

## 2019 Cheers to a great finish!

### Market Update

(all values as of  
10.31.2019)

#### Stock Indices:

Dow Jones	27,046
S&P 500	3,037
Nasdaq	8,292

#### Bond Sector Yields:

2 Yr Treasury	1.52%
10 Yr Treasury	1.69%
10 Yr Municipal	1.48%
High Yield	5.71%

#### YTD Market Returns:

Dow Jones	15.94%
S&P 500	21.17%
Nasdaq	24.97%
MSCI-EAFE	13.70%
MSCI-Europe	14.06%
MSCI-Pacific	13.23%
MSCI-Emg Mkt	7.89%

US Agg Bond	8.85%
US Corp Bond	13.89%
US Gov't Bond	10.03%

#### Commodity Prices:

Gold	1,515
Silver	18.10
Oil (WTI)	54.14

#### Currencies:

Dollar / Euro	1.11
Dollar / Pound	1.28
Yen / Dollar	108.85
Dollar / Canadian	0.76

### Dear Friends,

Both of our girls ran cross country for the high school this Fall and being a Sportsparent has been a big part of life for Jamey and me. I also coached for the Bozeman Track Club middle school team, which is more my speed. Watching the kids of this community working hard in their activities and competing so passionately is so inspiring! Along with the thrills of success, there are the inevitable hard-lessons that create character and test our confidence in ourselves. Together, I feel they yield some of the most memorable moments in their lives, and it is a joy to be a part of it. When it works, it's like my favorite scene in the classic movie Hoosiers, where a parent/coach leads the team to a key victory (despite all of his own faults)! This Christmas season I hope you dream with our loved ones of all the great moments coming in 2020!

Markets are in great shape, but we continue to prepare for a change to that story. Our belief is that in 2020 we will continue to see risk rewarded thanks to a strong consumer and economy.

### A few tips to improve your digital security as we go into Winter

- It is time to change your passwords (annually). The best passwords are longer phrases you can remember with a (oup1eofl3tters changed. Go ahead and write it down, but keep it safe, and tell your loved one where it is.
- Using double authentication is a great strategy where a code is texted to you, or generated directly from your phone. Until something better comes along, a dynamic code sent to you independently is the highest security available.
- The phone is becoming the center of our legal identity. Please, be careful with your mobile number, it is being used as your unique ID more and more.
- Don't lose your phone, but have a plan if you do. Imagine the horror! Fortunately, several apps exist and they usually require you to keep the location setting on. You will be thankful for a plan B that works.



**Here is something that can be predicted** – healthcare costs will cause many of us to delay retirement. Any plans for retirement before Medicare kicks in (65) must account for a rising cost of health insurance. And since the math on delaying Social Security to age 70 is so strong (8% annual), the cost usually eats directly into your savings until those entitlements are started. I just went through the Healthcare.gov exchange, and it looks like most plans that cover my family will run about \$25,000 per year! Even if you can afford it, do you want to pay it? One strategy is to find a 'hobby job' that provides benefits. Another idea is to 'pre-tire', or cut your hours and responsibilities down so that you can enjoy a different lifestyle, but still retain some key benefits.

## Stock Indices Move Higher In October – Global Equity Review

It has been a great couple of months for most all of the market. The S&P 500 Index and the Nasdaq Index both closed at record levels as of November 1st. Developed and emerging market indices propelled higher in October buoyed by a continued low rate environment and a weaker dollar.

Volatility, as measured by the Chicago Board Options Exchange (CBOE) Volatility Index, or 'the fear index,' fell to a near annual low in October, as subdued risk concerns dominated.

The technology and health care sectors were the top performing large cap sectors in October, with energy as the worst performing sector in the S&P 500 Index. Market analysts are seeing a shift or rotation towards value from growth, reminiscent of a more cautionary environment. (Sources: S&P, CBOE, Bloomberg)

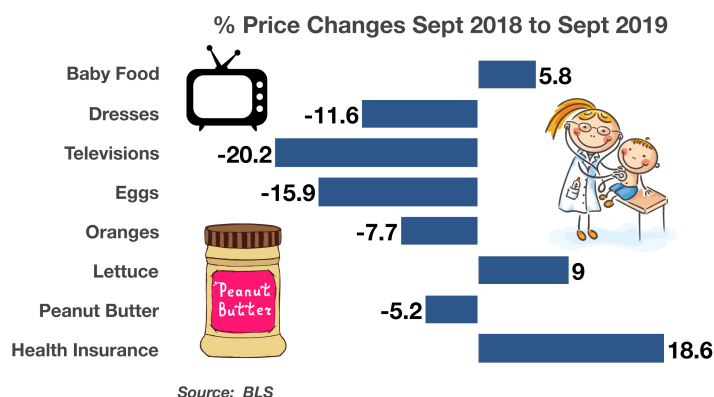
## Bond Yields Stabilize – and the Yield Curve looks normal again!

