THE BARRISTER QUARTERLY

BARRISTER

PLANNING | INVESTMENTS | INSURANCE

Issue: 4Q2019

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Barrister was founded with the sole mission of offering clients an opportunity to meet their financial objectives through independent, ethical, unbiased and competent professional guidance.

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Dear Friends,

2019 was an exciting year for us all. Almost every asset class performed exceptionally well, and Barrister made many changes that will ensure we can continue to offer our clients the best opportunity to achieve their financial goals.

Over the past year there were two personnel changes at Barrister. First, we welcomed our first Partner to the firm, Paul Savini. Paul and I went to Holy Spirit High School where we played football together, we stayed in touch over the years and I look forward to growing the firm with him over the coming years. Paul brings to the firm an impressive skill set, built over a successful career at some of the top financial institutions in the world. Additionally, Barrister brought on its first Affiliated Advisor, Doug Grant. Doug is a CFP® Professional and shares the same values and planning-centric approach that we do, we expect great things from Doug in the future. Finally, we moved into a larger office space to accommodate the firm's growth, and added new technology solutions to better serve you.

As I mentioned earlier 2019 was a banner year for most asset classes. The S&P 500 was up 31.5%, the Russell 2000 was up 25.5%, International Equities (EAFE) were up 22%, and Investment Grade Bonds (AGG) were up 8.7%. Although there were a few spikes in volatility the VIX (Volatility Index) finished the year on a downward trend and below historical averages. While we can't be sure what 2020 holds for asset class returns, we do believe this low volatility won't last long. There will always be geopolitical events, financial shocks and tweets that can send markets spiraling or skyrocketing. As always, we must remain focused on our financial plan and invest our assets within the context of a long-term, cost-effective strategy. We wish everyone a happy, healthy and prosperous 2020!

Best,

FINANCIAL PLANNING NOTES

Important 2020 IRS Updates

Retirement Plans

IRA	$6,000
SIMPLE IRA Deferral / Catch-up	$13,500 / $3,000
SEP IRA	$57,000
401(k), 403(b), Gov't 457(b) / Catch-up	$19,500 / $6,500
Defined Contribution Limit	$57,000
Compensation Limit	$285,000
Maximum Defined Benefit	$230,000

Social Security

Taxable Wage Base	$137,700
Maximum Earnings before Full Retirement	$18,240
Taxes on Social Security	Above $34,000 single and $44,000 married

Gifting

Annual Exclusion	$15,000
Lifetime Exemption	$11,580,000

The SECURE Act became law on January 1, 2020. The Act includes some big changes including:

- For Inherited IRAs created after 12/31/19, most non-spouse beneficiaries will now have to withdrawal all of the assets from the IRA within 10 years.
- Individuals turning 70½ after 1/1/20 they will not be required to take a minimum distribution from their IRA until age 72.
- Anyone that is working and has earned income can contribute to an IRA regardless of age.
- Individuals may take up to $10,000 as a qualified tax-free distribution from a 529 Plan to pay towards qualified student loans.

Eliminating Bad Debt

One of our most important jobs as planners is eliminating bad debt, usually it is high interest rate credit cards. One strategy to eliminate these debts is to take a Qualified Plan loan. First, we have to make sure there are enough funds available in the plan and that the plan allows these types of loans. If we don't have enough money in our retirement plan, we may be able to roll over existing IRA assets into the plan, depending on the plan's rules. The rate for Qualified Plan loans is typically prime plus a small spread, as opposed to significantly higher rates on consumer debt. One danger to this strategy is that we are removing money that could be invested in the market, however we can counter this by accounting for the loan portion as our fixed income allocation. The remained of the balance would be allocated to other asset classes. Other considerations include tax implications and ongoing plan contributions.

BARRISTER MARKET & ECONOMIC INDICATORS

Indicator	*Note*
Leisure and Entertainment ETF Sector (PEJ)	Up 1.06% YTD but trailing the S&P 500 by 2%
High Yield Bond Market Sector (HYG)	Up under .50% YTD, trailing the S&P 500 by almost 3%
Technology Sector (XLK)	Up 5.95% YTD, outpacing S&P 500 by almost 3%
SemiConductors Sector (SMH)	Up 3.29% YTD, outpacing S&P 500 slightly
Financial Sector (XLF)	Up .81%, trailing the S&P 500 by over 2%
Staples Sector (VDC)	Up 1.18%, trailing the S&P 500 by about 2%
Healthcare Sector (XLV)	Up 2.58%, trailing the S&P 500 by over .50%
Utilities Sector (XLU)	Up 3.31%, outperforming the S&P 500 by .20%
Commodities Sector (GSG)	Down 1.85%, trailing the S&P 500 by about 5%
20+ Year Treasury Performance (TLT)	Up 1.87%,, trailing the S&P 500 by 1.25%
2 Year - 10 Year Gov't Bond Spread	Spread is back to positive and holding around +.25%
Leading Ecnomic Indicator Index	Declined .3% to 111.2
YOY Corporate Earnings	The blended earnings decline for the S&P 500 is -2.1%.
Investor Sentiment AAII	41.8% Bullish | 30.7% Neutrel | 27.5% Bearish
Investor Sentiment CNN	89 Extreme Greed
Central Bank	FED is active in REPO markets and holding steady with rates
Average Hourly Earnings	Year-on-year, average hourly earnings have increased by 2.9 percent.
Equity Mutual Funds/ETFS Inflows	Negative for the year but positive for Q419
Advanced/Decline Line	11.73% more of each day's volume is advancing
High Yield and 10 YR Treasury Spread	Spread is at 3.42% from 4.15% last quarter
Pickup in M&A activity	Decreased in December, down 5.4%

DISCLOSURES

Past performance may not be indicative of future results. Historical performance results for investment benchmarks/indexes have been provided for general comparison purposes only, and generally do not reflect the deduction of transaction and/or custodial charges, the deduction of an investment management fee, nor the impact of taxes, the incurrence of which would have the effect of decreasing historical performance results. It should not be assumed that an account's holdings correspond directly to any comparative benchmark or index. Each index used as proxy for a given asset class/investment category referenced in this newsletter is a commonly used benchmark for that asset class. An investor may not directly invest in an index.

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