



tempus tidings

4TH QUARTER 2019

*J*f you're like me, you're probably wondering where our summer went? Well, at least it went out with a bang, Vegas style! On a serious note, I want to thank all who attended our client appreciation event this year. I hope you enjoyed the food, games, and entertainment! I know I had a blast and I am so thankful for having such fantastic and fun people to share it with!

In this edition of Tempus Tidings, Tempus University features a brief overview of the importance of personal risk management. Protecting against the unforeseen is a critical element to secure your personal and financial goals.

As always, please call the office at any time with questions or concerns.

I sincerely thank you for being a part of Team Tempus!

Brittany



PRACTICE UPDATES

Client Survey

I am happy to report our new survey has been well-received and I very much appreciate you allowing me to add this to our in-office meeting agenda! It has been fun for us to get to know even more about you on a personal level. Although we are only a few months in, with many more to go, I thought it would be fun to share some of the Team Tempus stats thus far:

- 85% prefer dogs, while only 13% prefer feline friends
- 43% have an iPhone and 12% have an iPad
- 80% have a Netflix and Amazon Prime subscription
- We like our coffee hot and our tea cold
- We prefer Coke over Pepsi
- Our favorite adult beverages are Zinfandel, Lager, Rum & Tequila
- Our two favorite cuisines are Italian and Mexican, but we also like to dine at Edward's and Rachel's
- Milk Chocolate is our favorite sweet, followed by Ice Cream and Peanut Butter
- We prefer spending time with family and traveling
- Our favorite sport is football
- Our favorite teams are the Steelers, Penn State, and Ohio State

- Over 90% belong to a church
- Over 50% support health research and disease prevention non-profits
- Our favorite financial topic is financial planning and nearly 90% of us would invite someone to a Tempus couples or client appreciation event

Tempus Website

If you didn't catch the email announcement, we introduced the "Research Update" blogpost, a new series that is updated monthly to provide additional insight regarding our active asset management strategies. We discuss allocation, positioning, and the rationale for any changes related to the critical economic and market data we monitor. You can also find additional market and economic commentary monthly, which are emailed to you directly. Lastly, the Strategy Spotlight blog will be updated very soon and we will notify you via email when the new content is posted.

MARKET UPDATE

YTD as of 9-30-2019, the S&P 500 Index returned 20.6%, the US Aggregate Bond Index returned 8.5%, and the MSCI EAFE (global index) returned 16.2%. The VIX (volatility index) has been slowly trending upward, ending the quarter at 16.24, about 4 points higher than its level one year ago.

Here are a few of the key topics of conversation that we feel currently deserve the most attention:

- **Market Overview:** International, and Emerging Market stocks experienced a resurgence through September, posting returns in-line with S&P 500 for the month. US Large Cap Value stocks also staged a comeback, outperforming US Growth stocks by nearly 3.6%, a result of investors seeking yield given the low-rate environment created by the Federal Reserve's actions to reduce short-term interest rates. Corporate health continues to be a concern as indicated by global credit spreads, which did not change significantly in September. The final quarter of 2019 is off to a bumpy start as the S&P 500 dropped over 2% on Oct 1 after the manufacturing data release revealed a slowdown to levels not seen since June of 2009.
- **The Economy:** After round 2 of revisions, US GDP held steady at 2% for the 2nd Quarter. Despite pockets of consumer spending, like auto purchases, have shown some signs of weakness, overall consumption remains a healthy economic driver at 68% of total US GDP. Although the economy in total is not expanding at an explosive rate, the data does not indicate or signal contraction at this time.
- **Areas of Concern:** US manufacturing has slowed to its lowest levels in a decade, as revealed by the Oct 1 release of September's data. Although the lingering US-China trade war and strong dollar are the primary drivers of the slowdown, we also believe the three-week GM strike had some impact, but the extent is not known at this time.
- **Highlights:** The US consumer is showing no signs of slowing down. As unemployment and jobless claims remain at all-time lows, consumer confidence and comfort has increased. This is an important and positive trend as we head into the holiday season.

Bottom Line: Framing and perspective is everything. Although the economy is not roaring, the current environment of low interest-rates, low-yields, and low inflation combined with a highly employed workforce results in a healthy consumer which drives over two-thirds of US GDP. Although US manufacturing has been a sector of concern, having monitored its downward trend throughout the year, it is important to keep in mind that the trade war has undoubtedly played a role in the decline. We believe any de-escalation in tensions between US and China, along with some concessions, will help to improve the sector. As of this writing, the economic data we monitor indicates the manufacturing slump is contained and we see no signs of contagion in other sectors. We will continue to monitor economic and market data and will react accordingly if our data indicates a high probability of economic recession, which we do not see as of this writing.

