



THE \$TRATEGIST

Market Update: Where Do We Go From Here?

By Kirk Hackbarth CFP®, CPA/PFS, MS

As we transition into the second half of the year, the big question is how long can the eight-year plus bull market last? The current political turmoil in our nation's capital makes the second half of the year difficult to forecast. Will tax reform finally get passed? How about a new health care bill? Let's not forget about the geopolitical risk (North Korea clearly comes to mind).

Major Points

- An improving global growth environment has supported the outlook for corporate profits and higher stock prices around the world.
- U.S. stock prices in particular reflect a lot of good news; therefore, valuations are a bit stretched.
- Inflation is still benign along with commodity prices, most notably oil and iron ore.

- The Federal Reserve raised the federal funds rate 0.25% in June as expected.
- U.S. economy is entering the late stages of the economic cycle, although probability of a recession is still low.



Investment Strategy Outlook

Analyst expectations for developed ex-U.S. and emerging markets have been upbeat and improving all year. International growth prospects are improving and valuations are attractive in a world where investment opportunities are becoming scarcer. Emerging market equities are now the best performing asset class on a 12-month basis.

Despite risks, the overall economic evidence continues to support the current bull market. Stocks continue to look more attractive than bonds and cash at this point in the business cycle. For more detail on each of these points, including a detailed Federal Reserve chart, go to the Market Update article in the News, Articles & Community section of our website, www.lfgwi.com.

Planning Notes

By June A. Schroeder, RN, CFP®

Negative Income Shocks: In a survey by the National Endowment for Financial Education, almost no one was safe from periods of lost income due to a health crisis, job loss, or other life transition in their working years resulting in use of retirement savings

long before retirement. Data from the Social Security Administration and the IRS was linked for this survey. By age 70, 96% of American men have had an annual earnings drop of more than 10% at least 4 times and 61% report at least one episode of no earnings for at least a year. Moral: Expect the unexpected.

“Free”- Not Always Really Free:

Examples are many, but one that affected a friend of mind is TurboTax (H&R Block falls into the same category). She spent quite a while filling out the forms, only to discover that she used schedules that are not “free.” Consider instead using CreditKarma.com/tax which really is free.

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Health Emergency: Help, I Don't Know What to Do!

The following letter is from a Liberty client and points out some important points about why we encourage you to complete and communicate your Health Care Power of Attorney (HCPOA) and wishes to others and store a copy in our files:

I would like to share an experience I had recently, in order to alert you of the need to be very careful and thoughtful when preparing your health care power of attorney and communicating your wishes.

My sister (not a Liberty client) and I were going to see a movie. I was driving. Suddenly, she slumped over on me. She was speaking incoherently and could not sit back up. I immediately thought that it must be a stroke. I was terrified about the responsibility of deciding what to do.

I called her primary health care power of attorney, but there was no answer. We

were on Milwaukee's south side, not too far from St Luke's Hospital. I decided to go there. I ran inside for help; the stroke team came out and took over. (I didn't know that they had such a team.) Immediately, the stroke surgeon and team were alerted and came.

Cat scans were done, and they knew that there were three clots. They wanted to operate immediately. They expected me to make the decision even though I was not her POA. I didn't know what her desires were. The surgeon was telling me that my sister would die if they did not take care of the clots. I finally decided to agree that they could do the surgery. My sister recovered and is now in rehab. She tells me that she is glad that I saved her life. I too am very glad that she is alive, though she has serious vision impairment from one of the clots. What I know for sure: I don't ever want to be in such a situation again. Not only is it important to have a copy of your

wishes clearly stated, but it is important that those wishes are known. I now fully understand why it is so important that doctors and hospitals have a copy of your health care documents as well. Please Note: If we have your HCPOA, saved in our secure documents file, we can send it to wherever you need it-tell your family! (We did not have her HCPOA in our files.)



Planning Notes, cont.

Disappearing Jobs: The U.S. Bureau of Labor Statistics reports that the following jobs are in rapid decline because of technology, automation, and changing trends among businesses and consumers: mail carriers, typists & word processors, meter readers, disc jockeys, jewelers, insurance underwriters, tailors, broadcasters, newspaper reporters, and computer programmers.

It Doesn't Hurt To Ask: "The Simple Dollar" suggests that you should always ask for fees to be waived any time one is included as part of signing up. Examples include cell phone or cable sign-up. I took the advice one step farther at a recent stay at a hotel in Indiana. I told the service desk that the hotel down the block didn't charge for parking. Result: I got the \$30/day fee waived for the whole week!

Credit Repair Mistake: Getting paid-off loans removed from a credit report. You might think that a lender will be put off by seeing how much you borrowed in the past on cars, school, refinancing. But in truth, potential lenders like to see that you successfully paid off the loans you borrowed before. So leave those paid-off debts on your credit reports.



Featured Artist: Carol Kraco



taking photographs at a vintage car show in the summer of 2009 that she realized what she did was unique.

The advent of digital film has made photography accessible to many, but an understanding of composition and form is still what separates art from the ordinary. Trying to capture the right image at the right moment to preserve it so others may see it as she does is her goal. In her own words: *"There is so much beauty in the world in places both unexpected and obvious, and I work every day to preserve them with my work."* Carol's work can be found at <https://www.facebook.com/KracoPhotography/>.

Carol Kraco has had an interest in photography since she received her first Konica at the age of 15. She developed her eye over many years, photographing nature, architecture, and eventually her own children. It wasn't until she was



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