



AN INDEPENDENT FIRM

The Eagle's View



Happy New Year!

Last year was a doozy, with people shocked about the election of Donald Trump as president and others, including me, even more shocked that the Chicago Cubs won the World Series. It was quite a year!

The investment year started with the worst 5 days ever to start a new year in US stocks, and the first 6 weeks saw an almost daily decline to where at the bottom of that period, as of February 11, the S&P 500 index was down 11% before finishing +12% (up 5% in November alone) (Source: Standard and Poor's).

As always, there were plenty of "expert" predictions and many were far, far off the mark. Some good ones included that there would be a recession in the US caused by plummeting oil prices and there would be massive bankruptcies in the energy sector. Neither happened. The United Kingdom would remain in the European Union. They voted to leave. Hillary Clinton would easily be elected president. We all know how that turned out. The Phillies would win the World Series, not the Cubs. Okay, no one actually predicted that one, but I was hopeful. The message is that the predictions are often made largely to garner publicity for the predictor or their company and they are very frequently wrong. This year will be no exception.

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Financial Planning

With the continued problems facing income seekers, especially those investing in anything less than a 10- year US Treasury Note (and even that pays interest of less than 2.5%), people seeking guaranteed income to live on continue to be hurt by low rates, taxes and inflation.

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Special points of interest

- Paul gives his quarterly market update and outlook for 2017
- Find out the #1 financial concern among our clients
- Announcement on the Cost of Living Adjustment for 2017
- EWS welcomes new team member



Happy New Year...continued from front page

For 2017, aside from some wild political predictions, there is an eerie consensus about the markets and the economy and that is that both will perform modestly. We have not had a growth year of 3% or more in the US in over 8 years, and some people see that trend continuing while others are far more optimistic. US stock market predictions are in mid-single digits.

While I am generally an optimist, turning the battleship that is the slow growth US economy around is no easy feat and the changes that have been proposed, even with Congressional support (which is in no way assured), will take some time. In addition, as a society, whether its governmental, corporate or personal, we are carrying a great amount of debt than ever before and the repayment of that with interest for money already spent is likely to remain a drag on growth for a while.

“The sentiment is that international markets, despite more problems than we have, may also have more opportunity this year.”

Quarterly Quote

“There is joy in work. There is no happiness except in the realization that we have accomplished something.”

- Henry Ford

According to the Bureau of Labor statistics, for the past 10 years, 2006 through 2015, GDP growth averaged 1.4% per year, the weakest since the 1950s. The prior 10 years averaged 3.4%. That 2% difference, if reignited (and taxed), solves a lot of problems including people being underemployed and in many cases, not even looking for work. Going back through other 10-year periods, only 1986-1995 failed to grow at 3% per year or more and that period was 2.9% per year.

It is not a political or partisan observation to say that the incoming administration is considered more pro-business and pro-growth than was the outgoing one. It remains to be seen how that will play out, but those type growth policies should tend, over the long term, to be favorable for investors.

Regardless of what the markets are doing in any given year, it is my long-term experience that investing that is goal-focused is most successful while investing that is market-performance focused is not, partly because investors do a lot of second guessing when markets are volatile which is generally all the time. It is important to tune out both the fads and the fears, though I will admit that it is not always easy.

The investment markets, however, by almost any historic measure, are very fairly valued; some say they are too highly valued. I would agree with that assessment, although I do think that if tax policy and regulations are changed you could see an economic spurt that would justify the current, somewhat euphoric, level of stock prices in the US. The sentiment is that international markets, despite more problems than we have, may also have more opportunity this year.

For 2016, the US stock market as measured by the S&P 500 was up almost 12% including dividends, despite the fact that 28% of the companies that comprise that index were down for the year.



Last year marked the 8th straight year of positive performance for the index (the record is 9 years) and the 13th of the past 14, with 2008 being the notable exception. The S&P index has averaged 10.2% for the past 50 years, during which 53% of the trading days have been up and 47% of the trading days have been down. Just last year, if you happened to miss the 3 best days, your potential return in the index was not 12%, but potentially a little over 4%. If you were one of the wise and lucky enough to miss the worst 3 days, your return was potentially 22%. I really have never met the person or firm that can do that, by the way. Since 1995, there have been 4 down years -- 2008 (a real down year!) plus 2000, 2001, and 2002.

