



# tempus tidings

2ND QUARTER 2018

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*I*t is hard to believe that Spring is just around the corner! This edition of Tempus Tidings features commentary on the forces behind the return to volatility. Also, if you were unable to attend the Elder Care Workshop, Tempus University will provide a primer on the core concepts and strategies. I hope you consider attending our next workshop and keep in mind that your guests are always welcome.

*I encourage you to invite anyone who might benefit from learning more about Elder Care planning. As always, please call the office at any time with questions or concerns!*

*Don't forget: if you are an active Facebook user, please find Tempus Advisory Group and like our page!*

*Brittany*



# PRACTICE UPDATES

## Office Relocation & Expansion Update

I'm pleased to announce the move is complete and we have settled in nicely. As a reminder, we are still located in the same building and floor! We are just one door away. You can find us directly in front of you when you come up the stairs or at the end of the hall after you get off the elevator and proceed to your right. We hope you enjoy the new space as much as we do!

## Help Our Furry Friends

The arrival of Spring also brings the arrival of puppies and kittens! Since Spring always presents an increased need for food, litter, and other supplies, April 1st marks the beginning of our month-long Humane Society Drive to help the shelters in our community! We would love for you to help in the following way:

■ **Donate Money or Supplies** – Feel free to stop by the office (Monday – Friday between 9:00 am and 5:00 pm) to drop off supplies or a monetary donation, which will be used to purchase supplies on your behalf. We will deliver our collection to shelters at the end of the month.

■ **Supplies needed include:**

Cat and Kitten Food, Dog and Puppy Food, Blankets, Toys, Leashes, Collars, Disinfectant Wipes, Dawn Dish Soap, HE Laundry Soap, Paper Towels, Bleach, Sponges

**We look forward to presenting our collections as donation on behalf of the clients of Tempus Advisory Group!**

**Thank you for helping us help our furry friends!**

## Asset Allocation Changes

Ten of the twelve Tempus Advisory Group allocations have changed as of the month-end calculations. As such, do not be surprised by early-April trading activity. Economic data remains healthy and market data (although volatile) remains positive, such that, all Smart Growth and Managed Risk models remain in their most aggressive positioning. However, the calculations do indicate US Small Cap is more attractive than US Large Cap Value, thus the portfolios will reflect a decrease in the latter and increase in the former. On the other hand, the Researched model changes reflect the removal of lower yielding US Corporate Bonds, Real Estate, and Convertible Bonds, while increasing allocations towards US Large Cap Value, US Treasury, and Preferred Stocks.

# MARKET UPDATE

As of 3-29-2018, the S&P 500 Index returned -0.76%, the US Aggregate Bond Index returned -1.46%, and the MSCI EAFE (global index) returned -1.53%. Meanwhile, the VIX (volatility index) ended the quarter at 19.64, which is no surprise given the overall market volatility. Here is a brief recap of what has been going on over the last month or so and what to expect in the month ahead.

### What's happening now:

**Market volatility:** 2018 has been quite a wild ride. After hitting the lowest point of the quarter on February 8, the S&P 500 had mostly recovered from its losses until the week of March 19, which marked the worst weekly performance since February 8. Moreover, as of the first trading day of the second quarter, the S&P 500 has retraced to its previous February 8 low due mostly to uncertainty around US-China trade disputes. That in mind, I think it is important to revisit the differences between headline and structural risks in the markets.

**Headline Risk vs Structural Risk:** Heavy handed political rhetoric and tactics is nothing new to Washington, but rarely has the public been exposed to these raw conversations in the way that President Trump uses social and traditional media. That, coupled with tense trade negotiations, has created quite a bit of headline risk. However, headline risk is both speculative and highly emotional in nature. My focus is concentrated much more on the structural side of the equation, such as the core economic data that drives global commerce. Despite the headlines, economic and market data remains strong. Headline risk is completely unpredictable and there is no successful model or approach that deals with the randomness left in its wake. I believe the Tempus Advisory Group asset allocations are built upon a structurally sound approach. There is no greater way to manage headline risk beyond staying true to your risk tolerance as history shows it is the most effective strategy.

