



# THE \$TRATEGIST

## Where Do We Go from Here?

By Tom Wargin CFA, CFP®

Janus, the two-faced god, gives his name to January since he was able to look backward and forward at the same time. This gave rise to all the newsletters that comment on the prior year and give their prognostications of the coming year. Let me just say that 2019 was a very good year for the stock and bond markets worldwide, and especially in the U.S. Also, the years since the Great Recession

(2008) have been very good again for stock and bond investors. Not so good for savers.



Where the markets will go from here is anybody's guess. Our crystal ball is always cloudy. (We ought to take it back for a refund but have had it too long!) Most of the commentaries I have been reading are calling for continuing positive returns in the single digits for the stock market (+5 to +9%) and

meager coupon returns only for the bond market (+1 to +2.5%). If you take the mid-points of those numbers and apply them to a 60/40 portfolio, it equates to a 4.9% return before any expenses and taxes. I think many retirees would be satisfied but not happy with that number.

Most investment firms that I follow seem to be predicting that we should increase our allocation to international investments and that emerging markets hold the biggest potential for future returns. That hasn't been the case for the last ten years, however. Is this the year it changes? We'll see. Our opinion is to hold our international allocation as is and possibly reduce or eliminate our allocations to emerging market funds and transfer them to more globally oriented equities.

## Liberty Gives Back

A few years ago, at the urging of many clients, Liberty began donating to local charities instead of holiday gift baskets or cards to clients. In 2019, while there were others to which the team donated time and effort, the following are the charities receiving monetary gifts in honor of Liberty clients:

- Rhinelander Area Food Pantry
- Oneida County Humane Society
- Hunger Task Force
- Food Pantry of Waukesha
- Community Advocates
- American Institute for Economic Research
- Heifer International
- West Bend Children's Theatre, Inc.



We recently talked with a manager of a small-cap value fund and he noted that small caps have also lagged over the last ten years, while their long-term returns have exceeded large cap returns. His idea was to dollar-cost-average into small caps over the next year or two and see if the tide turns or reverts to the mean. That does make some sense and we may do a little of that as well.

As always, the markets don't listen to us and we are merely navigators trying to avoid the shoals as we ride the tides and the winds.



# Planning Notes

By June Ann Schroeder, R.N. CFP®

## The standard mileage rate for 2020

will decrease slightly to 57.5 cents from 58 cents per mile. For medical or moving, the mileage rate decreases by 3 cents to 17 cents, but remains at 14 cents per mile driven in service of charitable organizations.

## Contribution limits for retirement savings

are increasing. For 2020, the contribution limit for plans such as 401(K) increased to \$19,500 and catchup contributions for those age 50 and older increases to \$6500.

Limits for contribution to IRAs, however, remain the same at \$6000/year and the 50+ catchup for these account also stay as the same at \$1k.

## The Recently Passed SECURE Act: Setting Every Community Up for Retirement Enhancement

The SECURE Act pushes the age that triggers RMDs from 70½ to 72, beginning this year. This means you can let your retirement funds grow an extra 1½ years before tapping into them.

That can result in a significant boost to overall retirement savings for many seniors. *Notably, required minimum distributions (RMDs) for individuals who turned 70 1/2 in 2019 are not delayed, and instead, such individuals must continue to take their RMDs under the same rules prior to passage of the SECURE Act.*

Also, if you work into your 70s, you can continue to contribute to a traditional, deductible IRA as long as you have earnings. Unchanged: no age-based restrictions on contributions to a Roth IRA.

**SECURE Act Bad News:** The Act eliminates the current rules allowing non-spouse IRA beneficiaries to “stretch” RMDs from an inherited account over their own lifetime (and potentially allow the funds to grow tax-free for decades). *Instead, all funds from an inherited IRA generally must now be distributed to non-spouse beneficiaries within 10 years of the IRA owner’s death.* (The rule applies to inherited funds in a 401(k) account or other defined contribution plan, too.) This change might give you some cause to reevaluate your estate plan when it comes to your beneficiaries.

## Client Alerts

By Shannon Nook, FPQP™

### Winter/Spring Office Hours

Monday to Thursday 8:30AM-6PM

Friday 8:30AM-5PM

Other times by appointment only.

CLOSED: Good Friday (4/10),

Memorial Day (5/25)

### Don't Forget to Maximize Your IRA

The 2019 contributions for IRAs, including Roth IRAs, must be in your account by 4/15/20. Maximum is \$6,000 per individual or earned income whichever is more. Those over age 50 may add an additional \$1,000 catch-up. We hope to contact you by late February to see if you want to maximize this contribution for your retirement!

### Liberty Financial Tax Appointments

Call to schedule a meeting, or drop off or mail your data to us. Your final return will be filed electronically and a copy mailed to you. If we did your taxes, tax organizers are included with this newsletter to help you get ready. Watch for an email blast/snail mail notice regarding the LFG tax team. Make appointments with your tax preparer ASAP to beat the rush. Client review meetings will be separate this year.

### Portfolio 1099 Expectations

You should receive 1099s shortly by mail or online by logging into your Schwab or TD Ameritrade account. We also receive copies of these, so no need to forward with your tax information. If you have questions, give us a call.

## Featured Artist: Aspyn Breuer

A lover of bold colors, candid designs, and cheeky themes... Within each project she creates, a story unfolds. Media is non-constraining, but acrylics, ink, and heat are preferred.

To view samples of Aspyn's work, unique paintings and pyrography, visit her website at [aspynbreuer.com](http://aspynbreuer.com) or visit our conference room. Check out additional artwork and current projects on Instagram @aspyn.breuer



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