



AN INDEPENDENT FIRM

3rd Quarter
July 2016

The Eagle's View



Market Update *by Paul J. Tully, CFP®, RICP®*

Well, the first half of the year certainly was interesting. The US equity markets had the worst start to a year in their history, yet finished the first half of the year with a slight gain. Much to the surprise of many, the United Kingdom

decided to exit the European Union and for several days after that decision, global stock markets were extremely volatile. As I write this letter mid-July, the US stock markets as measured by both the S&P 500 and the Dow Jones Industrial Average have achieved all-time highs.

Earnings for the S&P 500 are expected once again to decline for the second quarter. Most of that decline is contributed by the energy companies whose fortunes are expected to improve over the balance of this year and 2017.

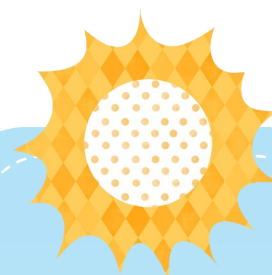
If there is a consensus, it is that the economy will continue to grow slowly and that interest rates in the US will remain at historically low levels for the foreseeable future.

We did get very good news with the June new jobs reports which came in at a little under 300,000 new jobs after creating only 38,000 jobs in May. Beyond the jobs number and the market rise, there are a few additional bright spots. Real estate, especially residential housing is something many economists follow to gauge both activity and consumer attitudes. I think we all feel better when we see construction projects as we drive around and also see that people who want to sell are able to and likewise with buyers, whether first timers or people looking to upsize or downsize to meet their needs.. The annual rate of new home construction is over 1.1 million, more than double what it was at the market bottom. Building permits in May rose 0.7% and according to the National Association of Home Builders, builder sentiment rose 2%. Existing home sales rose 1.8% in May, the highest pace in almost a decade per the National Association of Realtors. Construction spending touched a 5-year high in April. So despite

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Raymond James Joins Fortune 500



Fortune recently released its 2016 Fortune 500 list, recognizing Raymond James among America's largest companies by revenue.

Raymond James' appearance on the 2016 Fortune 500 at No. 482 marks the firm's first ranking on the list with more than \$5.3 billion in total revenue for the 2015 fiscal year.

The Fortune 500 is an annual ranking of the largest corporations in the United States, ranked by revenue for the respective fiscal year.

Quarterly Quote

"If everyone is thinking alike, then somebody isn't thinking."

- George S. Patton

what seems a daily onslaught of negative news, there are some good things happening that we welcome.

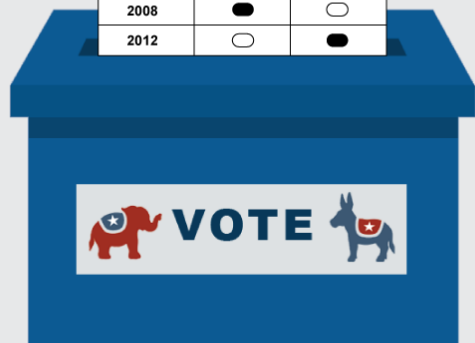
People have been asking us what impact, if any, the upcoming presidential election will have on the economy and investment markets. As you will see from the below chart, historically there is an impact in an election year, though so far this year seems a little different and that is probably understating it. As I have said to people who ask, ultimately the impact will be felt based on legislation and regulation that gets enacted, good or bad, that affects the economy and business profits. So it will depend on both who is President and who controls Congress and whether they enact laws that encourage development and expansion of business. To the right is an interesting chart on the market performance of past election cycles.

I have frequently written about what I believe is the most significant issue facing not only the US, but most developed countries and that is the implications of longevity. The other night I had dinner with friends, five of us, and I mentioned that we have had 3 clients reach age 100 and had many in their mid to late 80s and 90s.

Election-year winner? Investors

More often than not, the S&P 500 pushes higher in the six months prior to Election Day.

