



## Retirement Plans: A Key Benefit!

By Chris Nadler, CFP®, CTFA®, Investment Advisor Representative

A great employee benefits package can help your business attract and retain top talent, and a company-sponsored retirement plan is an important component. Retirement plans fall into two general types: Defined Benefit (or Pension) plans and Defined Contribution plans. Most companies favor Defined Contribution plans which put more of the responsibility on the employee to save for their own retirement, with the company making some contribution as well.

In a Defined Contribution plan, employees elect to defer a certain dollar amount or percentage of their pay into their retirement plan account. Depending on the type of plan, the employee's contribution may be pre-tax (tax-deferred), or in some cases a post-tax (tax-free) Roth option is available. The employer's contribution may be voluntary or required, as dictated by the type of plan.

Some important factors to consider when choosing a retirement plan for your business are: number of employees, fees associated with each plan, company cash flow, and the employee's abilities to withdraw funds. A tax deduction on the company's contribution could be seen as an additional benefit.

We have outlined two of the most common company-sponsored retirement plans: the Simple IRA and the 401(k). Simple IRAs are limited in their design options, while 401(k) plans are more customizable.

|                                     | Simple IRA   | 401(k)   |
|-------------------------------------|--|--|
| <b>Maximum Employee Deferral</b>    | Under age 50 - \$13,000 (2019)<br>Over age 50 - \$16,000 (2019)  | Under age 50 - \$19,000 (2019)<br>Over age 50 - \$25,000 (2019)  |
| <b>Company Contribution Options</b> | - 100% match on first 3% to all eligible employees<br>or<br>- 2% automatic contribution to all employees | Traditional method:<br>- Left to the discretion of the company<br><br>Safe-Harbor method:<br>- 100% on first 3% and 50% on the next 2%<br>or<br>- 3% automatic contribution to all employees |
| <b>Available Contribution Types</b> | Pre-tax (Tax-deferred)   | Pre-tax (Tax-deferred)<br>or<br>Post-tax (Roth)  |
| <b>Vesting</b>                      | All contributions 100% vested day 1  | Varies by plan   |
| <b>Accessibly</b>                   | May access funds at any time, but could be subject to tax/penalties<br><br>No loans                      | Individual reaches in-service retirement age<br><br>Financial hardship (per IRS regulations)<br><br>May have loan options  |
| <b>Company Size</b>                 | Only available to companies with fewer than 100 employees  | Available to companies of any size   |

Additionally, if your business is a sole proprietorship or a small business with no employees, you may want to consider contributing to a SEP IRA or Solo 401(k). SEP IRAs allow you to contribute up to 20% of your annual profit to an IRA account, and you get the April 15th deadline to fund for the previous year. A solo 401(k) functions much like other 401(k)s, but has reduced administration obligations due to having a single employee.

If you are considering implementing a retirement plan into your employee benefit package, or you would like to review your current plan, please give us a call. We welcome the opportunity to advise you on making your company and your relationship with your employees stronger.

## Defining "Enough"

By Chantal Feger and Tracy Wells

Working with people who are approaching retirement, we are often asked, "Have I saved enough?" or, "Can I retire yet?" If you did a Google search asking that question, a number of retirement calculators would pop up, along with generic statistics about how much you should already have saved. Some people have preconceived ideas on the amount they will need for retirement. However, since you don't live exactly the same lifestyle as anyone else, no one will retire in exactly the same way as you. One couple may be comfortable with an annual retirement income of \$36,000, whereas a single person could just as easily need to double that to fund their desired lifestyle.

When we begin working with you to build your personalized retirement plan, we help you define your retirement dreams. What does your retirement look like? Even once you're into retirement, we regularly review and update your plan to make sure you are on the right track. Can you spend more? Should you spend less? It's important to consider the lifestyle you want in retirement, rather than just what you need to get by. We encourage you to be specific when defining your goals. What's on your bucket list? If you want to travel: where, when, and what would it cost? If you want to buy an oceanfront home, what would that cost?

Even though some people find budgets restrictive, we believe they are incredibly freeing, especially when you have goals in mind. A budget reflects your priorities. When we evaluate cash flow, we review your income and fixed expenses. Does your income cover your fixed expenses? If you want to take that

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trip but it doesn't fit in your current budget, let's find a way to make it happen. Budgets are important in any season of life, but especially once you've made the transition to living on your retirement savings.