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Personal Risk Management 101 is an intro-level course intended to summarize and define personal risk, things to consider and action items to diminish or avoid losses. Your goal for this course is to gain a better understanding of personal risk and how it relates to your unique situation, while considering any areas that may have room for improvement.

What is Personal Risk Management?

Simply put, personal risk management is the process of:

1. Identifying potential risks
2. Estimating the probability & amount of loss
3. Prioritizing
4. Implementing protective measures
5. Periodic efficacy testing

Although the first four items above are presented as separate steps, they should be completed simultaneously. Effective risk management begins by narrowing our universe to the key areas of death, illness, injury, accidents, and identity theft. We classify the risks in each area, then rank each one in terms of the potential impact of loss from high to low.

Death

Death is probably the most commonly addressed risk. The impact of a death is highly dependent on when it occurs and the personal financial goals at the time of passing.

What to Consider:

- How will your survivors carry on in your absence?
 - Cash flow
 - Debts
 - Future expenses
 - Childcare
- Will your survivors' goals still be realized?
 - Retirement
 - Education Funding
- What legacy will I leave behind?
 - Guardianship – who and how will my children be raised if something happens to both spouses?

Life insurance is the primary protective measure implemented to mitigate the risk of loss due to death. However, policy design is key. The amount and type of coverage is dependent upon your personal financial goals which are best determined through financial planning.

In addition to insurance, parents of young children should consider Strategic Guardianship Planning. This adds another layer of security to ensure your children are protected in the short to medium and long term if something were to happen to both parents.

Illness

Everyone will experience a minor or major illness at some point. While some illnesses can be managed or prevented through lifestyle choices (healthy eating, limiting alcohol, avoiding tobacco), health insurance is the primary measure of protection implemented. The healthcare industry is (unfortunately) so vast and complex it could easily warrant an entire course of its own! However, our goal is to provide you with some helpful action items and how they relate to your personal situation.

What to Consider (Under Age 65)

1. If you are self-employed or not insured by your employer, we do not recommend attempting to navigate the exchange market on your own and highly recommend seeking a qualified insurance broker to help you find the optimal coverage.
2. When meeting with a qualified broker be prepared by creating a list of all current and preferred care providers along with all medications to ensure both are covered under the plan you are considering.
3. It is important to remember that Affordable Care Act Open Enrollment is from Nov 1 to Dec 15 (for most states including OH and PA). Missing the enrollment period will make you ineligible for coverage unless you qualify under special circumstances like loss of coverage due to unemployment.
4. Although the Affordable Care Act remains "on the books," the Trump Administration revised two major elements of the law by eliminating the penalty for not having coverage and reinstating the ability to obtain short-term policies in 2019. Regardless, we do not recommend anyone go without coverage. At a minimum, consider a short-term policy to protect you in the event of a catastrophic loss. However, it is important to note that a short-term plan is NOT an adequate substitute for traditional coverage.
5. If you have a high-deductible plan consider utilizing a Health Savings Account, which allows you to save pre-tax money to pay for qualified medical expenses. The IRS defines a high deductible health plan as any plan with the following deductibles:
 - For 2019: \$1,350 for individuals and \$2,700 for families
 - For 2020: \$1,400 for individuals and \$2,800 for families

What to Consider (65 and older): Medicare is the primary risk protection measure implemented. We previously covered this topic in the 4th Quarter 2018 issue of Tempus Tidings. As such, visit the www.tempusadvisory.com Resources page to review the course on Medicare and Open Enrollment.

Injury

According to the 2017 American Community Survey from disabilitystatistics.org, of the roughly 185 million Americans between the ages of 21 and 64, 19 million (nearly 11%) were disabled. Interestingly, about 37% of those reported disabled continued to work, 91% had health insurance coverage, and only 18% received supplemental income from Social Security.

What to Consider:

- Is my line of work or lifestyle considered high risk?
- Do I have a concerning family health history?
- What will happen financially if I am unable to work?

Although the probability of disability is relatively low, it quite evident that governmental assistance is inadequate, even when an illness or injury is work related. Knowing your monthly cash flow and calculating the expected shortfall from lost income is imperative.

Injury cont...

Disability insurance is the primary protective measure implemented to mitigate the risk of loss due to illness or injury. One should thoroughly review all employer provided benefits, keeping in mind that most employer provided coverage is generally adequate for short term periods but may leave you exposed and unprotected if a disability becomes long term. Thus, exploring additional coverage is recommended, either through optional employer coverage or an individual disability policy.

