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Hi Everyone,

Hope everyone is doing well as we are ending the third quarter shortly. The most common question we hear from advisers and clients and it comes up in almost every single discussion is "Why does the stock market keep going up and set new highs with all the turmoil? Despite the political turmoil, economic fundamentals remain outstanding. More jobs, rising corporate profits this year and expected next year, interest rates rise but still remain low, wage and price inflation not a problem despite the growth, and stocks are actually inexpensive. Why shouldn't the markets continue their growth?

If you remove the FANG stocks from the S&P index, you will find the rest of the markets trading at slightly more than 13 times 2019 projected earnings...that is very favorable. There is much more to this story but not enough space here to tell it all, just more good news for investors.

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What to Do If Your Term Life Insurance Policy Is About to Expire



One advantage of term life insurance is that it is generally the most cost-effective way to achieve the maximum life insurance protection you can afford. Many people first purchase term life

insurance to protect their family's financial interests after a significant life event, such as getting married or the birth of a child.

You may have done the same for your family when you purchased your policy years ago. And chances are, other than paying the premiums, you probably haven't given it much thought since then. However, if your term life insurance policy is set to expire in the near future, it's important to explore your options now before the coverage runs out.

Before you get started, you first need to reevaluate your life insurance needs and determine if anything has changed. Are your children grown and have they graduated from college? Do you have a mortgage? If you have financial obligations that you need to take care of, you may still need term life insurance. If you are nearing retirement and have fewer financial obligations than you did when you were younger, your need for a term life insurance policy may not be as great as it once was.

Purchasing a new policy

If you are in relatively good health and your current term life insurance policy is about to run out, you might consider purchasing a new term policy altogether. When applying for a new term life insurance policy, you will generally need to pass a medical exam. In addition, since you are older now, your premiums may be higher than they were under your old policy. However, you may not need as large a policy as you did when you first purchased term life insurance years ago. It may pay to shop around and compare because premiums can vary among insurers.

Renewing your existing policy

When the coverage period for your term life insurance ends, you may have the option to renew the policy, depending on the specific

policy and limitations. Though you won't be required to take a medical exam if you renew your policy, the rate will generally increase each time it is renewed for an additional term because your age has increased (as has the insurance company's risk of paying a death benefit). These increased premium costs can sometimes make renewing a term life insurance policy an expensive way to cover your life insurance needs.

Converting your policy to permanent life insurance

If you have a convertible term life insurance policy, you may be able to convert it to a permanent life insurance policy, such as whole or universal life insurance. Permanent insurance continues throughout your life as long as you pay the premiums. As with term insurance, permanent insurance pays a death benefit to your beneficiary at your death, but it also contains a cash value account funded by your premium dollars. When you convert your policy, you won't need to prove your insurability by taking a medical exam. However, there is usually a conversion deadline, which is the date by which you must convert, typically before your term life insurance is set to expire.

The cost and availability of life insurance depend on factors such as age, health, and the type and amount of insurance purchased. As with most financial decisions, there are expenses associated with the purchase of life insurance. Policies commonly have mortality and expense charges. In addition, if a policy is surrendered prematurely, there may be surrender charges and income tax implications. Any guarantees are contingent on the claims-paying ability and financial strength of the issuing company.

The rules governing 1035 exchanges are complex and you may incur surrender charges from your "old" life insurance policy. In addition, you may be subject to new sales and surrender charges for the new policy.

The Financial Implications of a Chronic Illness



There's no such thing as a one-size-fits-all financial plan for someone with a chronic illness. Every condition is different, so your plan must be tailored to your needs and challenges, and reviewed periodically.

All investing involves risk, including the possible loss of principal, and there is no guarantee that any investment strategy will be successful.

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When you live with a chronic illness, you need to confront both the day-to-day and long-term financial implications of that illness. Talking openly about your health can be hard, but sharing your questions and challenges with those who can help you is extremely important, because recommendations can be better tailored to your needs. Every person with a chronic illness has unique issues, but here's a look at some topics you might need help with.