**The Fed:** In Chairman Powell's first statement since taking the reins of the Federal Reserve, he announced (as expected) a quarter point increase in the key fed funds rate from 1.50% to 1.75%. Highlighted in his comments were a strong labor market and economic activity. The statement went much as expected and the market remained stable after his comments. I believe the totality of economic data continues to justify higher interest rates. At present, the futures market is pricing in three rate hikes as the most likely path this year, with a 36% chance of a fourth hike (or more). Through this, we should expect longer-term interest rates to move higher and economic growth to continue.

**The Economy:** The tariffs placed on steel and aluminum (and those to come) dominate almost every conversation about the US Economy – and for good reason. Tariffs are bad for everyone in the long run, even if short term goals may be accomplished. The likelihood of a classic "trade war" is a low probability based on steel and aluminum alone. Governments are concerned with maximizing growth across the entirety of its economy, which steel and aluminum are on a small portion thereof. While we likely will continue to hear a lot of political rhetoric around these tariffs, we believe we will need to see something more impactful to global trade before "war" is set off, such as targeting China...

**China:** Since President Trump's March 8 steel and aluminum tariffs, China retaliated and imposed tariffs on \$3 billion in US imports (mostly agriculture) which, in aggregate, amount to an insignificant percentage of overall trade, amounting to a tit-for-tat dispute. However, President Trump is preparing to enact a 25% tariff on some \$60 billion in Chinese products, a move that he says will punish China for intellectual property theft and create more U.S. jobs. The goal is to bring down the U.S. trade deficit with China, which reached \$375 billion last year. Despite the deficit, a coalition of U.S. business and trade lobby groups urged President Trump not to impose tariffs on China, warning it would be "particularly harmful" to the U.S. economy and consumers. Thus, it remains to be seen if this dispute may escalate to a trade war.

### The month ahead:

Trade and tariffs will dominate headlines this month, especially those related to China. I will continue to monitor the situation closely.

### The bottom line:

Despite stable and healthy economic data, expect higher volatility for the foreseeable future. At this time, I have no economic data that supports a recession in the next 6 to 12 months.

## Elder Care Planning 101

Traditional estate planning seeks to avoid probate, reduce taxes, and to ease the transferring of assets to heirs. Life and Estate Planning includes all aspects of traditional estate planning in addition to planning for a potential long-term care need. While we are alive and well, we tend to take our ability to control things for granted. Although uncomfortable, imagine yourself incapacitated or deceased. Are you confident in who will be in control of you and your stuff, who will have access and will benefit from your stuff, and whose rules will govern the transfer of your belongings and the control over you? Estate planning is creating the Legal Documents necessary to provide the answers to these questions. Some estate planning documents that can be utilized to take care of the various stages of life are: Last Will and Testament, Living Will/Heath Care Directives, Powers of Attorney, Revocable Trusts, Irrevocable Trusts, Personal Care Plan, Guardianship Documents.

	Alive and Well	Incapacitated	Deceased
<b>Control?</b>	You are in control and have access to your assets (Often taken for granted)	You are no longer in control. A Power of Attorney (POA) is necessary for your agent to act on your behalf.	You are no longer in control and your POA no longer has control or access. Your executor of your will if now in control (kind of)
<b>Access?</b>	You have access to assets therefore they are also accessible for nursing home/long term care costs	You still have access to your assets therefore assets are also accessible for nursing home/long term care costs	The heirs of your estate named in your Will now have access to the estate belongings
<b>Who Governs?</b>	Consider how your assets are owned  Ensure beneficiaries are on individually owned accounts and contingent on jointly owned	Court must appoint agent and guardian to act on your behalf if no POA exists  If POA exists, possible limitations if drafted improperly	Executor must probate the estate through legal proceeding and a judge governs  Only governs items without beneficiary designations



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An adequate and properly drafted last will and testament must go through probate, provides some access, and limited control in that it: names heirs, executors, and guardians for minors. Probate is a public legal proceeding lasting approximately nine months in which a judge has control. Not only time consuming, probate can become costly and result in disputes amongst heirs.