	DECREASE	INCREASE
1952	<input type="radio"/>	<input checked="" type="radio"/>
1956	<input checked="" type="radio"/>	<input type="radio"/>
1960	<input checked="" type="radio"/>	<input type="radio"/>
1964	<input type="radio"/>	<input checked="" type="radio"/>
1968	<input type="radio"/>	<input checked="" type="radio"/>
1972	<input type="radio"/>	<input checked="" type="radio"/>
1976	<input type="radio"/>	<input checked="" type="radio"/>
1980	<input type="radio"/>	<input checked="" type="radio"/>
1984	<input type="radio"/>	<input checked="" type="radio"/>
1988	<input type="radio"/>	<input checked="" type="radio"/>
1992	<input type="radio"/>	<input checked="" type="radio"/>
1996	<input type="radio"/>	<input checked="" type="radio"/>
2000	<input checked="" type="radio"/>	<input type="radio"/>
2004	<input type="radio"/>	<input checked="" type="radio"/>
2008	<input checked="" type="radio"/>	<input type="radio"/>
2012	<input type="radio"/>	<input checked="" type="radio"/>



The S&P 500 has increased an average of

3.7%

in the six months before the incumbent party wins.

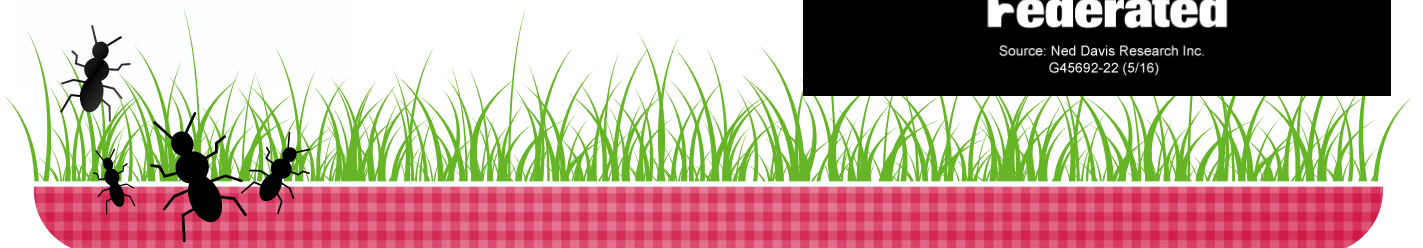
The S&P 500 has increased an average of

1.1%

in the six months before the incumbent party loses.

Federated

Source: Ned Davis Research Inc.
G45692-22 (5/16)



The conversation quickly turned to the fact that one person's parents are both living at 90, one's mother just turned 92, and in our little dinner group, we had recently attended events honoring 2 people who were 104 and one who turned 105. If in that generation retirement occurred at a typical age 65, 3 of these people have been retired for 40 years; the others close to 30 years or more.

Maybe this is not a big enough sample size, but I think the trend is clearly in place. And with the opportunities that longer life brings, there are also many challenges. How do you afford to live that long with investment markets performing at very modest levels and projected to continue doing so into the future?

Tied to this issue is the concern of future rate of return expectations.

You need them to be higher than in the past to support the increased longevity, but expectations, at least currently, are for them to be lower.

For the 20-year period ending 1996, a 60% stock, 40% bond portfolio earned 7.3% per year. For the 20 years prior to that, the same portfolio would have earned 12.6% per year, which is quite a difference. To earn



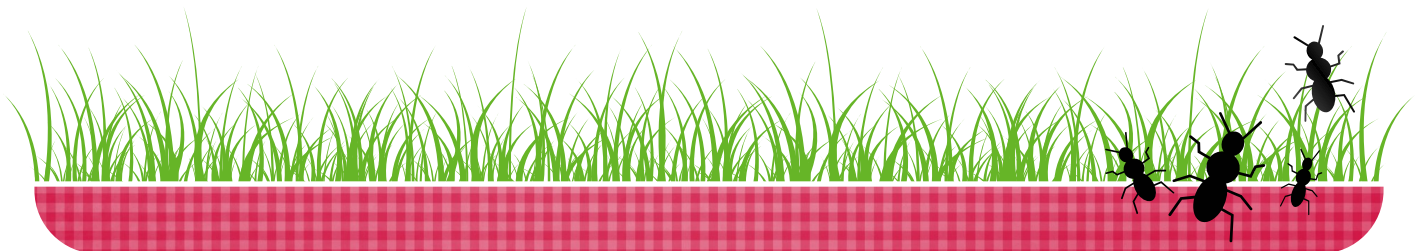
"While many people think that lower stock market exposure is less risky, that is not necessarily true when the risk you are concerned with is running out of money/purchasing power during your lifetime."

even the 7.3% today, stocks would have to average 9%, bonds more than 4%. In my conversations, travels and readings, I see no experts calling for that to occur in today's economic climate.

