

the BENCHMARK

Newsletter



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Annual Client Event a “Home Run”

One of our favorite days of the year – our annual client event at the Blackthorn Club – was a smashing success. The weather was beautiful, the food was delicious, and the presence of all our friends was exceptional.

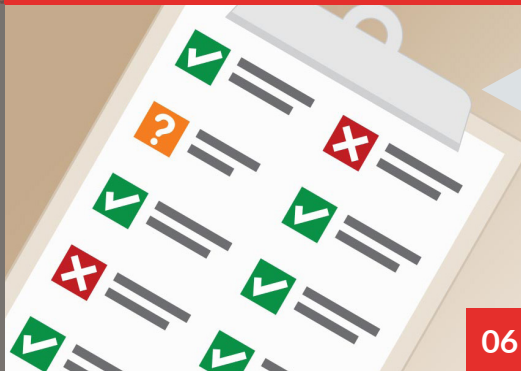
It is always a delight to spend time with our clients. We hope you know how grateful we are for you. We look forward to seeing you at our smaller client events throughout the year and at the Blackthorn next year.

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The Third Quarter: A Mixed Bag

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Nick Clay runs down a list of items to keep in mind before year-end.

The Third Quarter: A Mixed Bag



By Myra O'Dell

We begin the fourth quarter of the year with a somewhat mixed bag of data. On a positive note, the S&P 500 stock index has experienced a strong year-to-date return, although it is mostly flat if we look back to 12 months ago. Additionally, GDP growth has been healthy across many global markets. The U.S. consumer sector has been a bright spot, particularly with the lower-end retailers and restaurants. The combination of record low unemployment, increasing wages, and low interest rates could provide a favorable environment for consumers.

However, there are also worrisome signals out there. In August, the yield on the 10-year U.S. Treasury note fell below the yield of the 2-year note, briefly, for the first time since 2007. In the past, such an occurrence has indicated investors' concerns about an upcoming recession. Also, September's measure of U.S. manufacturing from the Institute of Supply Management, or ISM, released on October 1, was the second consecutive month of contract for the index.

Are investors bullish or nervous, and what is the likelihood of a recession in the coming year? The economists at the Organization for Economic Co-operation and Development (OECD) do not foresee a single developed country entering into a recession in 2020, and they even expect half of those countries to see economic growth reaccelerate next year. Conversely, business leaders do not share their optimism. Despite interest rate cuts, the outlook of CFOs has worsened since June according to a survey completed by Duke University.

A major headline of the year is that global central banks have quickly

changed directions from raising interest rates in the second half of last year back to cutting rates in 2019. As expected, the Federal Open Market Committee (FOMC) cut interest rates by 25 bps at its September meeting. Half of the FOMC members agree there will be no more changes in rates for the remainder of the year. We will see if that indeed is the case. Since the last rate hike by the Fed in December of last year, there have been 95 global central bank rate cuts, with the U.S., Hong Kong, Brazil, and China being the most recent countries to cut rates. Global interest rates are down more than 70 basis points this

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Major Stock Indexes	3rd Quarter 2019	YTD
DJIA	1.2%	15.4%
Nasdaq Composite	-0.1%	20.6%
S&P 500	1.2%	18.7%
Russell 2000	-2.8%	13.0%
Global Dow	-1.7%	10.5%
Japan: Nikkei 225	2.3%	8.7%
Stoxx Europe 600	2.1%	16.4%
UK: FTSE 100	-0.2%	10.1%
Major Bond Index	3rd Quarter 2019	YTD
Bloomberg Barclays US Aggregate (Total Return)	2.3%	8.5%

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year, as measured by the Bloomberg Barclays Global Aggregate Bond Index. Additionally, there has been a growing list of countries focusing on fiscal stimulus through stepped-up government spending or tax cuts.

So what does all of this mean for your portfolio? We consider the potential for political headlines to make waves and trade tensions with China to heighten. We con-

tinue to recommend that investors keep a long-term view and stick with their target asset allocation, meanwhile using the volatility as an opportunity to rebalance as needed to take advantage of market fluctuations.

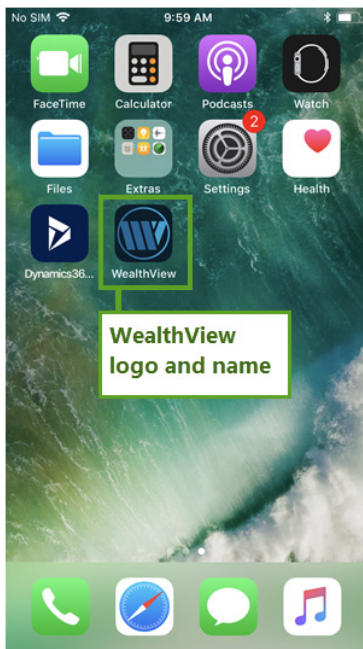
By the time you receive our next quarterly newsletter, the weather will have turned chilly, and we will be starting a brand new year. We are wishing you and your family a blessed holiday season.



