



Wealth Care LLC February 2019 Commentary

Investment Thoughts

The S&P 500 just went from its worst December to its best first few weeks of a new year. Market timers, take note. It's impossible to time short term market movements.-Peter Mallouk

In fact, The Dow Industrials index began December 2018 at 25,536 and then dropped to 23,327. One month later (yesterday) the index has returned to within 2% of what it started December at. And that's the theme of this month's investment commentary.

I had the opportunity to discuss the market down drop in mid and late December with several members of the Wealth Care LLC community. My advice was to ignore what appeared to be normal volatility. In fact, had it been worse than "normal", my advice would have been the same. It has been said by others "you can't predict, but you can prepare." This is oh so true! We have no idea what the markets will do in short term periods and trying to predict them in either direction is a costly mistake. We prepare by knowing that in the long term, stock investments provide the highest "real return" (returns after taxes and inflation) of any liquid investments. But we also know this requires patience and avoiding emotional response to either rapidly rising prices or dropping prices. By taking a long term perspective on our investments and having an allocation that fits our goals (the "prepare"), we are likely to do well. Focusing on short term price changes just doesn't help. Look below:

How to Improve Your Odds of Making Money in Stocks-Just Be Patient

Since January 1926 through October 2018, the S&P 500 has closed up on:

53% of days

63% of months

69% of 3-month periods

75% of 12-month periods

88% of 5-year periods

95% of 10 year periods and

100% of 20 year periods



Steve here-the message to take from this is that watching U.S. stock market action on less than a 1-5 year period is bound to be frequently upsetting. Don't do it!

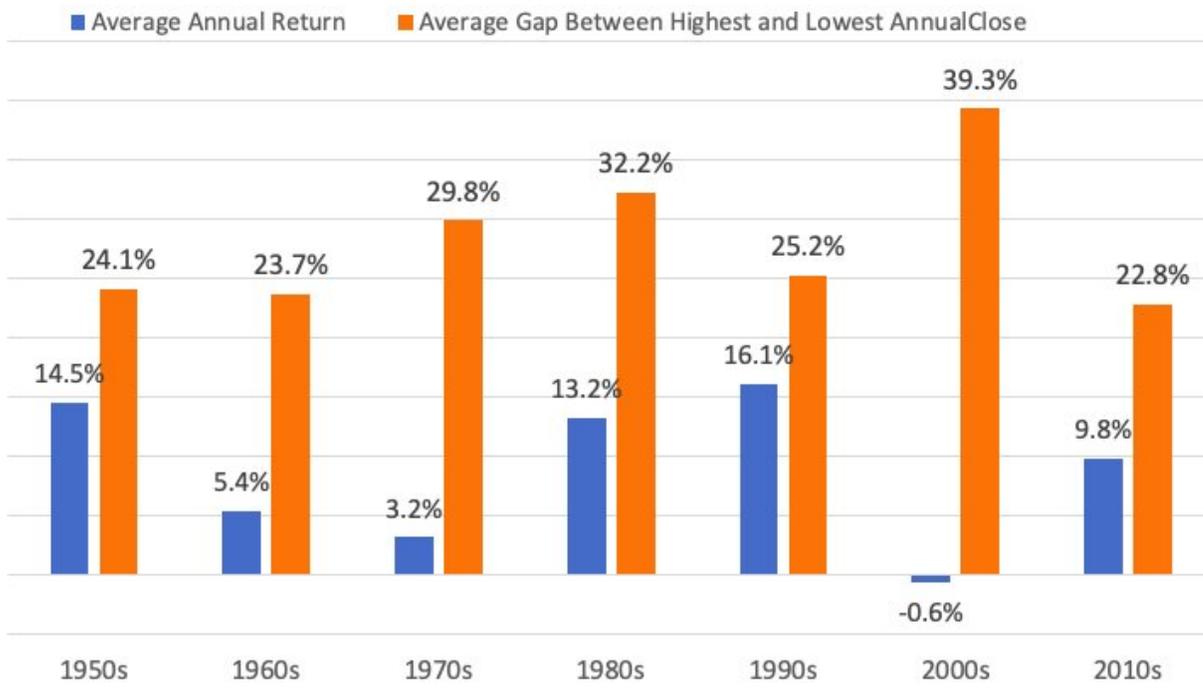
If we take a more balanced portfolio (here 60% stocks and 40% bonds), we get slightly better results over the short term as bonds often move in opposite directions to stocks. But the graph doesn't show the additional fact that an all stock portfolio will most likely make a higher long-term return.

60/40 Portfolio: 1926-2018

Time Frame	Positive	Negative
Quarterly	70%	30%
One Year	80%	20%
5 Years	95%	5%
10 Years	100%	0%
20 Years	100%	0%

60% S&P 500 / 40% 5 Year Treasuries

A final thought. In order to capture these long term gains-we have to tolerate a great deal of volatility. Look at this:





The last few years have given us almost 10% annual returns but with swings of up to 23% in any given year. In fact, we see bear market swings on average in every single decade.

Social Security Website security

This post comes from one of the firms in my financial planning peer group and is worth a read.

The Importance of Creating a my Social Security Account

Posted by Rick Fine on November 14, 2018

For at least a year now, Sensible Financial has been advising its clients to create and then “lock down” their **my Social Security** Account. This account is located on the Social Security Administration’s web site, www.ssa.gov. Since September 29, 2018, your **my Social Security** account has been the only way to apply for Social Security and Medicare benefits online.

