

One Method for Growing Your Nest Egg: Dollar Cost Averaging

By Tim Hilterman, CFP®, CAP®

Most young professionals are interested in growing retirement savings but are also worried about when to put money into the market. An investing technique called Dollar Cost Averaging could help you manage your risk and give you more confidence in your investing.

Dollar Cost Averaging is the practice of investing a consistent dollar amount in regular intervals over a long period of time. This can be a powerful tool because:



- **It's one less decision to make.** Since this practice puts your investing on auto-pilot, you won't be wringing your hands with every investment decision. Funds will simply drip into your investments on a regular basis no matter what's happening in the market. Like putting your utility bills auto-pay, it's one less thing to think about.
- **It takes the emotion out of investing.** If you invest based on personal emotions, you're likely to move in the opposite direction of what's best for you. You will get excited and optimistic when the market is going up and worried when the market is going down.
- **It ensures that you are buying in at the best times.** Since no one can predict the market perfectly, it's very unlikely that you will be able to pick the exact right time to invest. Dollar Cost Averaging will both prevent you from bailing out of an investment when the price goes down, as well as continuing to purchase shares at a lower cost.
- **It brings discipline to your long term plan.** Successful investing isn't as much about investing at the right time as it is about investing all the time. Dollar Cost Averaging will help you stay consistent and keep investing regardless of the swings of the market.

Here's a simple example of how Dollar Cost Averaging can help an investor benefit from a volatile market. The chart below shows a person depositing \$1,000 each month into a mutual fund that experiences a significant drop in price and later recovers. Even though there is great fluctuation, the investor steadily invests the \$1,000 each month. The more the price falls, the more shares are purchased with each deposit. By the end of May, the investment of \$5,000 has grown to \$6,857.11. If the investor had been hesitant about investing in a falling market and waited until the mutual fund recovered in May, and they would have ended up buying in at the highest price.

Month	Deposit	Mutual Fund Price / Share	Shares Purchased	Account Value
Jan	\$1,000	\$20	50.0	\$1,000.00
Feb	\$1,000	\$16	62.85	\$1,800.00
Mar	\$1,000	\$12	83.3	\$2,350.00
Apr	\$1,000	\$17	85.8	\$4,329.17
May	\$1,000	\$23	43.5	\$6,857.11

Successful investors develop a long-term plan and then stick to it, despite volatility in the market. If you'd like to know how much you should be contributing on a monthly or annual basis in order to reach your goals, let us help you develop a personalized financial plan and decide if Dollar Cost Averaging is right for you.

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Give More, Get More (Tax Benefits, That Is!)

By Tracy Wells

If you own a traditional IRA, you must start taking Required Minimum Distributions (RMDs) when you turn 70 ½. This distribution increases your taxable income each year. But, did you know that **if you use your RMD as a charitable contribution, it is not counted as part of your taxable income?**

This is called a Qualified Charitable Distribution (QCD).

Individuals can make a QCD to donate up to \$100,000 annually to one or more 501(c)(3) charities. QCDs also let you benefit from donating to charity without having to itemize. (With the new, higher standard deduction, fewer taxpayers itemized on their 2018 tax returns.)

If you plan to make a QCD, the funds should be paid directly from the IRA to the charity—NOT payable to you. Please let your CPA or advisor know if you make a QCD so it can be correctly reported on your tax return.



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Market Update, 2nd Quarter 2019

By Tim Hilberman, CFP®, CAP® and Chris Nadler, CFP®, CTFA®

Markets were mixed in the second quarter as investors waded their way through both good and bad news. For the quarter, the S&P 500 was up 4.30%, the MSCI World Ex-US was up 3.79%, the Barclays US Aggregate Bond was up 3.08%, and the Russell 2000 was up 2.10%.

The 2nd quarter of 2019 started out on a positive note, with the S&P 500 up 4.05% in April. Markets charged forward in April on positive earnings results, better-than-expected U.S. GDP growth numbers, and an uptick in oil prices from the termination of waivers on Iranian oil buying.

The tides of the market turned slightly in May, with the S&P dropping -6.35% for the month. Most of this volatility was a result of the United States increasing tariffs on Chinese goods, as well as the yield curve flattening from fears of slowing economic growth. Markets and investors alike had been assuming a “trade truce” with China was in its concluding stages. However, when President Trump made the decision to raise tariffs, the markets were spooked. The market doesn’t like that uncertainty, so stocks headed downward.