New Client Portal to Bring Enhanced Experience for Clients

By Nathan Goodwin

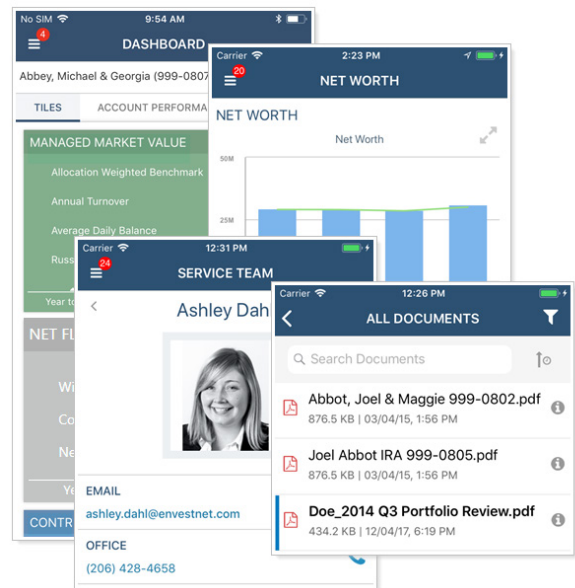
Over the course of the past year, BCS Wealth Management has made significant investments in technology upgrades. We believe these will allow us to better serve our clients and enhance the client experience. Earlier this year we partnered with Envestnet Tamarac to provide a new, cutting-edge client portal for our fee-based clients. This partnership will provide a client portal from our website that will allow clients to log in and see only the



things they want to see, and it is customizable. The idea is for the portal to be very clean and easy to read. Everything will be available via desktop computer, tablet, or smart phone. In addition to vast account-specific information and reporting capabilities, the portal will give clients the ability to keep track of total financial health by monitoring outside investments and accounts if they choose to do so.

The client portal will also have a document vault so that we can efficiently distribute client-specific materials, like quarterly reports, but also so that we can have a hub to keep all important financial documents, like estate planning documents.

Envestnet Tamarac is a leading provider of web-based intelligent systems for wealth management firms. They are a 2018 winner for portfolio management software by Family Wealth Report and a 2017 winner for best client portal in the WealthManagement.com Industry Awards.



Stay tuned in the coming weeks as we put the finishing touches on this powerful and comprehensive technology for our clients.



Annual Client Event a “Home Run”

By Philip Bachman

BCS Wealth Management hosted our annual client event on October 2 at the Blackthorn Club. As in years past, the event featured interesting guest speakers, a good lunch, and time to fellowship. We were also blessed with great weather!

This year’s first guest speaker was Paul Barlow, Senior Relationship Manager at Charles Schwab & Co. Paul shared the story of his family’s difficult journey supporting their 14-year-old son through a battle with cancer that ultimately claimed his life. Rather than being a message of despair, Paul inspired the audience to cherish family and to treasure life’s precious moments. A former financial planner himself, Paul highlighted the importance of holistic financial planning because life’s unexpected turns are inevitable. He discussed the benefits of working with a trusted financial advisor who can offer an objective perspective.

Chapman Brown, Vice President and Wholesaler for Capital Group, was the second guest speaker. Capital Group, home of American Funds, manages a suite of mutual funds using high-conviction portfolios, rigorous research, and a long-term approach. Chapman spoke about the rigorous investment process that his team follows in the American Funds portfolios. He encouraged the

audience consider that the world is full of investment opportunities, despite the negative news headlines that the media proliferates. He discussed the importance of keeping a long-term view when investing for financial goals in the extended future.

The event’s featured guest was Daniel Norris, Starting Pitcher for the Detroit Tigers. Daniel is a Johnson City native and six-year Major League Baseball player. Paul Hoilman of BCS Wealth Management interviewed Daniel in a casual format. The two chatted about Daniel’s professional baseball career. Daniel shared the highlights of his career, including striking out David Ortiz of the Boston Red Sox during his debut Major League game. Daniel reminisced about his adventures living for 2-3 months at a time in his 1978 Volkswagen Westfalia van before spring training. He also spoke about his disciplined money management habits. Talking about his signing bonus, Daniel said, “I want it to remain a blessing. I didn’t want it to hinder my character.”

Daniel Norris supports the Just Keep Livin’ Foundation. The Just Keep Livin’ Foundation was started by Matthew and Camila McConaughy. It is dedicated to empowering high school students to lead active lives and to make healthy choices for a better future. BCS Wealth Management made a contribution to the organization to celebrate Daniel’s participation in the client event.







Year-End Financial Planning

By Nick Clay

As we enter the last quarter of 2019, there are plenty of items that should be on your year-end financial planning checklist. Some of them are easier to remember than others. Below is a list of some of the important items to consider before we close the books on 2019.