While many people think that lower stock market exposure is less risky, that is not necessarily true when the risk you are concerned with is running out of money/purchasing power during your lifetime. The chart to the right allows you to do some estimates on your own. In doing so, note that the common numbers we see today in terms of future projections is 8% for stocks, 4% for bonds annually. Lately, the US equity markets have been very strong, especially since the Brexit vote and since 2009, the S&P 500 is +274% (Source: Wharton School). Globally, we do not believe that in a very modestly growing economy that kind of rate of return is sustainable.

TOTAL RETURN EXPECTATIONS FOR A 60/40 PORTFOLIO OF STOCKS AND BONDS

		BOND PORTFOLIO RETURN			
		2%	3%	4%	5%
EQUITY PORTFOLIO RETURN	5%	3.8%	4.2%	4.6%	5.0%
	6%	4.4%	4.8%	5.2%	5.6%
	7%	5.0%	5.4%	5.8%	6.2%
	8%	5.6%	6.0%	6.4%	6.8%
	9%	6.2%	6.6%	7.0%	7.4%
	10%	6.8%	7.2%	7.6%	8.0%



RAYMOND JAMES CARES



2016

Raymond James Cares is a firm-wide community service program designed to centralize and track new and existing community service efforts by advisors and associates. Each summer, we like to recognize the community work that each of our associates is involved in. Here are the organizations we've been making a difference for in 2016!



Chris serves as President on the board of Boys & Girls Club of Gloucester County

Kathy is the Wenonah Presbyterian Youth Group Leader



Dana is a board member for A Voice for Paws, Inc. and volunteer for the Gloucester County Animal Shelter

Paul is on the Inspira Hospital Board of Trustees and a board member of the Rowan University Foundation

Steffanie serves as President and Chair of the United Way Women's Leadership Council and Treasurer of Alumni Advisory Council for Rohrer College of Business at Rowan University



Regulatory Environment

It is no secret that the banking and financial services sectors are under increased scrutiny since the financial crisis in 2008. Much of it is deserved, though one could argue that in terms of the housing/mortgage bubbles, there is plenty of blame to go around, including to Congress which fostered the reckless behavior and lax standards.

Nonetheless, new regulations abound and one of the most controversial is the one issued in April by the Department of Labor. It governs the way in which financial firms must deal with retirement accounts, including IRAs. It goes into effect in April 2017, with some of the more complicated provisions not being effective until January 2018.

The financial services industry (especially the annuity companies) is fighting this vigorously, but we at Eagle Wealth Strategies are not. In fact, for the most part, we embrace the changes made by the new rules.

In layman's terms, the rules require anyone giving retirement account advice to act as a fiduciary. That means that the old standard of being able to do what is **acceptable** for the client is replaced by what is **best** for the client. I would describe the new rule as the one you would want someone to use if they were managing your grandparent's fund....or your own.

I think people already expect that of their professional advisors (including doctors, attorneys, accountants), but in financial planning it has not always been the case and it long past the time where it needs to happen. The next step should be that like other professions, you should not be able to advise people on their finances without some credentials. The days of just being licensed to sell insurance or annuities, yet call oneself a financial planner, should be over and I expect that day is coming.

Compensation on many investment products will need to be leveled, no more commissions. Violations of the new rules may result in class action law suits being filed against the company involved. As CERTIFIED FINANCIAL PLANNER™ professionals, we have always been held to a fiduciary standard and we utilize level fee accounts for those relationships. While we realize that the new rules may modify, in some way, how we conduct our business, it should be a minimal impact event. It may actually result in more people seeking services from firms like ours as it is anticipated (as has happened in several other countries with similar regulations) that it will drive many of the people, merely selling products like annuities to an unsuspecting public, out of business.

