

IN YOUR BEST INTEREST

WINTER 2018/2019



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INCORPORATED

PRESIDENT'S MESSAGE

2019 is finally here, and many investors are more than happy to say good riddance to 2018! The year ended with a lot of confusion—the trade war with China, the Mueller investigation, a hike in interest rates, uncertainty around Brexit, and last but not least, the government shutdown. None of it boded well for the markets.

Moving forward, do your best to avoid 'recency bias'—that very human response to the crisis du jour. Like I wrote in [my last blog post of 2018](#), when your portfolio includes a diversified mix of asset types and classes based on your goals, time horizon, and financial foundation, then the daily, weekly, monthly, or even annual market movements should have no real impact on your financial security.

If the rocky market still has you worried, know that our team is here, always, to be sure you remain on track toward your goals. If anything arises that puts your financial security at risk, let us know so we can suggest adjustments to correct your path ahead.

Here's to a happy, healthy, and financially confident 2019!

Best,

Lauren Klein

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MARKET HIGHLIGHTS: Q4 2018

On September 20, 2018, the S&P closed at an all-time high. Then came the new era of volatility. Despite the economy expanding at a rate not seen in many years, mostly favorable corporate earnings reports, strong consumer spending, tepid inflation, and plenty of jobs, investors ended

the year feeling anxious and often afraid. As a result, the S&P declined more than 14% in Q4, wiping out earlier gains and closing down 6.24% for the year.

The news media is awash with speculation as to the causes, and with

every overwrought pundit and fantastical headline, the market seems to overreact. Yet despite a disappointing Q4, the aging bull did deliver positive highlights. The economy expanded at an annual rate exceeding 3.0%. Unemployment reached the lowest point since 1969.

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 **MARKET HIGHLIGHTS: Q4 2018** *continued from page 1*

	2017 Close	As of 9/28	2018 Close	Month Change	Q4 Change	2018 Change
DJIA	24719.22	26458.31	23327.46	-8.66%	-11.83%	-5.63%
NASDAQ	6903.39	8046.35	6635.28	-9.48%	-17.54%	-3.88%
S&P 500	2673.61	2913.98	2506.85	-9.18%	-13.97%	-6.24%
RUSSELL 2000	1535.51	1696.57	1348.56	-12.05%	-20.51%	-12.18%
Global Dow	3085.41	3121.54	2736.74	-6.81%	-12.33%	-11.30%
Fed. Funds	1.25%-1.50%	2.00%-2.25%	2.25%-2.50%	25 bps	25 bps	100 bps
10-year Treasuries	2.41%	3.06%	2.68	-31 bps	-38 bps	27 bps

Chart reflects price changes, not total return. Because it does not include dividends or splits, it should not be used to benchmark performance of specific investments.

Consumer income rose and purchases increased. Still, it's easy to become nervous in such a volatile investment environment. My goal is to be the calming voice of reason and provide much-needed perspective to help you rise above the headlines. Here is some food for thought:

- *There are not more sellers than buyers in the market.* For everyone selling shares, there is someone buying. This interplay between buyers and sellers is how market participants drive price equilibrium.
- *Our free market economy will always experience periods of both growth and recession.* Economists agree that we are in the late stage of a growth cycle. At this stage, the economy is still growing but at a slower rate.

- *Wise investors don't get distracted by the short game but focus on long-term growth.* No one can reliably predict the timing or severity of a recession, but we've been here before. Since 1980, despite annual pullbacks, stocks have returned a compound annual rate of return of 11%.

Perhaps what is most important is that your portfolio is invested in high quality, diversified investments to protect you from excessive downside risk. And if you're not mentally prepared for the 'weather of the day,' rest assured that we are here to help you benefit from the 'climate of the era.' When you need a team to get you through the storms, we are always here to help! ■

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Add Klein Financial Advisors news to your feeds by liking us on Facebook , Twitter , and LinkedIn . Our content is carefully curated to educate, entertain, and enlighten. And watch for Saturday emails for a quick roundup of all the news!

 RECENT NEWS

Get all the details on our website under ‘Klein News.’

