Joanne worked as a Paraprofessional for 12 years at the local school. She always did volunteer work at the school, as well. After moving to Florida, Joanne started working for Allstate insurance becoming an agent for 13 years. There she enjoyed greeting the customers and chatting with them. Until John and Esmeralda Steele gave her this great opportunity to work here at The Retirement Planners, as their Client Relationship Manager. Joanne started with The Retirement Planners February of 2019. Joanne looks forward to welcoming each of you here in our Pensacola location or talking via the phone to you.

What Happens in the 60 Days, Stays in the 60 Days



- IRA rollover dollars can be used any way (within the law) the owner chooses during the 60-day rollover window.
- If the rollover money is redeposited in time, taxes and possible penalties can be avoided.
- Only one 60-day rollover between IRAs is permitted during a full 12 months from the time the first rollover money is received by the account owner.
- Only the amount distributed can be rolled over.
- IRA bankruptcy protection is potentially lost if all or a portion of rollover assets are outside of the retirement account when a bankruptcy case is actually filed.
- The IRS will generally deny waivers of the 60-day rollover rule when IRA funds are used as a short-term funding source.

SIMPLE IRAs Are Tricky! The Two - Year Holding Period and Other Pitfalls

- Savings incentive match plan for employees (SIMPLE) IRAs exist in the gray area between IRAs and qualified plans.
- The pro-rata rule applies to all of a person's non-Roth IRAs (i.e. to their traditional IRAs, SIMPLE IRAs and SEP IRAs).
- The penalty for early withdrawal from a SIMPLE IRA during the two-year holding period is 25%.
- The SIMPLE two-year holding period also affects rollovers and transfers in and out of SIMPLE IRAs.
- SIMPLE IRAs follow the same RMD rules as traditional IRAs.
- The "still-working" exception does not apply to SIMPLE IRAs, and a QCD cannot be done from a SIMPLE IRA that receives a contribution for the year.

The Stress -Free Retirement Income Plan: The Benefits of Annuities in an IRA

- An annuity can be an insurance policy for a person's life savings.
- When an annuity is combined with an income rider, clients are faced with two account values: one for the basic annuity contract value and one for the income rider value.
- Fixed income annuities offer downside protection with upside potential.



How can those rollover dollars, that "money in motion," be used during the 60-day rollover period? Pretty much any way (within the law) the owner chooses.

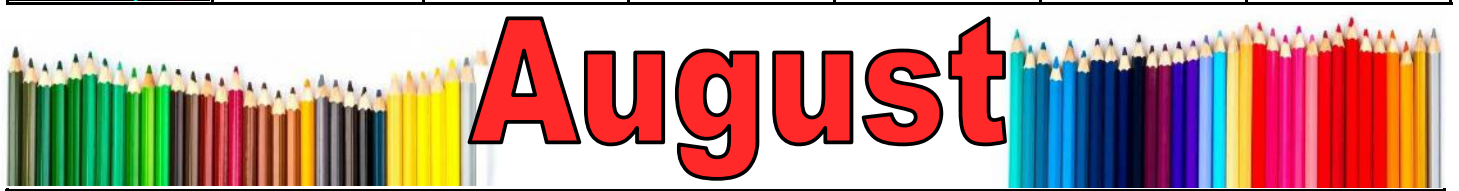
If an IRA owner elects to empty his account and bet it all on black at a roulette table in Las Vegas, hoping to pocket the winnings and roll the withdrawn dollars back into his account before the 60-day rollover window closes, he can do that. If he wants to buy Bitcoin in his non-qualified brokerage account or triple-short the market with an exotic ETF, he can do that too. None of these activities are prohibited. No questions are asked, as long as the money is rolled back into an appropriate retirement account within those 60 days.

Only the amount distributed can be rolled over. A client who invests wisely during the 60-day period or gets lucky at the casino is limited to rolling over only the amount that was distributed from the IRA.

Example: Zoey takes a distribution of \$40,000 from her IRA. She uses the funds as her entry fee into a poker tournament. The cards are kind and she wins back the entry fee plus \$20,000. Zoey can only roll over the \$40,000 that was originally distributed from her IRA.



SUN	MON	TUE	WED	THU	FRI	SAT
	1	2	3	4 4th JULY INDEPENDENCE DAY Office Closed	5 Office Closed	6 9:00am 1330 AM WEBY Northwest Florida's Talk Radio
7	8	9	10	11 John Out of the office	12	13 9:00am 1330 AM WEBY Northwest Florida's Talk Radio
14	15 John & Esmeralda Out of the office	16	17	18	19	20 9:00am 1330 AM WEBY Northwest Florida's Talk Radio
21	22	23	24	25	26 John Out of the office	27 9:00am 1330 AM WEBY Northwest Florida's Talk Radio
28 National Parents Day	29	30	31			



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				1	2	3 9:00am 1330 AM WEBY Northwest Florida's Talk Radio
4	5	6	7	8	9	10 9:00am 1330 AM WEBY Northwest Florida's Talk Radio
11	12 Escambia & Santa Rosa Back to School	13	14	15	16	17 9:00am 1330 AM WEBY Northwest Florida's Talk Radio
18	19 John & Esmeralda In Missouri	20 John & Esmeralda In Missouri	21 John & Esmeralda In Missouri	22 John & Esmeralda In Missouri	23 John & Esmeralda In Missouri	24 9:00am 1330 AM WEBY Northwest Florida's Talk Radio
25	26	27	28	29	30	31



SUN	MON	TUE	WED	THU	FRI	SAT
1	2 HAPPY LABOR DAY Closed	3	4	5	6	7 9:00am 1330 AM WEBY Northwest Florida's Talk Radio
8	9	10	11	12	13	14 9:00am 1330 AM WEBY Northwest Florida's Talk Radio
15	16	17	18 John (Ed Slott) Conference) Out Of Office	19 John (Ed Slott) Conference) Out Of Office	20 John (Ed Slott) Conference) Out Of Office	21 9:00am 1330 AM WEBY Northwest Florida's Talk Radio
22	23 Happy FIRST DAY of Fall	24	25	26	27	28 9:00am 1330 AM WEBY Northwest Florida's Talk Radio
29	30					9:00am 1330 AM WEBY Northwest Florida's Talk Radio