



Our Top 5 Financial Planning Tips for 2020

Can't quite figure out what goals to set for the upcoming year? Here are 5 tips to help kickstart your financial plan (or keep it on track!) and start the New Year off right.

- 1. Consider increasing your retirement contributions:** Even a 1% increase will be beneficial. If you are already fully-funding your retirement accounts in 2019, there is good news: contribution limits for Simple IRA and 401(k) accounts are going up for 2020!

2020 Contribution Limits	Under Age 50	Above Age 50
Traditional & Roth IRAs*	\$6,000	\$7,000
Simple IRAs	\$13,500	\$16,500
401(k)	\$19,500	\$26,000

* Personal IRA contribution limits stayed the same as 2019.

Minimum Distribution, a Qualified Charitable Contribution (QCD) may be worth asking your advisor about. With a QCD, you gift some or all of your RMD to a charity during the current tax year. This means you pay no federal or state income taxes on that distribution, nor would you deduct the gift because it avoids the tax return all together.

- 4. Review your retirement goals:** It's always good to revisit your plan to make sure you are still on track. Here are some helpful questions to ask yourself: Where am I at today and where do I want to be in the future? How do I reach those goals? Am I on track to get there? If not, what do I need to change to help get on the right path? Finding a purpose and creating a plan to get there would be a great step to take in 2020.

- 5. Reflect on 2019:** A lot can happen in a year and it's important to look back and figure out what, if anything needs attention, such as reviewing and/or updating your estate plan, creating or updating your budget, taking a deeper look at your life insurance needs, or exploring the social security strategy that work best for you. We can help you review these things that can be

crucial to the overall success of your financial plan.



We know that sorting through this "stuff" can be complicated, confusing, and stressful. However, taking care of these things now can help reduce your stress, knowing you have a plan to take care of the ones that mean the most to you. Remember, we are here to help you find peace of mind. If you have any questions, or would like to sit down to review your personal plan, please let us know. We are always happy to walk with you along your path.



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I.T. Reminder: Windows 7 End of Life

Microsoft has announced that Windows 7 support will end on January 14, 2020, potentially leaving your computer vulnerable to security risks and viruses. If you are using Windows 7, it is important to update to Windows 10 in order to protect your data. If you own a legal copy of Windows 7, the Windows 10 updates are free of charge—you just need to install them.

To learn more, contact your I.T. provider or visit <https://support.microsoft.com/en-us/help/4057281/windows-7-support-will-end-on-january-14-2020>

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.

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.

Breaking News: SECURE Act Changes Long-standing Rules for Retirees

On December 20th, President Trump signed the Setting Every Community Up for Retirement Enhancement (SECURE) Act.

Here are 4 things you should know:

- 1. RMD starting age raised to 72.**
Historically, owners of IRAs had to start taking money out of their account at age 70 ½. The new law moves the age for required minimum distributions (RMDs) to 72. This new feature applies to those turning 70 ½ as of January 1, 2020.
- 2. Age restrictions on IRA contributions removed.** Because Americans are living and working longer, congress

wanted to allow savers more opportunity to save in traditional IRAs. Savers were previously prohibited from contributing after age 70 ½.

- 3. "Stretch" IRAs eliminated:** non-spouse beneficiaries now have to distribute an inherited IRA within 10 years.
- 4. Penalty-free withdrawals up to \$5,000** from a 401(k) or IRA are allowed following a birth or adoption. The 10% penalty doesn't apply but applicable taxes will still apply.

For more information on the law and how these changes affect your financial plan, please contact your advisor.

Schwab to Acquire TD Ameritrade

Charles Schwab recently announced that they will be acquiring TD Ameritrade in 2020. We at Whitcomb and Hess expect this merger to be a long-term benefit to Schwab clients. We look forward to the new technical integrations that TD Ameritrade will bring to the relationship.

Some excerpts from the press release:

"On 11/25/19, The Charles Schwab Corporation announced that they have entered into a definitive agreement to acquire the TD Ameritrade Holding Corporation in an all stock transaction valued at approximately \$26 billion. Under the agreement, TD Ameritrade stockholders will receive 1.0837 Schwab shares for each TD Ameritrade share."

"The integration of the two firms is expected to take between 18 and 36 months, following the close of the transaction. As part of the integration process, the corporate headquarters of the combined company will eventually relocate to Schwab's new campus in Westlake, Texas. Both companies have a sizable presence in the Dallas-Fort Worth area. This will allow the combined firm to take advantage of the central location of the new Schwab campus to serve as the hub of a network of Schwab branches and operations centers that span the entire U.S., and beyond."

Learn more at:

www.aboutschwab.com/announcement.

Whitcomb & Hess welcomes back Ryan G

Ryan Gilmer, CFA®, CMT® has joined the firm as Chief Investment Officer, returning to Whitcomb & Hess after three years with Valmark Financial Group in Akron, Ohio. Previously, he was a W&H Investment Advisor from 2006-2016.