June saw markets swing back in a positive direction for a number of reasons: better U.S. economic data, news of potentially-positive global trade talks, and an expectation that the Federal Reserve would cut rates in July to try to accommodate the fear of an economic slowdown.

As we transition into the second half of the year, here are a few things to look for:

- **Continued positive earnings season.** In order for the stocks to continue to grind higher, markets need to see positive economic data. The next earnings readout will be in mid-July.
- **Trade talk developments.** If the U.S. and China are able to agree on a “trade truce” or extend a deadline for a formal agreement to be in place, this will be seen favorably by markets. If not, look for potential volatility, similar to what we saw in May, to come from this news.
- **What the Fed does with interest rates moving forward.** Markets are anticipating that the Fed will

reduce interest rates by at least 25 basis points in July, with possibly even more going into the end of the year. If this happens, look for markets to show signs of positivity, as this would be seen as the Fed being more accommodative and trying to extend this current rally.

Occasionally during times of volatility like these, some investors are tempted to “get off of the roller coaster” and move to a “more stable” investment until things calm down. This is called market timing. While this strategy can appear to alleviate a fear of the unknown, you could miss a significant buying opportunity, or the best-performing times in the market when the market rebounds.

We can walk you through these ups and the downs to help you find the best path to reach your long-term objectives while making sure your short-term needs are being met.



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Security is a Partnership, Part 2: Damage Control

By Tammy Higgins

Well, you took preventative measures, but your identity or personal information got stolen anyway. What do you do now?

In our last issue, we provided several tips and tools to help protect your information. In this segment, we will discuss **what to do if you become a victim of identity theft.**

First, don't beat yourself up. It happens. Identity theft is often due to circumstances outside of your control. Take a deep breath, and let's look at some next steps.

CALL Call your advisor right away. We have a free checklist to help you. You'll need to make a lot of calls—your financial institutions and the credit bureaus, just to start. You may also need to call Social Security, the IRS, the post office, and the local police department to file reports and place fraud alerts on your accounts.



CLOSE If necessary, close any affected accounts. Your financial institution will advise if this is needed; sometimes you just need to change your debit card number.

CLEAN Work with an IT professional to clean any viruses/malware/spyware off your computer and recover any lost or hijacked data.



CHANGE Change your passwords!

MONITOR Regularly request a copy of your credit reports. You can get them at www.annualcreditreport.com, or by contacting the credit bureaus directly. Look for anything suspicious. Watch your financial statements closely for the next year.



RELAX While it's a hassle to deal with, most identity theft problems can be resolved. Your bank will work with you to reimburse funds lost to debit card theft. For your accounts at Charles Schwab, the Schwab Security Guarantee states, "Schwab will cover 100% of any losses in your Schwab accounts due to unauthorized activity."

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



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Disclosure Statement

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UPDATE as of June 30, 2019

DOW JONES INDUSTRIAL AVERAGE (Total Return)

2ND QTR 3.21%	2019 YTD 15.40%	5 YR AVG 12.29%
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S & P 500 COMPOSITE (Total Return)

2ND QTR 4.30%	2019 YTD 18.54%	5 YR AVG 10.71%
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RUSSELL 2000 (Total Return)

2ND QTR 2.10%	2019 YTD 16.98%	5 YR AVG 7.06%
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MSCI WORLD EX-U.S. (Total Return)

2ND QTR 3.79%	2019 YTD 14.64%	5 YR AVG 2.04%
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BARCLAYS US AGGREGATE BOND (Total Return)

2ND QTR 3.08%	2019 YTD 6.11%	5 YR AVG 2.95%
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INFORM

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New Faces at Whitcomb & Hess: Jessica Syme

By Jordan Kvochick

W&H is growing! **Jessica Syme** came aboard in September as an intern, and after graduating from Ashland University in May, we are pleased she has decided to join us full-time. As an Accounting Associate, Jessica will work closely with business clients, preparing corporate and personal income tax returns, financial statements, and payroll tax returns. In April, she received the 2019 Student Manuscript Award from the national office of the Institute of Management Accountants. Jessica is studying for both the Certified Public Accountant and Certified Management Accountant exams, as well as training to become a QuickBooks ProAdvisor. Outside the office, Jessica enjoys volunteering as a 4-H advisor, hiking with her friends, and spending time with her dog, Taffy. Feel free to say hello next time you stop by!



Are your financial worries keeping you awake at night?



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Whether it's for you or your business, we can handle the stress so you can get your life back!

When you're ready, let's talk.

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