Year-End Financial Planning Checklist

- *Take required minimum distributions (RMDs):* If you're 70½ or older, the IRS requires you to take RMDs from certain retirement accounts by December 31—or face a penalty equal to 50% of the sum you failed to withdraw. If you turned 70½ this year, you have until April 1, 2020 to take your first RMD. (Be aware, however, that if you wait to take your first RMD between January 1, 2020 and April 1, 2020, you still must take your regular 2020 RMD. Therefore, waiting to take your first RMD would double the tax implication in that year.)
- *Maximize contributions to your retirement accounts:* Many companies that offer a 401(k) plan offer matching contributions to your personal contributions. At a minimum, you should contribute enough to get the full company match. You're simply leaving money on the table if you don't take advantage of this. This is FREE money and should not be discounted. It's a best practice to contribute the maximum amount to your retirement accounts. Here are those amounts:
 - 401(k), 403(b), 457 Plans: \$19,000
 - Age 50 and older additional allowed contribution: \$6,000
 - SIMPLE Plan: \$13,000
 - Age 50 and older additional allowed contribution: \$3,000
 - IRA or Roth IRA: \$6,000
 - Age 50 and older additional allowed contribution: \$1,000
- *Review your tax situation in taxable investment accounts:* Before year-end you still have the opportunity to reduce taxes that may be owed due to realized capital gains. Any realized capital losses can help offset any realized gains. This can be done even while preserving your investment allocation and diversification.
- *Spend your Flexible Savings Account (FSA) money:* Any funds in your FSA are typically forfeited at the end of the year, so if you have eligible health and medical needs make sure to take advantage of the accumulated dollars in your account before they go away. I'd advise confirming your plan's deadlines with your employer before doing this.

- *Fully fund your Health Savings Account (HSA):* An HSA is a unique, tax-advantaged account that can be used for current or future healthcare expenses. For 2019, if you have a high-deductible health insurance plan you can save as much as \$3,500 (single) or \$7,000 (family). If you're 55 or older you can contribute an additional \$1,000. These dollars don't go away at year-end. The account can accumulate, and even be invested, for future years.

Other Items to Consider

- Review and/or establish estate planning documents.
- Confirm beneficiary designations.
- Review your investment portfolio to make sure your risk tolerance and spending needs still match your portfolio objectives.
- Review your insurance needs.





Thanks to Heather Kirk Photography for providing the beautiful pictures now located in our lobby and conference room. Be sure to check them out next time you're in! Above is "Streams of Gold" taken in the Great Smokey Mountains. Below is "Blooms on Roan Mountain."



Scott Hoilman Becomes Insurance Licensed

Scott Hoilman became a licensed Life Producer and Accident and Health Producer. Becoming licensed allows him to advise clients about life insurance and disability insurance. He also helps guide businesses on their group benefits package and enrollments. Scott works with Senior Insurance Advisor Paul Hoilman to assist clients with policy reviews, needs analysis, quoting, and all other related insurance services.



BCS Wealth Management is an independent financial planning firm in Johnson City, TN. We help individuals, families, and businesses reach goals important to their financial wellbeing. We provide investments and financial planning, insurance, and group benefits.

BCS Wealth Recognized as “Future 50 Firm” by CityWire RIA



The first week of October was a busy week for BCS Wealth Management. Not only did we hold our annual client appreciation event, but the next day Managing Partner Nick Clay flew to Austin, TX to participate in a CityWire RIA investment retreat. Through its magazine and events programs, CityWire RIA delivers analysis and resources for Registered Investment Adviser (RIA) firms.

At the event, CityWire RIA recognized BCS Wealth Management as one of CityWire’s “Future 50 Firms.” Nick accepted the award on the firm’s behalf. According to *CityWire RIA* magazine, the Future 50 RIA firms represent a group of finance professionals who are collectively creating the new investment landscape. They are firms that have their own unique story to tell. These firms are comprised of finance

professionals who are driven to succeed on their own terms and, most importantly, are in charge of their own investment decisions.

The scoring system evaluated firms based on their growth trajectory, degree of independent ownership, percentage of fee-based business, approaches to sustainability, diversity initiatives, processes in place for maintaining and attracting talent, succession planning, staff professional credentials, investment offerings/capabilities, service offerings to clients, client education, and charitable work in the community. For firms to qualify, they must be registered with the Securities and Exchange Commission with between \$250 million and \$2 billion in assets under management.

Receiving recognition is not why we do what we do. Helping our clients is. Nonetheless, we are proud of this accolade because it signifies that our team’s hard work remains a foundation for continued growth.

While in Austin, Nick participated in many round table discussions with peers in the industry. He also had the opportunity to speak with portfolio managers and economists from around the world. As the investment landscape continues to change, we believe information gleaned from events like this allows us to stay up to date.

The Future 50 RIA award is not designed to be a list of the biggest RIAs by AUM or those growing at the fastest rate. Rankings are not indicative of a firm’s future performance nor do they evaluate the quality of services provided to clients. BCS Wealth Management did not pay a fee to participate in this ranking.

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