So, have you saved enough? Do you know what "enough" means for you? The earlier you calculate what you have and what you want, the better you can plan for the retirement you want. If you would like help finding those answers, contact us to start building your personalized retirement plan. We will walk with you every step of the journey. We are happy to provide that peace of mind and you will feel better knowing that you have enough.



**Chantal Ferger**  
*Financial Planning Associate*  
Direct Line: 419.496.2324  
E-mail: cferger@whitcomb.com



**Tracy Wells**  
*Investment Advisor Representative*  
Direct Line: 419.496.2225  
E-mail: twells@whitcomb.com

## Market Update - Q1 2019

By Aaron Bates, CFP®, Principal, Investment Advisor Representative

In the first quarter of 2019, the stock market did a complete U-turn. After what had been one of the worst performance quarters in years, we have had one of the best performance quarters in years: all assets classes up substantially in the quarter. The S&P 500 index was up 13.65%, the Russell 2000 index was up 14.58%, the MSCI World ex-USA index was up 10.45% and the Barclays US Bond Aggregate index was up 2.94%. This rebound was a welcome relief from the disappointing negative results that ended 2018.

So, what causes this kind of erratic action in such a short timeframe? Investor sentiment.

Investor sentiment is the collective emotion, perspective, and human behavior that influences the market on a daily basis. In the fourth quarter of 2018, the Federal Reserve had raised interest rates for a fourth time which investors felt would restrict the economy, tariff talks were at a fever pitch, and a government shutdown loomed on the horizon. The sentiment shifted very quickly, and all stocks sold off drastically into the end of the year, down nearly 20% from their third-quarter highs. Investors were "risk off."

In the new year, the government did shutdown, but we all survived, trade-war talks improved, and investors saw depressed prices as a buying opportunity. Also, The Federal Reserve Chair indicated that the Fed was essentially done raising rates for the near future, shifting the sentiment positively, investors quickly becoming "risk-on."

You may be asking, what does one make of this? At the end of February, I had the privilege of attending a presentation by Howard Marks, Co-Chairman of Oaktree Capital Management, a firm that manages over \$120 Billion of assets

for pension plans, sovereign wealth funds, and endowments all across the globe. Mr. Marks made a statement that struck me, "Always look for the truth, then buy when the truth is better than the story and sell when the truth is worse than the story." Basically, sentiment will always underestimate or overestimate reality. Whether the markets are in a state of panic or euphoria, we must be patient and look for the truth somewhere in the middle.

So, what do we believe the truth is today? While the economy is more stable than it has been for some time, we are starting to see some economic indicators beginning to slow down and we think we've reached peak employment for this latest expansion cycle. Although the Fed has paused interest-rate hikes, we have seen the yield curve flatten and start to invert. "Risk on" has been the practice so far this year, but the market is always looking forward. If the future looks bright, the market performance will be positive, if the future begins to look bleak, the markets will drop to "risk off." With growth beginning to slow down a bit, we are more "risk neutral" right now.

In the meantime, we remain committed to a process where we try to find the truth in the midst of the story and act accordingly. We always keep an eye on risk and the long-term forecast as we invest your assets. We are grateful to be on this journey with you, and we wish you a Happy Easter!



**Aaron Bates, CFP®, Principal**  
*Investment Advisor Representative*  
Direct Line: 419.496.2226  
E-mail: abates@whitcomb.com

# Security is a Partnership, Part 1: Preventative Measures

By Tammy Higgins, Investment Advisor Representative, Client Service Specialist

Identity theft is everywhere. You've probably had at least one incident in the past year where your personal information was compromised, your debit card number was stolen, or your computer got a virus. It happens. Luckily, there are steps you can take to help protect your information BEFORE it gets stolen.

- 1. Change your passwords!** For financial websites, consider using different passwords than the ones you use for online shopping or social media. Secure password manager apps like LastPass can help you remember them all.
- 2. Update your web browser, anti-virus software, and use secure websites.** Be cautious when accessing sensitive data in public places, like using public library computers or open Wi-Fi networks.
- 3. Shred financial documents before discarding them.** Opt-out of pre-approved credit offers by calling 1-888-567-8688.
- 4. File your tax return early if possible,** to prevent someone else from filing a fraudulent tax return under your name.
- 5. Use common sense and watch out for scams.** The IRS and Social Security will never call or email you with threats—they always do business in writing. It is unlikely that you won the Australian Lottery or are being dragged into a lawsuit you know nothing about. Watch out for social scams like the “desperate grandchild” and the “lonely hearts” scams that prey on the elderly. If you're not sure, hang up immediately and call your advisor.
- 6. Be wary of phony software support sites.** For example, if you search “QuickBooks Support”, the top search results are often sites that look like QuickBooks, but are actually scammers trying to gain remote access to your computer. If you need software help, Google the phone number itself before you call to make sure it's the actual company

or contact a local IT provider for help. Legitimate companies will never call you to report a ‘virus’ on your computer.