Money management

A budget is a useful tool for anyone, but it's especially valuable when you have a chronic illness, because it will serve as a foundation when planning for the future. Both your income and expenses may change if you're unable to work or your medical costs rise, and you may need to account for unique expenses related to your condition. Clearly seeing your overall financial picture can help you feel more in control.

Keeping good records is also important. For example, you may want to set up a system to help you track medical expenses and insurance claims. You may also want to prepare a list of instructions for others, such as a trusted friend or relative, that includes where to find important household and financial information in an emergency.

Another step you might want to take is simplifying your finances. For example, if you have numerous financial accounts, you could consolidate them to make it easier and quicker for you or a trusted advisor to manage. Setting up automatic bill payments or online banking can also help you keep your budget on track and ensure that you pay all bills on time.

Insurance

Reviewing your insurance coverage is essential. Read your health insurance policy and make sure you understand your copayments, deductibles, and the nuts and bolts of your coverage. In addition, find out if you have any disability coverage, and what terms and conditions apply.

You might assume that you can't purchase additional life insurance, but this isn't necessarily the case. It may depend on your condition or the type of life insurance you're seeking. Some policies will not require a medical exam or will offer guaranteed coverage. If you already have life insurance, find out if your policy includes accelerated (living) benefits. You'll also want to review beneficiary designations. If you're married, make sure that your spouse has adequate insurance coverage, too.

Investing

Having a chronic illness can affect your investment strategy. Your income, cash-flow requirements, and tolerance for risk may change, and your investment plan may need to be adjusted to account for both your short-term and long-term needs. You may need to keep more funds in a liquid account now (for example, to help meet day-to-day living expenses or use for home modifications, if necessary), and you'll want to thoroughly evaluate your long-term needs before making investment decisions. The course of your illness may be unpredictable, so your investment plan should remain flexible and be reviewed periodically.

Estate planning

You might think of estate planning only as something you do to get your affairs in order in the event of death, but estate planning tools can also help you manage your finances right now.

For example, a durable power of attorney can help protect your property in the event you become unable to handle financial matters. A durable power of attorney allows you to authorize someone else to act on your behalf, so he or she can do things like pay everyday expenses, collect benefits, watch over your investments, and file taxes.

A living trust (also known as a revocable or inter vivos trust) is a separate legal entity you create to own property, such as your home or investments. The trust is called a living trust because it's meant to function while you're alive. You control the property in the trust and, whenever you wish, can change the trust terms, transfer property in and out of the trust, or end the trust altogether. You name a co-trustee such as a financial institution or a loved one who can manage the assets if you're unable to do so. There are costs and ongoing expenses associated with the creation and maintenance of trusts.

You may want to have advance medical directives in place to let others know what medical treatment you would want, or that allow someone to make medical decisions for you, in the event you can't express your wishes yourself. Depending on what's allowed by your state, these directives may include a living will, a durable power of attorney for health care, and a Do Not Resuscitate order.

Review your plan regularly

As your health changes, your needs will change too. Make sure to regularly review and update your financial plan.

Infographic: Working in Retirement

Do You Plan to Work in Retirement?

The 2018 Retirement Confidence Survey found that more than two-thirds of all workers surveyed expect that paid work will play a role as a source of retirement income. If you believe that working for pay will supplement at least some of your retirement income, consider the following facts.

1



More people are working beyond age 65

According to the Bureau of Labor Statistics, 37% of men and 28% of women between the ages of 65 and 69 were still in the workforce in 2017. In addition, 17% of men and 10% of women age 70 and older were still working.

2



Social Security imposes an "earnings limit"

If you plan to work and claim Social Security benefits before reaching your full retirement age (66 to 67, depending on year and month of birth), you will be subject to an earnings limit (\$17,040 in 2018). Above that limit, \$1 will be withheld from your benefit for every \$2 earned. In the year you reach full retirement age, you will lose \$1 for every \$3 earned above a higher limit (\$45,360 in 2018). Once you reach full retirement age, there is no reduction in benefits.