We do anticipate that the increased regulation and requirements will impact the number and type of new clients we will be able to serve. So, if over the coming months you have friends, business associates and family who are in need of a second opinion on how they will handle their own retirement finances in the future, we would be pleased to meet with them and give them our best thoughts on their situation.

EWS Educational Series Comes to a Close



LAST SEMINAR!

Tuesday, September 13

**"The Challenges of Aging
& Its Financial
Implications—
Planning for Housing"**

Presented by Legg Mason

The seminar will be held at
Rowan University's South
Jersey Technology Park
from 5:30-7pm.

Light fare and
refreshments will be
served.

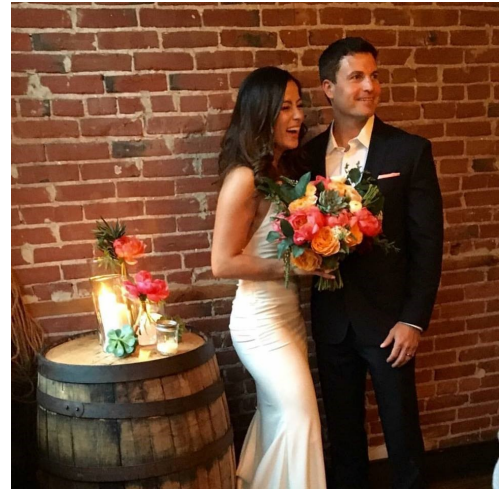
**Call Dana at
(856) 845-4005
to save your seat!**



News at EWS

Spring Nuptials

Jessica tied the knot with her now-husband Dave back in early May. It was a surprise, on-the-spot wedding to their guests who thought they were attending the couple's engagement party! Jess showed up for the party in a black dress, next thing Paul hears is Dave announcing the wedding date is that very day and there is Jess in a white dress. A great surprise and a great way to begin their life together. Paul and Chris have known Dave and Jess for close to 20 years (Dave) and 15 (Jess). Congratulations to the both of them!



Award Recognition



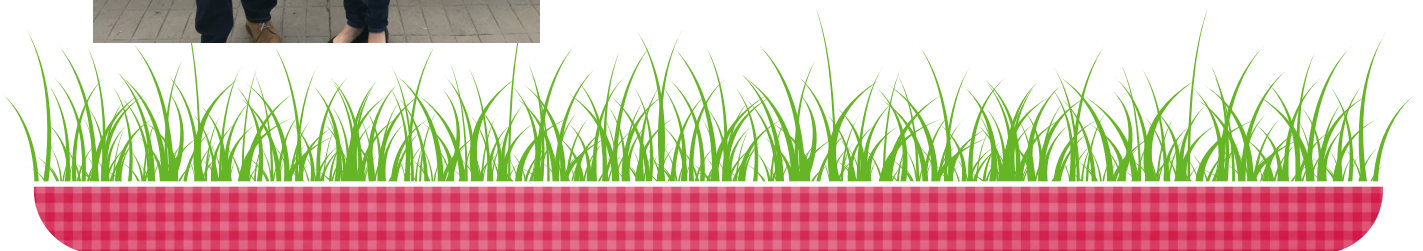
EWS was named as a winner in Wealth and Finance International's 2016 Wealth & Money Management Awards. Our category was "Comprehensive Financial and Retirement Planning, New Jersey based firm." Winners are decided by a combination of votes gathered from a network of respected industry partners and their own rigorous in-house research. Consideration is given based on a nominee's region, performance over the past 12 months, commitment to innovation, methods and competition.

Raymond James is not affiliated or endorse Wealth & Finance International.



Continuing Education

Paul, Chris and Jessica attended the Raymond James National Conference back at the end of April. This year's conference took place in Nashville, TN. Here are Chris and Jess doing some sight-seeing around the city.