Another option to specifically lay out who has access and control of your belongings is the use of a trust. A trust is governed by the trust document itself through an attorney without legal proceeding. Trusts provide additional direction to your family, avoid probate, and can also provide asset protection and tax planning. Trusts are entities formed through legal documents, which may be revocable or irrevocable in nature and feature the following aspects:

### Revocable Trusts

- Avoid Probate!
- Used in place of a will or used with a will
- Provide additional instructions
- Can be professionally managed
- Can be completely amended or revoked

### Irrevocable Trusts

- Avoid Probate!
- Used in place of a will or used with a will
- Provide additional instructions
- Can be professionally managed
- Provide flexibility
- Can accomplish tax planning
- Can be used to protect assets

#### Question: Do you need a will or a trust?

**Answer: It depends on your financial and family circumstances, but there are several key points to consider:**

- Federal Gift and Estate Tax (Annual and Lifetime)
- State Inheritance Tax
- Capital Gains
- IRA Transfer Rules
- Marriage: Blended Families, Remarriage, Children Divorced
- Lawsuits, Disabilities, Spendthrift Issues
- Supporting a Parent in a Nursing Home
- Cost of Long Care

#### Question: How will you pay for long term care? Assets, long term care insurance, or Medicaid?

**Answer: Through careful goal-based planning featuring one or more funding strategies.**

As our population continues to age, the need for long term care will only grow statistically. An average nursing home stay is nearing \$10,000 per month, independent living around \$2,000 per month, and personal care ranges between \$3,500 and \$6,000 per month!

**So, what do people do?** Unfortunately, many make costly mistakes such as creating powerless POAs, failing to coordinate a plan, relying on forms or documents, and/or improperly transferring assets. All of which can result in Medicaid ineligibility, unnecessary or excessive taxation, lack of control, and access issues.

**There is a better way:** Strategic Seasonal Planning with Elder Care strategies.

A carefully crafted comprehensive plan helps you to know and understand your options, and make informed decisions in an effort to:

- Maintain Financial Independence and Quality of Life as you Age
- Protect Your Assets
- Minimize Taxes
- Minimize Probate
- Create your Legacy



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## TASTES OF TEMPUS

Don't forget! If you have a recipe you would like to share, we would love to feature it here. Please email it to Amanda at [amanda@tempusadvisory.com](mailto:amanda@tempusadvisory.com).

### Potatoes-Gratin Cups

Prep Time 10 Minutes | Cook Time 35 Minutes | Ready in 45 Minutes

#### Ingredients

Cooking Spray  
2 tablespoons of butter  
3 cloves garlic, minced  
2 tablespoons of all-purpose flour  
 $\frac{3}{4}$  cup of milk  
 $\frac{1}{2}$  cup of freshly grated Parmesan cheese  
Salt and ground black pepper to taste  
2 large potatoes, peeled and thinly sliced

#### Directions

- 1 Preheat oven to 400 degrees. Spray 12 muffin cups with cooking spray or grease with butter.
- 2 Heat butter in a saucepan over medium heat. Cook and stir garlic in the melted butter until fragrant, about 1 minute. Add flour to garlic mixture; cook and stir until mixture is smooth and thickened, about 2 minutes.
- 3 Slowly pour milk into flour-butter mixture while continuously stirring with a whisk until sauce is smooth and thickened, about 5 minutes. Remove saucepan from heat and stir Parmesan cheese into sauce until cheese melts from the heat of the sauce; season with salt and pepper.
- 4 Divide the potatoes among the 12 prepared muffin cups and spoon cheese sauce over potatoes.
- 5 Bake in the preheated oven until potatoes are tender, about 25 minutes.

## UPCOMING EVENTS

Check out our events for this year. If any are appealing to you, please be sure to let our office know so we can reserve your spot!

Description	Date	Time	Location
Help our Furry Friends - <i>Humane Society Collection</i>	April	All Month	Tempus Office
Christmas in July - <i>Royal Family Kids Camp Giving Tree</i>	July	All Month	Tempus Office
Annual Shred Day	Saturday, August 25	9am-Noon	Tempus Office Parking Lot
CPR Class	Saturday, September 15	10am-2pm	Location TBD
Fall/Pumpkin Day	Saturday, October 6	10am-1pm	Iron Mills Farmstead
Pie Day	Wednesday, November 21	10am-4pm	Tempus Office for Pickup