Most people tend to want to buy the “winners” and frequently chase the hot stock in hoping it remains hot and goes even higher. Last year, the #2 performer, which was +133% for the year, was the #485 performer in 2015. The third best last year was #494 in 2015. Easy business!

I will close this section of the newsletter with a portion of a speech that the esteemed investor Warren Buffett has called “off the charts-one of the best I’ve ever heard.” It is an excerpt of a speech by JP Morgan CEO Jamie Dimon, considered by many to be one of the best CEOs in America, in an interview with Carlyle Group CEO David Rubenstein:

“America has the best hand ever dealt of any country on this planet today and ever. And Americans don’t fully appreciate what I’m about to say. We have peaceful, wonderful neighbors in Canada and Mexico. We have the biggest military barriers ever built, called the Atlantic and Pacific. We have all the food, water and energy we will ever need. We have the best military on the planet and we will for as long as we have the best economy. And if you’re a liberal, listen closely to me on that one. OK, because the Chinese would love to have our economy. We have the best universities on the planet. There are great ones elsewhere, but these are the best. We still educate most of the kids who start businesses around the world. We have the rule of law, which is exceptional. If you don’t believe me, we can talk about Brazil, Russia...Venezuela, Argentina, China, India. Believe me, it’s not quite there. We have a magnificent work ethic. We have innovation from the core of our bones. You can ask anyone in the room...it’s not just Steve Jobs. We’re the widest, deepest financial markets the world has ever seen. I just made a list of these things. It’s extraordinary. It’s extraordinary. And we have it today.”

Toys for Tots 2016

We would like to thank all of our clients and colleagues who so generously donated to our holiday toy drive last year. We were able to collect dozens of toys for local children this past Christmas which we couldn’t be happier about!

We matched your donations with a \$1,000 in gifts cards for the teenagers at the Boys and Girls Club of Gloucester County. Thank you again and we hope to do more in 2017!



Financial Planning *...continued from front page*

Social Security Increases Benefits by 0.3% for 2017

The Social Security Administration has announced a cost of living adjustment (COLA) to recipients' monthly Social Security and Supplemental Security Income (SSI) benefits. More than 65 million Americans will see the 0.3% increase in their payments beginning in January of 2017. The increase is tied to the Consumer Price Index for Urban Wage Earners and Clerical Workers and was put in place to ensure the purchasing power of these benefits isn't eroded by inflation.

This figure is a slight increase from 2016 since there was no increase for retirees last year. According to the Social Security Administration, retired workers on average collect \$1,355 a month in Social Security payments, or roughly \$16,260 a year. Raising the COLA 0.3% will add about \$5 a month to those payments, or \$60 for the year.

Keep in mind, all federal benefits must be direct deposited. So if you haven't already started receiving benefits, you need to establish electronic transfers to your bank or financial institution.

We're happy to help you get set up if needed.

We don't expect any of that changing significantly for as far out as we can see, though we do expect some modest increase in interest rates. At the same time, the rate increase will likely be felt much more (and sooner) by a borrower than a depositor as banks generally are quicker to increase rates for loans than for deposits.



We are continuing to seek and analyze all forms of income investments and both Paul and Chris will be traveling in the next two months to different conferences to seek additional strategies and resources to address this issue, which after all, is one of the top 2 or 3 concerns of our clients. Following those conferences, they will be joined by Steffanie and Jessica at a national conference, a focus of which will be lifetime income.

I have mentioned probably once or twice a year that studies continue to show that clients' number one concern is outliving their financial resources and thereby becoming a financial burden to their family. I recently read a new survey, less formal than the others, that listed the second greatest fear as developing Alzheimer's (the leading cause of dementia) and placing that financial and emotional burden on spouses and children. The statistics are pretty scary and we have had numerous

cases of this in our client families and in my own family in recent years. Ten years ago, worldwide cases of Alzheimer's were 25 million; today it's 35 million. According to researchers at UCLA, that number will grow to 56 million by 2030, 13 years from now.