At Whitcomb & Hess, we take identity theft very seriously. Here are some free tools to protect your investment accounts at Charles Schwab.

- 1. Schwab Voice ID**—protect your identity over the phone  
To set up Voice ID, all you have to do is repeat the phrase “At Schwab, my voice is my password” when prompted by the Schwab agent. Your unique voiceprint is captured and used instead of personal questions or PIN numbers. Using Voice ID, no one can call Schwab and impersonate you. It is very easy and very secure.
- 2. Schwab 2-Factor Authentication**—protect your identity online  
This is a tool to prevent fraudulent login attempts to [www.schwab.com](http://www.schwab.com). A unique numeric code is sent to your phone, which you must enter along with your regular password. The password AND the code must be used together, or you cannot log in. It is very simple and user friendly.

**Call Schwab at 1-800-515-2157 (option 4) to enroll in Voice ID and/or 2-Factor Authentication.**

If you ever suspect that you are a victim of identity theft, or notice anything unusual on your accounts, contact your advisor right away.

Our next segment in this series will discuss action steps to take if you become a victim of identity theft.

**Tammy Higgins**  
Investment Advisor Representative  
Client Service Specialist  
Direct Line: 419.496.2228  
E-mail: [thiggins@whitcomb.com](mailto:thiggins@whitcomb.com)



## Disclosure Statement

Please contact Whitcomb & Hess, Inc. if there are any changes in your financial situation or investment objectives, or if you wish to impose, add, or modify any reasonable restrictions to the management of your account. Also, as required by the United States Securities and Exchange Commission, a copy of our Form ADV2A and Form ADV2B: Firm Brochure, which provides information about the qualifications and business practices of Whitcomb & Hess, is available upon request. To request a copy, contact one of our customer service specialists at [info@whitcomb.com](mailto:info@whitcomb.com).

## Our Privacy Policy

We limit our employee access to nonpublic personal information to those who need to know this information to provide the best service to you. We do not disclose any nonpublic personal information about our clients or former clients to anyone, except as permitted by law.

## UPDATE as of March 31, 2019

| DOW JONES INDUSTRIAL AVERAGE (Total Return) |                   |                   |
|---|-------------------|-------------------|
| 1ST QTR   11.81%                            | 2019 YTD   11.81% | 5 YR AVG   12.21% |
| S & P 500 COMPOSITE (Total Return)          |                   |                   |
| 1ST QTR   13.65%                            | 2019 YTD   13.65% | 5 YR AVG   10.91% |
| RUSSELL 2000 (Total Return)                 |                   |                   |
| 1ST QTR   14.58%                            | 2019 YTD   14.58% | 5 YR AVG   7.05%  |
| MSCI WORLD EX-U.S. (Total Return)           |                   |                   |
| 1ST QTR   10.45%                            | 2019 YTD   10.45% | 5 YR AVG   2.20%  |
| BARCLAYS US AGGREGATE BOND (Total Return)   |                   |                   |
| 1ST QTR   2.94%                             | 2019 YTD   2.94%  | 5 YR AVG   2.74%  |

# INFORM

c/o Whitcomb & Hess  
1020 Cleveland Ave.  
Ashland, OH 44805

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## New Faces at Whitcomb & Hess

By Jordan Kvochick,  
Administrative Professional

W&H continues to grow! **Christina Cepero** joined the team as an Accounting Associate and brings over twelve years of customer service and business management experience. Christina enjoys building relationships with clients and will be responsible for processing payroll and sales tax payments, personal tax returns, and reconciling financial statements for clients.

Outside the office, Christina enjoys cooking and traveling to the beach. She lives in Ashland with her fiancé, Cory, and their Yorkie, Benny. Feel free to say hello next time you stop by!



Upcoming Client Appreciation Event:

**Shred Day**  
**Friday, May 10th**

**from 9am to 12pm**  
**in our parking lot**

Whitcomb & Hess is bringing back **Shred Day** for the ninth year in a row! As a **thank you** to our clients, we provide this free event where you can have any of your old documents shredded **securely and conveniently** on site.

We are glad to offer this annual service to you in an effort to help protect your family and business from identity theft. **See you at Shred Day!**