

QUARTERLY PORTFOLIO REVIEW

June 30, 2018

Summertime is always the best of what might be

Charles Bowden

Quarter in Review

- Trade and tariffs continue to be the headline stories in the equity markets. While a true 'trade war' is not at hand, tensions are rising.
- Bonds and bond funds saw a general price recovery in the 2nd quarter. This made up for some price pressure due to interest rate increases and perceived rate hikes in the 1st quarter.
- There is no time like the present for financial planning. We have had more clients refocusing their efforts to bring their attention to other areas of their finances such as debt, estate planning, and cash management.
- Tax savings: If you are uncertain how the tax law may effect your income or required tax withholding, we suggest you contact your tax preparer earlier vs. later in 2018.
- Thank you for the referrals you have given us over the years. We sincerely appreciate your trust.

BENCHMARK CENTRAL YTD QUARTER END

FTSE World Gov't Bond Index 3-7 Yr. Hgd	0.16%
Russell 2000 (US Small Cap index)	7.00%
S&P 500 (US Large Cap index)	1.67%
Wilshire 5000 (US Total Market index)	2.16%
MSCI EAFE (International Stock index)	-4.49%

PRE-RETIREMENT IRA WITHDRAWALS

Recently, we sent out a communication piece that addressed the increased desire to withdraw from your IRA(s) prior to retirement. Here are a few of the areas we covered:

1. **Have I discussed the Pre-Retirement IRA Withdrawal with my advisor?** Often clients call us after their mind has been made up and purchase agreements have been signed. If you are thinking about a Pre-Retirement withdrawal from your IRA feel free to call us to discuss the potential financial consequences.
2. **How much will I have to pay in taxes?** The tax consequences for IRA withdrawals could be significant. In addition to Marginal (highest) Federal and State (if applicable) taxes, if you are under age 59 1/2 you will likely pay an additional 10% tax penalty.
3. **Do I need to take the withdrawal or am I better off taking a loan?** Often clients have the misunderstanding that paying off a mortgage from an IRA is a good idea. We have yet to perform a mortgage payoff analysis which would be financially beneficial to the client. We highly recommend that you contact AFA's Financial Planning team to determine if paying off your mortgage by making IRA withdrawals is financially appropriate for your situation.
4. **How much will the Pre-Retirement IRA withdrawal cost me in the future?** When an ill-advised withdrawal is made from an IRA it's not just the immediate loss of the asset, it's also the loss of the asset over the next 10, 20, or 30 years.

If you have any questions, do not hesitate to contact our offices.

QUARTERLY CLIENT WEBINAR

Date: Thursday, July 26th, Starting time: 12:30 pm, Eastern Daylight Time

Meeting Number: 191 603 301

Website link: <https://meetings.webex.com/collabs/#/meetings/detail?uuid=M8MME2VF8X00XPNAB572QIO0CP-5MWV&rnd=72436.818739>

To join the teleconference only: US TOLL: +1-415-655-0001 Access code: 193 962 903

If you cannot join us for this important webinar, we will post a recording of the entire presentation on our website at www.afadvisors.com.