

Market Recap Q4 Jerry Chafkin – AssetMark CIO

Despite 2019 being one of the best years in the past two decades for stocks, fund flows show that individual investors are anxious and have been moving money out of stock-focused funds and into cash and bond funds. The outflows are a sign that some investors are not chasing stock prices and creating a bubble. This suggests stocks have room to run even after a decade-long rally... but the outlook for stocks and bonds is uncertain.

.Index	Q4 2019	YTD 2019	5 Year	10 Year
S&P 500	+9.07%	+31.49%	+11.70%	+13.56%
MSCI ACWI	+8.95%	+26.60%	+ 8.41%	+ 8.79%
Bloomberg Barclays Global Bond Aggregate	+ 1.00%	+ 7.51%	+ 2.39%	+ 2.80%
Bloomberg Commodity	+ 4.42%	+ 7.69%	(-3.92%)	(-4.73%)

*Clark Capital Review

Given the uncertain outlook for stocks we continue to advocate for broad diversification within and across strategies. The challenge is to construct portfolios that would allow for maximum return with as much risk as is tolerable without risking a catastrophic outcome in the event the worst-case scenario is realized. To avoid a catastrophic outcome, diversification is helpful. (Disclaimer: diversification does not assure a profit or protect against loss).

Disclaimer: This material represents an assessment of the market environment at a specific point in time and is not intended to be a forecast of future events. Index returns are for illustrative purposes only. Indexes are unmanaged and cannot invest directly in an index. Past performance does not guarantee future results.

REAL ID Law Effective 10/1/20. Are You Ready?

Congress passed the REAL ID ACT in 2005 to help combat terrorism and identity theft. To comply, a state must create an ID that requires applicants to provide proof of identity and legal U.S. residency, as well as counterfeit-resistant security features, by October 1, 2020.

REAL ID will affect your access to places controlled by the federal government including:

- Airport security checkpoints
- US border crossings
- Secure federal bldgs. including military facilities

REAL ID is a law, not an actual piece of ID. Per the law, there are many pieces of existing identification options that will work including:

- US Passport
- Enhanced Identification Card (EID)
- US Military Card
- Enhanced Drivers License (EDL)

Are you ready?

For more information, visit: <https://id2020wa.com>.

SECURE Act Changes Retirement Game

This new act, tucked into massive legislation to fund the federal government, was signed into law on December 20th by President Trump and became effective January 1, 2020. It includes the following changes:

Required Minimum Distributions. You can delay taking RMD's until age 72 for individuals turning 70 ½ after January 1, 2020.

IRA Contributions. You can continue to contribute to an IRA past age 70 ½ as long as you are working and earning income.

Group together 401k for small companies. This makes offering a 401k more affordable as they share the administrative costs.

529 Plans. The balances can now be used to pay up to \$10,000 in student loans including for siblings.

Inherited IRAs. In order to make the above changes financially feasible, "Stretch IRAs" are dramatically reduced. This means if you inherit an IRA beginning 1/1/20 you must withdraw and pay taxes on all of the inherited IRA within 10 years, not over your lifetime, as has been the case. Surviving spouses, minor children and certain other beneficiaries remain exempt as do those who inherited an IRA up to 12/31/19.

How Much Growth Is Right in Retirement?

We all understand the importance of saving and accumulating a nest egg during our working lives to support us in our "golden years". And hopefully, the work and planning we do together to prepare you for your retirement, has enlightened you to the importance and wisdom of continuing to hold growth investments into and through your retirement years.

Holding some growth investments helps us with the issue and risk of potentially **outliving** our money during our retirement. Having enough cash and the right amount of growth helps us when markets suffer a significant downturn so we don't permanently damage our nest eggs.

How much is enough? On average my clients hold between 40-65% of their portfolios in growth investments during their retirement depending on their unique situation.

I believe Market Watch's Howard Gold said it well recently. "The point is, you need to balance the risk of too little growth with the risk of too much equity exposure at the wrong time..."

And, that's why you have me.

Clients' Favorite 2019 Travel Photos



I so enjoyed hearing about and seeing the treasured moments and memories you each made in 2019. From bagging your first buck, to African Safaris, snorkel adventures “Down Under”, manatee sightings, trips with beloved grandchildren and celebrations to mark special life transitions and milestones. From your pictures, it seems the ocean “speaks” too many of you.

Wishing you more memories and golden moments as you continue to live your best life in 2020 with those you love.

Enjoy and thank you for sharing!

Kathy's Corner – Happy 5th Anniversary KSH Advisors

After 25 years in the industry, I founded KSH Advisors 5 years ago because I felt deeply clients deserve more. They needed more personal attention, market insights, planning and individualized care for their families. While I knew quite a bit about finance and planning, the first few years provided a steep learning curve on business basics. Thanks to the help of good partners and mentors, I have figured out the business part. Thank you, my loyal and trusting clients, who gave me a chance to show the value I could bring to you and your families. Together, we have gradually built a firm. I am excited to mark my 5th Anniversary and appreciate you, your partnership, confidence and trust.