As our Investment Advisory services continue to grow, we are able create this type of specialized role which, added to our already highly-skilled team, further enhances our ability to provide you with first-class service. Ryan is an Ashland University alum and resides in Ashland with his wife, Tessa, and their three daughters. You can learn more about Ryan, and the rest of our team, at whitcomb.com/staff.

Lessons from 2019 and a 2020 Outlook

Global stock markets had a positive fourth quarter, capping off a strong calendar year. The following table shows how different investments fared during these time periods:

	4th Qtr 2019	YTD
S&P 500 (US Large Stocks)	9.07	31.49
Russell 2000 (US Small Stocks)	9.94	25.52
MSCI World ex US (International Stocks)	7.86	22.49
Barclays US Agg Bond (Bonds)	0.18	8.72

Here are some lessons investors can learn from 2019 market performance

When stocks go down, it's usually not the time to sell

2019 performance was fantastic, and it came on the heels of an intimidating selloff in the fourth quarter of 2018. The table below shows how these same markets performed at the end of 2018:

	4th Qtr 2018
S&P 500 (US Large Stocks)	-13.52
Russell 2000 (US Small Stocks)	-20.20
MSCI World ex US (International Stocks)	-12.78
Barclays US Agg Bond (Bonds)	1.64

Investors who reduced stock allocations in response to the 2018 selloff hurt their returns in 2019. Emotional decision-making in investing generally leads to negative outcomes.

Diversification into bonds can help you sleep at night

Most investors need both stocks and bonds in their portfolio. Stocks generate the growth necessary to help achieve your long-term goals. Bonds help mitigate the impact of negative stock market volatility. While bonds underperformed compared to stocks in 2019, they were massive outperformers in the fourth quarter of 2018. When stock markets go down, an allocation to bonds can keep you from making an emotionally-driven investing mistake.

Let your financial plan help guide your investing decisions

Market news abounds. It's natural to focus on the results of investment markets, and it's important to pay attention to returns. But also keep in mind the reasons you save and invest: the goals you want to achieve. One of the most helpful ways to do this is to create or update your personal financial plan. This process gives clarity to why and how to invest your assets.

Thoughts on 2020

When it comes to predictions about the future, many financial professionals and clients commit one of two errors:

- Anchoring to certainty - believing they can predict in detail what's going to happen
- Claiming no one can know anything - assuming all forecasting is pointless

When we manage your portfolio, our goal is to avoid both of these pitfalls. We want to position your investments for the highest probability scenarios, while also recognizing that we can't be certain about tomorrow. So in 2020, in the spirit of moderation, we believe there is a significant chance for value to stocks to outperform growth stocks. Growth companies, as their name implies, typically have high rates of revenue growth, while value companies have less growth but more predictable earnings and trade at cheaper valuation levels.

This also has implications for how global stocks perform relative to domestic stocks. US stock markets consist of higher percentages of growth stocks, and they have dominated international holdings over the past decade. If value stocks rotate back into favor, it could also mean significantly better performance from international stocks as well.

These types of observations matter to us and they help us determine how to invest your assets prudently and wisely. If you want to discuss these topics further, let's talk. We wish you a fulfilling and joyful 2020!

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ilmer, CFA®, CMT®

Ryan has earned two well-respected certifications:

- Chartered Financial Analyst® (CFA) - superior investment knowledge, commitment to the investment profession, and the highest standards of ethics in service to the public
- Chartered Market Technician® (CMT) - mastery of a core body of knowledge of investment risk in portfolio management, including quantitative approaches to market research and rules-based trading system design and testing

MARKET UPDATE as of December 31, 2019

S & P 500 (US Large Stocks)

4TH QTR 9.07%	2019 YTD 31.49%	5 YR AVG 11.70%	10 YR AVG 13.56%
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RUSSELL 2000 (US Small Stocks)

4TH QTR 9.94%	2019 YTD 25.52	5 YR AVG 8.23%	10 YR AVG 11.83%
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MSCI WORLD ex US (International Stocks)

4TH QTR 7.86%	2019 YTD 22.49%	5 YR AVG 5.42%	10 YR AVG 5.32%
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BARCLAYS US AGG BOND (Bonds)

4TH QTR 0.18%	2019 YTD 8.72%	5 YR AVG 3.05%	10 YR AVG 3.75%
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Are your financial worries
keeping you awake at night?

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

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WHITCOMB & HESS *in the Community*



Participating team members: Neil Hinkle, Teri Yoder,
Beau Carpenter, Jordan Kvochick, Scott Saner,
Jenny Plummer, Jessica Syme, Bill Harvey, and Jim Hess

Members of the W&H team and their families built a float for the **2019 Ashland Christmas parade**! The theme of this year's parade was The 12 Days of Christmas, so we created a pool party for the 7 Swans A-Swimming. It was our first year participating, and not only did we have a great time, we were honored to be awarded second place by the judges!



During our Christmas Potluck lunch, we held a contest for the Best-Worst Christmas Sweater.

Who would you have voted for?

*Pictured (left to right): Jenny Plummer, Christina Appleby,
Jordan Kvochick, Erika Moundros, and Beau Carpenter*