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Dear Valued Client,

Sometimes we look at the reminders that we have typed or dictated into our cell phones and we have list upon lists of action items we have yet to find the time to accomplish. After a very solid first six months of performance across almost all equity indices, it is time to pause and review our overall portfolio allocation and identify the important investment planning to do's while there is still time in the year to act.

We have attached a snapshot which summarizes the near-term outlook from our colleagues at the Wells Fargo investment Institute (WFII) and we will post the more comprehensive report to our website (www.abelesflurie.com) or we can mail you a copy upon request.

To highlight some of the more important items from their yearend forecasts:

- Positive but more subdued U.S. and global economic growth.
- Continued positive corporate earnings growth but this will not translate into additional returns on the S&P 500 which is viewed as fairly valued with a neutral outlook through year-end.
- Fed expected to cut the Federal funds rate target to 2-2.25% as a tool to encourage controlled but positive economic growth.
- Emerging market equities are favorably valued when looking at investment allocations overseas.

We continue to believe that our Envision® planning process serves as an excellent tool to guide your investment and savings habits towards successfully accomplishing your longer-term goals; however, we agree with WFII that a conversation regarding rebalancing your portfolio, capturing gains as tax efficiently as possible in an effort to “bank” savings to be used towards pending projects or short-term spending needs, and/or just a general review of the overall diversification strategy employed on each of your accounts may be in order. Please feel free to call or email us to arrange a visit or phone appointment.

Having worked our way through the first tax season since the enactment of the Tax Cuts and Jobs Act in 2017, here are a few reminders (and as always please double check with your accounting/tax planning advisors to determine application towards your individual circumstances):

- the increase in the standard deductions and elimination of personal exemptions increases the importance of your 401(k)/403(b) retirement savings plans as your primary tax deduction tool (or the reduction in tax rates may justify exploring the Roth 401(k) feature as well). Remember, limits were increased to \$19,000 (\$25,000 if over age 50), so we urge you to consider increasing your savings rate now while there are six months of pay periods left in the year.
- If you are over age 70 ½, and required to take distributions from your retirement pools – consider making your charitable contributions to religious and other qualifying nonprofit organizations by making a direct contribution of all or a portion of your required minimum distribution. If you do

not qualify to itemize your deductions, this is a more tax efficient step to accomplish your charitable commitments.

- Speaking of requirement minimum distributions, Congress is floating the possibility of extending the requirement age from 70 ½ to age 72 but more importantly, they are looking at limiting the “stretch” IRA rules which benefited our children/heirs. It may make some sense to explore converting some or all IRA balances to Roth IRAs—call us for details.
- In most instances, mortgage interest remains deductible, but interest rates have fallen again and it may make sense to consider refinancing “again.”
- 529 education savings plans are more flexible and may be used towards tuition for grades K-12 as well as college and post graduate school educations. In addition, check if the plan also gives a deduction towards state income taxes.
- Your Social Security benefit strategy may be impacted by taxable income and/or part time income as you approach full time retirement. Go to www.ssa.gov to print off your earnings record and schedule a visit with the local Social Security office for more details. Again, call us with questions, we have an excellent social security strategy calculator and are nearing retirement. We can assist with decision making here.

We wish you all a good summer. As always, we welcome the opportunity to be of service—please call or email with any questions.

Sincerely,

Abeles Flurie Wealth Management Group

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