

THE Armstrong REPORT

SUMMER 2018

**Dedicated to growing
and protecting your wealth.**



MID-YEAR UPDATE

Reginald A.T. Armstrong, CPWA®
President

THE ECONOMY

The economy has finally shifted into third gear and may even be gunning for fourth. As of June 27th, the Federal Reserve Bank of Atlanta estimates second quarter Gross Domestic Product (GDP) to come in at 4.5%; the highest in many years. Retail sales are strong, housing continues to be solid, and the Leading Economic Indicators (LEI) continues to signal growth ahead. This certainly seems to indicate little risk of recession for the balance of the year.

THE MARKETS

The markets, we need to remember, are influenced by more than just prospects of economic growth. Short-term fluctuations can be due to several factors, many of which are based on the emotions of investors. Returns over longer periods—say 10 years—are much more heavily influenced by valuations; by how cheap or expensive the market is at the starting point. As a reminder, despite the volatility and sideways action of the market so far this year, the US stock market remains extremely overvalued by most reasonable measures. Therefore, buy and hold investors should be prepared for very modest annualized returns over the next 10 years. Overseas markets appear closer to fair value, but their markets have weakened considerably as of late. We continue to believe that a more tactical approach to investing is wiser in these times. Remember, the markets can be unpredictable, your retirement planning doesn't have to be. We are committed to providing you with the tools, services, and strategies that will empower you to pursue the retirement you deserve.

THE FIRM

Founder Regi Armstrong attended an Advisory Leadership Forum at the Wharton School of Business at the University of Pennsylvania in June. He received academic updates from many thought leaders in the financial field, including renown professor Richard Marston. He also heard from the leadership of LPL Financial and networked with about 100 peers.

Finally, next time you come in the office, you may notice a décor refresh, thanks to Mrs. Armstrong.

Thanks as always for your trust. Our focus is your success... now, and into the future.

*The opinions in this material are for general information only and are not intended to provide specific advice or recommendation for any individual. All performance referenced is historical and is no guarantee of future results.

MARKETS UPDATE: 6/29/2018

Traditional Equities					Alternative Strategies
US Large Cap 2.85%	US Mid Cap 2.35%	US Small Cap 7.66%	Foreign Developed -2.37%	Emerging Markets -6.51%	Diversified Alternatives -1.19%
↑	↑	↑	↓	↓	↓
Real Assets			Bonds		
Global REITs -1.87%	Global Natural Resources 1.94%	Commodities 10.36%	US Bonds -1.62%	US 10 Yr Treasury Yield 2.46% 12/31/17	US 90 Day Treasury Yield 1.38% 12/31/17
↓	↑	↑	↓	2.85% 6/29/18	1.88% 6/29/18

Market segment indexes: US Large Company (Russell 1000), US Mid Company (Russell Midcap), US Small Company (Russell 2000), Foreign Developed (MSCI EAFE), Emerging Markets (MSCI Emerging Markets), Diversified Alternatives (Morningstar Diversified Alternatives Index), Global REITs (S&P Global REITs), Global Natural Resources (S&P Global Natural Resources), Commodities (S&P GSCI Commodities), US Bonds (Barclays US Aggregate Bond). All performance referenced is historical and is no guarantee of future results. Indices are unmanaged and cannot be invested into directly.



TAKING ADVANTAGE of Capital Gains Rates

Usually, most investors try to avoid taking capital gains. However, there are strategies that you might want to consider using to your advantage.

THE ZERO PERCENT BRACKET STRATEGY

If your taxable income falls below \$38,600 filing single or \$77,200 married filing jointly, your tax rate for long-term capital gains and qualified dividends is zero. This is a tremendous opportunity to sell low cost basis stock without incurring capital gains.

THE SHIFT DOWN A GENERATION STRATEGY

If you find yourself in the 15% or 20% capital gains tax bracket but have an adult child (kiddie tax rules are tougher under the new law) who is in the 0% bracket, you could gift the child the low-cost basis assets, and they could sell for zero capital gains. Whether they keep

the assets or gift back to you is another issue altogether.

THE STEP-UP COST BASIS STRATEGY

If you are in the last innings of life expectancy, or perhaps have an unfavorable medical diagnosis, you may want to do nothing—perhaps even make sure low-cost basis stock is in your name only. When you pass away, your stock will receive a step-up of basis for the closing price of the day you passed away. Your heirs will only have capital gains exposure from that price/date going forward.