Obviously, the probability of illness or injury increases significantly as we age. In fact, 70% of Americans over age 65 will require some form of long term care. Unfortunately, most of this risk is not covered by Medicare or health insurance. As we have discussed in previous courses, long term care insurance is an effective tool to substantially minimize long term care risk. Unfortunately, coverage is expensive and, in many cases, unaffordable. Thus, Strategic Elder Care Planning is a critical component of addressing the risk of long term care by implementing strategies to protect your assets without jeopardizing Medicaid eligibility.

Accidents

Excluding anything work-related which was addressed above, the most common areas of risk management implementation are accidents related to your home and vehicles. Nearly everyone (all our readers) have insurance policies to protect against loss so we won't spend much time discussing. Suffice to say, if it has been more than three years since you last reviewed your policies, we recommend scheduling a review with your agent to ensure your coverage and deductibles are sufficient. That in mind, in general you should consider the following:

- Liability, Comprehensive, and Collision at a minimum of \$250,000 to \$500,000 for each with a \$1,000 deductible (if you have a cash reserve equal to 6 months of fixed expenses).
- Umbrella Policy – An inexpensive and underutilized policy that provides an additional \$1 to \$5 million in coverage to pay for anything you are legally responsible for.
- Renters Insurance – Renters face the same potential for loss as home owners, thus having protection in place is equally important to cover you in the event of stolen property, damages, or injury to others. Since reliable coverage is very affordable, it makes no sense to go without!

Identity Theft

Sadly, as technology progresses, new risks and threats emerge. Identity theft is yet another topic worthy of its own Tempus University course! Suffice to say, ID theft is a growing and unique risk that is unfortunately unavoidable in today's world. While not exhaustive, the following list represents the top preventative measures you should implement to reduce the potential for identity theft and minimize losses:

1. Consider purchasing an ID Theft service like LifeLock or contact your insurance agent to determine additional coverage options for ID Theft available through your home/auto policy.
2. Keep personal documents containing sensitive info in a fireproof safe or safety deposit box and make a copy of each.
3. Never leave your purse, wallet, cellphone or other electronics in your car and if you must, leave in your secured trunk. Also keep a copy of all IDs, credit cards (any other personal docs in your purse or wallet).
4. Keep a list handy of all credit and debit card phone contacts to report a lost or stolen card.
5. Shred all documents containing sensitive information.
6. Cancel all credit cards that are not in use.
7. Password protect all electronics (cell, tablets, computers).
8. Monitor your credit at least monthly and set up spending alerts (both amounts and locations) on bank accounts.
9. Purchase and update anti-virus/spyware software on all computers.
10. Never reveal personal information through email and never feel pressured to reveal info if someone calls you (remember: a legitimate caller will already know your personal info, not the other way around).
11. The IRS will never contact you via phone or email. Any initial contact will occur in a letter via mail.

The final step of periodic efficacy testing simply means you should be reviewing your personal risk management plan at least every three years and whenever you experience personal or financial life changes such as a birth, death, or unemployment.

Bringing It All Together

We hope you have found this course to be a helpful starting point to consider your personal risk management plan and prompts you into action. Financial planning is the ideal starting point, to fully understand your Net Worth, Cash Flow, and determine your financial goals. The financial planning process serves to establish your financial baseline and provides you the ability to make informed decisions along the way to building an effective risk management plan.



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TASTES OF TEMPUS

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.

Great Pumpkin Dessert

Prep Time 5 Minutes | Bake Time 60 Minutes | Ready in 75 Minutes

Ingredients

1 can (15 ounces) solid-pack pumpkin
1 can (12 ounces) evaporated milk
3 large eggs
1 cup of sugar (or ½ cup if less sugar is desired)
4 teaspoons of pumpkin pie spice*
1 package of yellow cake mix (regular size)
¾ cup butter, melted
1.5 cups chopped walnuts (optional)

Topping: Vanilla ice cream, whipped cream, Cool Whip

*Substitute: 2 teaspoons of cinnamon, 1 teaspoon ginger, 1/2 teaspoon nutmeg and 1/2 teaspoon ground cloves or allspice.

Directions

- 1 Preheat oven to 350 degrees and grease a 13x9 baking dish.
- 2 In a large bowl, beat the pumpkin, evaporated milk, eggs, sugar, and spices until smooth.
- 3 Transfer to baking dish and sprinkle the cake mix, then drizzle with the butter.
- 4 Optional: top with walnuts.
- 5 Bake at 350 for 1 hour or until a knife inserted comes out clean.
- 6 Cut into bars and serve with your topping of choice.

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

Elder Care/Asset Protection Workshop

November 13, 2019

2PM & 6PM

The Crane Room

Pie Day

November 27, 2019

10AM to 4:00PM

Tempus Office for Pickup