Currently there is no prevention or cure, though the study did go on to say that there are four things that a person can do that may reduce the risk -- exercise, nutrition choices, cognitive exercises, and lifestyle decisions which include trying to reduce stress, increasing the complexity of work or avocations so that you are mentally challenged, and increasing recreational and social interactions. We have had cases of dementia among our clients from under 60 years old to over 90 and it is an insidious disease as we all know.



Hopefully we will see progress in our lifetime for the cure or at least treatment. We are thinking of hosting an event or series of events on this and would appreciate your thoughts on whether you would be interested in attending.

News at EWS

On November 5th, Paul's youngest son (and Chris's younger brother) Geoff was married in South Beach, Miami FL where he and his wife Jessica live. It was great family time; relatives and friends came in from all over the country and a few from Europe. One cousin of Paul's even flew in from China. Here are the newlyweds pictured on the right.



In late October and early November, **Jessica** finished both the Marine Corps Marathon and New York City Marathon.

Also in November, **Jessica** and her husband Dave honeymooned in Australia and Fiji. Check out the beautiful pictures below where they even got to feed some kangaroos!



Pictured below are **Steffanie's** children, Landon and Brielle, spending some quality sibling time around the Christmas tree. Landon just turned 5 years old in December and baby Brielle celebrated her 1st birthday in October. On the right is Landon hitting the ice skating rink for the first time with Mom there for support!



Welcome, Melissa!

We are happy to announce the newest member of the EWS team, **Melissa Phillips**. A graduate from Villanova University with a Bachelor's degree in English, Melissa comes to us with over thirteen years of financial industry experience having worked for a leading collections agency as their office administrator and team manager.

Melissa's day-to-day office duties include general office management, project planning and execution, developing and implementing new processes, and providing general support to our clients.

Melissa resides in Merchantville, NJ with her two cats, Peanut and Hoodie. When not at work, Melissa loves being down at the Jersey Shore and spending time with her family.

With a special love for music, Melissa loves going to concerts and playing bass guitar. She is also an avid Philly sports fan which automatically fit her right in with the group!



We are very happy to have her and believe she will be an integral part of the EWS team.



In October, the Boys & Girls Club of Gloucester County held their big fundraiser where they honored long-time board member and former NJ Secretary of State, Dan Dalton. Over \$100,000 was raised for the organization! Pictured above is **Chris** with fellow board members and a few club kids accepting a check from one of their big sponsors.

Steffanie along with the Women’s Leadership Council of United Way of Gloucester County (pictured on the bottom right) donated books to the Family Promise of Gloucester County’s Family Day Center. The books will benefit children as their families go from the agency to homes of their own. The Family Day Center will now have a large reading selection for children to take advantage of on a regular basis.

Back in November, **Steffanie** and the WLC also hosted a unique event featuring Dr. Brandi Baldwin-Rana who is a career and leadership strategist as well as a past business/psychology professor at Johns Hopkins, Temple and Harcum College. Her high-energy presentation was welcomed by local, professional women as well as prospective council members. Pictured at the bottom left are council members with Dr. Brandi.





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Eagle Wealth Strategies is an independent firm in West Deptford, New Jersey. Our team of financial advisors provides comprehensive financial and retirement planning services to successful individuals and families, retirees and those nearing retirement, single, widowed and divorced women, and attorneys, accountants and physicians.



Each of our financial advisors – Paul Tully, Steffanie Lerch and Chris Tully– holds the CERTIFIED FINANCIAL PLANNER™ certification and the Retirement Income Certified Professional® certification. The CFP® credential is awarded to a select number of financial professionals who satisfy the CFP® Board of Standard's rigorous educational and examination requirements, and who agree to adhere to its high level of ethical and professional standards. In order to receive the RICP® designation, one must meet experience requirements and ethic standards, successfully complete three courses which include rigorous tests to pass, and agree to comply with The American College Code of Ethics and Procedures.

Our Process for Successful Financial & Retirement Income Planning



Here is how we help to discover how your income and expenses can work together to fund your retirement lifestyle. We follow a well defined LIFE process (Long-term, Integrated Financial Engagement) to provide custom solutions for each client. To learn more about our process, please visit our website at www.eaglewealthstrategies.com.

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