THE SHIFT UP A GENERATION STEP-UP STRATEGY

If your parents are the ones in the last innings, another option is to gift them your low-cost basis stock. Then when they pass away, they leave you the stock as a beneficiary—but now it has new, higher basis. One caveat, however. The parent must live one year after receiving the stock for the donor to receive it

back at the new basis. Of course, your mother could just make one of your children (her grandchild) the beneficiary, and this would avoid the issue if she should pass away sooner than a year.

This is not meant to be a comprehensive list of strategies but is meant to highlight the importance of having a wealth management team that includes your tax advisor and a true wealth manager—not just an investment person. Let your wealth manager know if you would like to discuss these or other strategies.

The above should not be construed as individual advice; please consult your tax advisor.

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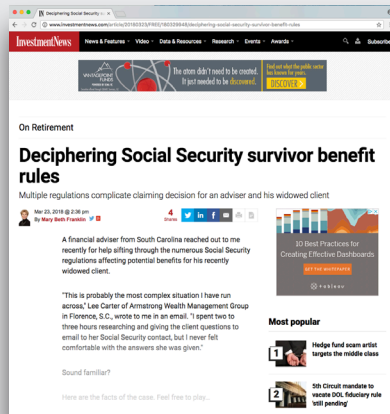


Armstrong Wealth
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LEE CARTER WAS FEATURED IN INVESTMENT NEWS

Lee Carter was featured in an article in Investment News recently about Social Security survivor benefit rules and how complicated it can really get.

Read the full article at investmentnews.com.



TOP 10 SCAMS OF 2018

DEBT COLLECTION

Most of the complaints under this category involve debt collectors. Consumers tell of receiving calls from harassing collectors who are threatening and will repeatedly call attempting to collect a debt. Other complaints that fall under this category involved credit/debit card fees, pay day loans, credit repair companies and unauthorized use of credit/debit cards. Some of these complaints involved hidden fees and billing disputes as well.

FAKE GOVERNMENT OFFICIALS

If you received an email, letter or phone call from a government agency (typically the IRS or FBI) and it instructs you to wire, Western Union or MoneyGram money someplace, or follow a link and enter information - don't believe it! The U.S. government would never instruct anyone to use those methods to pay any bill or carry out a financial transaction, particularly with an overseas bank or agency.

IDENTITY THEFT, PHISHING, AND PHARMING

Scammers gain access to your confidential information, like social security numbers, date of birth and then use it to apply for credit cards, loans, and financial accounts. Typically, the victim receives an email that appears to be from a credible, real bank or credit card company, with links to a website and a request to update account information. But the website and email are fakes, made to look like the real website.

PHONE SCAMS

This includes telemarketers violating the Do Not Call list, Robodialers, scammers calling up pretending to be from a bank or credit card company. The National Do Not Call Registry (U.S.) or the National Do Not Call List (Canada) offer consumers a free way to reduce telemarketing calls. Scammers call anyway, of course, and they've even found a way to scam consumers by pretending to be a government official calling to sign you up or confirming your previous participation on the Dot Not Call list!

Read the full list at consumerfraudreporting.org.

COMMUNITY INVOLVEMENT

An Evening of Hope
Cancer Benefit **\$3000**

Florence Symphony
Orchestra **\$1000**

St. Anthony
Run for the Heroes **\$250**

Swamp Fox
Old Car Club **\$250**

Knights of Columbus
Golf Tournament Hole
Sponsorship **\$150**

SF Junior
Legion Baseball **\$150**

ON A SAD NOTE

Patsy Eaddy, Joseph Falcone, and David Keenan passed away. Brenda Green's husband Jon Green passed away. Leslie Moore's stepmother Marti Dunn passed away. Please keep these families in your prayers.

SAVE THE DATE
ANNUAL
CLIENT APPRECIATION Picnic
FOOD | PRIZES
MUSIC | INFLATABLES
FRIDAY, OCTOBER 5TH
4:30PM - 6:30PM
ST. ANTHONY'S
CATHOLIC CHURCH

A decorative graphic featuring stylized leaves in shades of green and yellow, and a picnic basket with a red ribbon tied around it.



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Securities and advisory services offered through LPL Financial, a Registered Investment Advisor, Member FINRA/SIPC.



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