The Federal Reserve cut interest rates for the third time this year but signaled that it would not cut them further unless economic growth slowed amid concerns. This has allowed the yield curve to return to a condition where rates increase over time. For economics based advisors like myself, an inverted yield curve can be a major indicator of trouble.

Yields on government and corporate bonds remained stable in October as expectations of economic growth and a pause to further rate cuts stabilized bond markets. Bond prices have risen since the beginning of the year, with government and corporate bond yields still hovering near record low levels. Bond prices move in the opposite direction to yields. (Sources: Federal Reserve, U.S. Treasury)

## What Prices Have Changed The Most

Price changes on certain products tend to affect a larger portion of the population more so than other products. Over the past year, the cost of health insurance has climbed over 18%, affecting nearly everyone paying for health coverage. However, the increase in baby food of 5.8% over the same period is limited to younger families across the country.



Televisions, dresses, and eggs saw formidable price drops over the past year, affecting a more concentrated group of consumers.

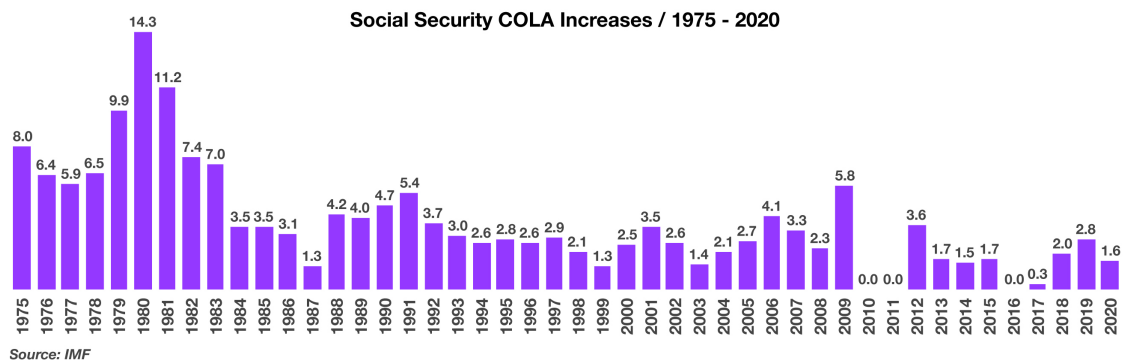
Source: Bureau of Labor Statistics

## Social Security Payments Increasing By 1.6% For 2020 – Retirement Planning

Social Security recipients are due to receive a modest increase in benefit payments payable in 2020. But for many recipients, the increase in payments will go towards higher Medicare costs. The increase will affect over 63 million Americans receiving Social Security benefit payments.

The Social Security Administration announced a 1.6% increase in benefit payments effective in late December 2019 for disability beneficiaries and in January 2020 for retired beneficiaries. The 1.6% increase is slightly less than the increase of 2.8% for 2019.

Many are concerned that the 1.6% increase may not cover expenses that are rising at a faster rate, including other essential items such as food and housing.



Over the years, recipients have received varying increases depending on the inflation rate. With low current inflation levels, increases in benefit payments have been subdued relative to years with higher inflation.

Unfortunately, Social Security is a major source of income for many of the elderly, where nine out of ten retirees 65 years of age and older receive benefit payments representing an average of 41% of their income. Over the years, Social Security benefits have come under more pressure due to the fact that retirees are living longer. In 1940, the life expectancy of a 65-year old was 14 years, today it's about 20 years.

By 2036, there will be almost twice as many older Americans eligible for benefits as today, from 41.9 million to 78.1 million. There are currently 2.9 workers for each Social Security beneficiary, by 2036 there will be 2.1 workers for every beneficiary. I sure hope they make a ton of money because we might need their help!

Source: Social Security Administration, <https://www.ssa.gov/news/cola/>

## About Us

Our clients enjoy the feeling of having their financial lives kept in order. Freedom from worry comes from working with an experienced advisor that understands your entire financial life and is accessible and attentive to your needs. As a fiduciary, Mike is unable to receive commissions from financial products and free to make recommendations that are unbiased by Wall Street. With over a decade of experience caring for a small family of clients, our specialties are preserving wealth and generating sustainable income. Our average client net worth ranges from \$2 to \$10 Million. Go outside, we've got this.

### MFA Events Calendar

Radio	Wednesdays 7am, 1450am KMMSam.com
December 8 Brew Run!	Run and Refresh! Union Hall Brewery – Main St. Join us for the last one of the year!
bozemanhelpcenter.org	At the cold and snowy Run for your Life we helped raise \$70,000 for suicide prevention in our community.

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