Lauren was featured in *Financial Advisor Magazine* in the article, *Reverse Mortgages Seen By Advisors As Option of Last Resort.*



Lauren was quoted on the popular financial website *NextAvenue* in the article, *Should You Have a Joint Bank Account with Your Parent?*



“While a reverse mortgage isn’t right for everyone, when used correctly and strategically, it may be just the solution to manage cash flow and protect a client’s portfolio in retirement,” she said. But, she added, “the best time to get a reverse mortgage is before it’s needed. A reverse mortgage should never be used as a last resort when all other assets have been depleted. Having this flexible resource available if and when it’s needed can help turn a client’s home equity into a powerful and strategic financial planning tool for decades to come.” See the complete article to read everything Lauren had to say on the topic. ■

“A joint bank account can be the simplest and easiest way to help parents pay bills and monitor and track funds,” says Lauren Klein, a certified financial planner and president of Klein Financial Advisors in Newport Beach, California. “There’s a certain amount of comfort that comes from knowing that your parent’s bills are being paid on time. You can use their account to make everyday purchases like groceries as well as pay for bigger expenses, keeping them separate from your personal accounts.” ■

 FROM THE BLOG

Don’t miss [Lauren’s blog](#) on our website to stay informed on topics that impact your finances, your family, and your future.



**Rain in the forecast?
It’s time to plan like
an Easterner!**



**To stay on track in
today’s market, simply
take a look at the past**



**Ageism, sexism,
and staying relevant
after 50**

Is there a topic you’d like Lauren to tackle? Send us an email with your thoughts. We’d love your suggestions and feedback.. ■

 DATES TO REMEMBER

- JANUARY 15** January 15
Martin Luther King Day
(markets closed)
- JANUARY 16** January 16
Q4 estimated taxes due
- FEBRUARY 14** February 14
Valentine’s Day
- FEBRUARY 18** February 18
President’s Day (markets closed)
- MARCH 10** March 10
Daylight Savings Time begins
- MARCH 15** March 15
Returns due for S Corporations
and Partnerships

SPOTLIGHT ON IDENTITY THEFT

In early November, we hosted a Lunch & Learn session with special guest Dan Skiles, president of Shareholders Service Group. While we dined on a fabulous lunch, Dan shared his



insights into why protecting your identity matters, and some important steps to help reduce your online risk. It's a critical topic in an age of data breaches, scams, and other threats to our personal information and assets. Here are the highlights from Dan's very valuable presentation:

- **Create secure passwords.** Don't use the same passwords for different accounts. Create a system that makes sense to you (and only you) and create unique passwords that are illogical and hard to guess. Even better, use an app like LastPass that generates complex passwords, stores them for you, and simplifies access from every device.
- **Use Multi-factor Authentication (MFA).** If an online app (Facebook, Twitter) or your bank offers **MFA**, use it! When you log in, the app will take another step to verify your identity. Answer a security question. Receive a text with a confirmation code. Do whatever it takes to help online services confirm that you are, in fact, you.
- **Stop clicking on phishing emails!** Phishing emails have one goal: to gain fraudulent access to your personal information directly from you. Free offers. 'Urgent' messages from the IRS or your bank. An alert to click to hear the voicemail you received from an unknown sender. Resist the temptation and do not click. The IRS will never contact you via email (or phone). When in doubt, call the sender (your bank, your friend, the Apple store) and ask.
- **Remove your personal data from the web.** To stop companies like Facebook, Google, and online stores from tracking and collecting your personal data, review each company's privacy statement and follow the guidelines to keep your data private. If you need help, consider using a service like Abine's **Delete Me** that combs the web to delete data and minimize your **online footprint**.

TIPS & TOOLS TO PREPARE FOR 2019

The holidays are behind us, which makes now the best time to get your financial house in tip-top shape for 2019. At the top of the list, of course, should be preparing your 2018 tax return. But don't stop there! Get a new start in the New Year with these smart tips:

- ✓ **Organize 2018** year-end reports
- ✓ **Schedule payments** to erase any holiday debt Q1
- ✓ **Prepare records** for tax filing & complete your preparer's tax organizer
- ✓ **Set up new 2019 files** for bills, insurance records, tax returns, and more
- ✓ **Shred old tax and financial records** 2014 and prior (ask for our handy "keep or toss" list)
- ✓ **Maximize your retirement** plan contributions
- ✓ **Start using a personal** financial management app (ask about our eMoney tool)
- ✓ **Schedule your financial fitness** checkup with our team

Feeling overwhelmed? Give us a call. As always, we're here to help!

Cybercriminals are smart, but by getting smart about identity theft, you can be sure your data—and your assets—are safe for decades to come. If you want to learn more, **email us** to request a copy of our Lunch & Learn presentation, 'Spotlight on Identity Theft—Protecting your personal information: Why it matters and the 4 steps to success.' As always, we're here to help! ■



"I'm getting subtle hints of what the Fed might do."

Cartoon credit: Paul Noth/The New Yorker Collection/The Cartoon Bank