Whether you are creating this account, or logging into an account you previously created, the web site will require that you set up a *dual factor* authentication security feature. Dual factor sends a text message to your smart phone, or an email to your email address, with a numerical code that you must use to log into the web site (along with your username and password). With dual factor authentication set up, even if someone steals your username and password, they cannot gain access to your account.

A few months ago, prior to the September 29th effective date, a thief successfully applied for Social Security benefits in the name of one of our clients, and the agency sent monthly checks to a fraudulent address. Our client, who had no intention of enrolling in Social Security until age 70, found out about the fraud when they visited their local Social Security office to enroll in Medicare. The Social Security Administration immediately cut off payments and has opened a criminal investigation. In the meantime, our client is unable to enroll in Medicare. If his employer had not allowed him to remain on his company’s health plan, he would have been temporarily uninsured. In any case, he’s now spending precious time wading through red tape with representatives of the Social Security Administration.



In light of this unfortunate incident, we are reemphasizing the importance of creating and locking down your **my Social Security** account, even if you are many years away from applying for Social Security or Medicare benefits. If someone else creates an account in your name and then locks you out, you could spend a great deal of time untying bureaucratic knots at the Social Security Administration.

If you haven't already done so, go to www.ssa.gov and navigate part-way down the home page to **my Social Security** (see screenshot below, lower left corner). To create an account, you must answer several multiple-choice questions so that the SSA can properly authenticate you. You may be asked, for example, which one of the following four addresses you lived at in the past 20 years; or which of the following lenders you used for your current mortgage. If you answer even one of these questions incorrectly, the web site will deny your request to create an account, and you will have to wait 24 hours before you can try again (presumably with a different set of questions). Be patient and try again. If you are denied more than twice, you may need to call the SSA at 1-800-772-1213 and seek their guidance on how to resolve the issue.

[www.ssa.gov web site]



A Reminder That Political Events Don't Predict Stock Market Behavior

S&P 500 Performance During Government Shutdowns (1976 - Today)						
President	Start Date	End Date	# Days	Start S&P 500	End S&P 500	% Return
Trump	12/22/2018	?	31	2416.6	2670.7	10.5%
Trump	2/9/2018	2/9/2018	1	2581.0	2619.6	1.5%
Trump	1/20/2018	1/23/2018	4	2810.3	2839.1	1.0%
Obama	10/1/2013	10/17/2013	17	1681.6	1733.2	3.1%
Clinton	12/16/1995	1/6/1996	22	616.3	616.7	0.1%
Clinton	11/13/1995	11/19/1995	7	592.7	600.1	1.2%
H.W. Bush	10/5/1990	10/9/1990	5	312.0	305.3	-2.1%
Reagan	12/18/1987	12/20/1987	3	243.0	249.2	2.5%
Reagan	10/16/1986	10/18/1986	3	238.8	238.8	0.0%
Reagan	10/3/1984	10/5/1984	3	163.6	162.7	-0.6%
Reagan	9/30/1984	10/3/1984	4	166.1	162.4	-2.2%
Reagan	11/10/1983	11/14/1983	5	164.0	166.6	1.6%
Reagan	12/17/1982	12/21/1982	5	135.3	138.6	2.4%
Reagan	9/30/1982	10/2/1982	3	121.6	122.0	0.3%
Reagan	11/20/1981	11/23/1981	4	120.7	121.6	0.7%
Carter	9/30/1979	10/12/1979	13	109.3	104.5	-4.4%
Carter	9/30/1978	10/18/1978	19	102.5	100.5	-2.0%
Carter	11/30/1977	12/9/1977	10	94.6	93.7	-1.0%
Carter	10/31/1977	11/9/1977	10	92.6	93.0	0.4%
Carter	9/30/1977	10/13/1977	14	95.9	93.5	-2.5%
Carter	9/30/1976	10/11/1976	12	105.4	101.6	-3.5%
@CharlieBilello				Median Performance	0.3%	
				% Positive Performance	62%	



Miscellaneous

Wealth Care LLC Brochure

Our firm brochure and privacy policy are always available on the web site:

<https://wealthcarellc.com/our-services>

Lauren Podnos Moving to Texas

Lauren is leaving the Big Apple to establish a Wealth Care LLC location in Austin Texas next month! Mary and I spent five great years in Dallas as residents/fellows and we have many fond memories of the Long Star State.

Steve will be writing for Retirement Weekly

I've been asked to write a monthly column for the subscription newsletter "Retirement Weekly" with Bob Powell. I'll send out copies as they publish

<https://www.marketwatch.com/premium-newsletters/retirement-weekly-faq>

Best States to Retire In

Fla on top! <https://wallethub.com/edu/best-and-worst-states-to-retire/18592/>

Hundreds of free online courses

<https://qz.com/1437623/600-free-online-courses-you-can-take-from-universities-worldwide/>



Random Notes

About once a decade people forget that bubbles form and burst about once a decade.-anon

Buy when everyone else is selling and hold until everyone else is buying. That's not just a catchy slogan. It's the very essence of successful investing. --J. Paul Getty

I'm a great believer in luck, and I find the harder I work the more I have of it. --Thomas Jefferson

A fine is a tax for doing wrong. A tax is a fine for doing well.

Steven Podnos MD CFP® for Wealth Care LLC 2-1-2019