3



Income for older workers is on the rise

According to the U.S. Census Bureau, the average earnings for workers age 65 and older increased by 47.6% between 2000 and 2015, a far greater increase than that of any other age group.

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Investments in securities involve investment risk, including possible loss of principal amount invested. Investment return and principal value will fluctuate so that the investment, when redeemed, may be worth more or less than the original investment. Additional disclosure is available in our Disclosure Brochure (Form ADV Part 2A), which can be accessed on the firm's website www.paulmilleradvisor.com.

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What are the new rules for 401(k) hardship withdrawals?

The Bipartisan Budget Act passed in early 2018 relaxed some of the rules governing hardship withdrawals from 401(k)s and similar plans. Not all plans offer hardship withdrawals, but the ones that do will be required to comply for plan years beginning in 2019.

In order to take a hardship withdrawal from a 401(k) or similar plan, a plan participant must demonstrate an "immediate and heavy financial need," as defined by the IRS. (For details, visit the IRS website and search for Retirement Topics - Hardship Distributions.) The amount of the withdrawal cannot exceed the amount necessary to satisfy the need, including any taxes due.¹

Current (pre-2019) rules

To determine if a hardship withdrawal is qualified, an employer may rely on an employee's written statement that the need cannot be met using other financial resources (e.g., insurance, liquidation of other assets, commercial loans). In many cases, an employee may also be required to take a plan loan first.

Withdrawal proceeds can generally come only from the participant's own elective deferrals, as well as nonelective (i.e., profit-sharing) contributions, regular matching contributions, and possibly certain pre-1989 amounts.

Finally, individuals who take a hardship withdrawal are prohibited from making contributions to the plan — and therefore receiving any related matching contributions — for six months.

New rules

For plan years beginning after December 31, 2018, the following changes will take effect:

1. Participants will no longer be required to exhaust plan loan options first.
2. Withdrawal amounts can also come from earnings on participant deferrals, as well as qualified nonelective and matching contributions and earnings.
3. Participants will no longer be barred from contributing to the plan for six months.

¹ Hardship withdrawals are subject to regular income tax and a possible 10% early-distribution penalty tax.



Should I enroll in a health savings account?

A health savings account (HSA) is a tax-advantaged account that you can establish and contribute to if you are enrolled in a high-deductible health plan (HDHP). Because you shoulder a greater portion of your health-care costs, you'll usually pay a much lower premium for an HDHP than you would pay for traditional health insurance. This allows you to contribute the premium dollars you're saving to your HSA. Then, when you need medical care, you can withdraw HSA funds to cover your expenses, or opt to pay your costs out-of-pocket if you want to save your account funds. An HSA can be a powerful savings tool, especially if your health expenses are relatively low, since you may be able to build up a significant balance in your HSA over time. Before you enroll in an HSA, ask yourself the following questions:

What will your annual out-of-pocket costs be under the HDHP you're considering? Estimate these based on your current health expenses. The lower your costs, the easier it may be to accumulate HSA funds.

How much can you afford to contribute to your HSA every year? Contributing as much as you

can on a regular basis is key to building a cushion against future expenses. For 2018, you can contribute up to \$3,450 for individual coverage and \$6,900 for family coverage.

Will your employer contribute to your HSA? Employer contributions can help offset the increased financial risk that you're assuming by enrolling in an HDHP rather than traditional employer-sponsored health insurance.

Are you willing to take on more responsibility for your own health care? For example, to achieve the maximum cost savings, you may need to research costs and negotiate fees with health providers when paying out-of-pocket.

How does the coverage provided by the HDHP compare with your current health plan? Don't sacrifice coverage to save money. Read all plan materials to make sure you understand benefits, exclusions, and all costs.

What tax savings might you expect? HSA funds can be withdrawn free of federal income tax and penalties provided the money is spent on qualified health-care expenses. Depending on the state, HSA contributions and earnings may or may not be subject to state taxes. Consult your tax adviser for more information.