Around the Community

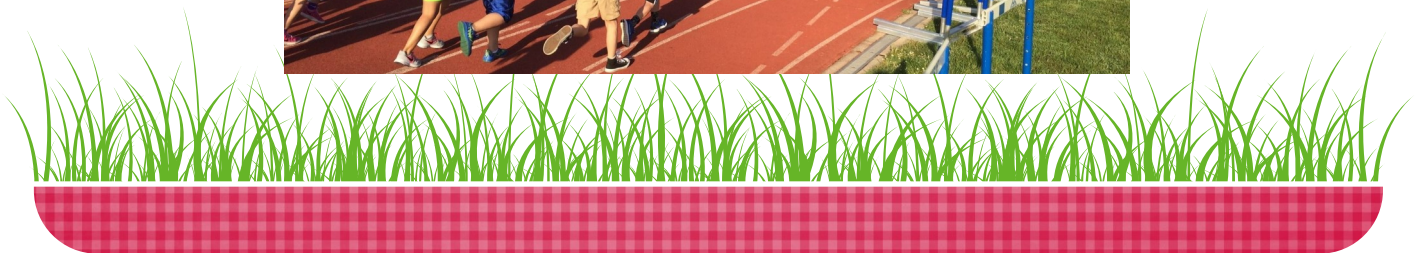
Chris has now taken the reins as the President of the Gloucester County Boys & Girls Club, a 2-year term. The club has facilities in Woodbury, Paulsboro and Glassboro and serves several hundred underprivileged youth in those communities. On May 23 they raised over \$50,000 at their annual golf tournament held at Scotland Run and at their "Happening on High" event, the group raised over \$70,000 for the club. Also, on June 8 they held their annual "Youth of the Year" award ceremony down at Stockton University recognizing a young participant through their Glassboro Club. At the right you'll see an event the club is hosting October 20th honoring Senator Daniel J. Dalton. All proceeds will benefit the club. If you're interested in attending, please contact us!

Kathy & her husband Tom lead their youth group on a camping trip in Lehigh, PA over the weekend of June 24-26. They kayaked, tubed, hiked, explored and roasted marshmallows over the camp fire. Here's a picture of the beautiful rapids.



Dana and the A Voice for Paws board members threw a Painting with a Twist fundraiser night back at the end of April. This particular paint night was a "Paint Your Pet" theme and participants got to paint their very own dogs and cats! The night was a lot of fun and the group raised just under \$1,000. Pictured at the left are some of the board members and their painted pets!

Jessica volunteered at the Road Runners Club of Woodbury Youth Track Series throughout the month of June. The RRCW Youth Series introduces students to throwing, running and jumping events through a variety of clinics offering instruction and friendly competition.



Summer Fun in the Sun

Paul and his family celebrated granddaughter Graycen's 2nd birthday down the shore. Here he is on the right spending some precious quality time with Graycen, and his wife Kathy sitting on the porch with baby McKenna who wasn't so thrilled to have her picture taken!



Kathy took a trip to the Bahamas with her husband back in April for some true rest and relaxation in the island sun. Recently, Tom and Kathy visited her hometown in San Diego to reunite with family and friends. She is pictured on the far left with her nephew.

Dana and her husband enjoyed some live music and craft beers during Cape May's Hops Festival back in June. Also pictured are her dogs ready to lap up some cool treats out on the patio one hot summer night. They waited patiently for the GO command!



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.




 PAUL J. TULLY
 CERTIFIED FINANCIAL PLANNER™
 RETIREMENT INCOME CERTIFIED PROFESSIONAL®


 STEFFANIE A. LERCH
 CERTIFIED FINANCIAL PLANNER™
 RETIREMENT INCOME CERTIFIED PROFESSIONAL®


 CHRISTOPHER T. TULLY
 CERTIFIED FINANCIAL PLANNER™
 RETIREMENT INCOME CERTIFIED PROFESSIONAL®


 JESSICA L. ORTEGA
 FINANCIAL PLANNING ASSOCIATE


 DANA F. ROHACH
 CLIENT COMMUNICATIONS &
 MARKETING ASSOCIATE


 KATHY M. REPICI
 CLIENT SERVICE ASSOCIATE



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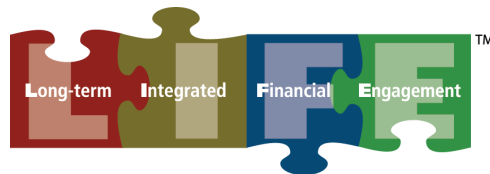
Eagle Wealth Strategies
 877 Kings Hwy, Suite 300
 West Deptford, NJ 08096

Phone: 856-845-4005
 Fax: 856-845-4121
www.eaglewealthstrategies.com

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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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