

# BOND&DEVICK

wealth partners

## News and Notes from B&D

First Quarter 2019

### Muster Drill

During our annual reviews we often review our client's portfolio and how it might potentially perform during a market downturn. It is important that our clients have a strong understanding of their portfolio's potential risk during all different types of market environments. If a client seems hesitant or nervous about their current allocation and potential risk, we try hard to either educate them about why we believe their current allocation is appropriate given their situation or we work to reduce the risk of their portfolio down to a level that is comfortable for them.

*(continued on page 2)*

### Tax Preparation Forms

Your 1099's from Schwab are starting to be delivered. Some are going out now and others will be delivered mid-to-late February. You can track your 1099 status on the Schwab Alliance website if you have set up online access. We are working to get your 1099's posted to your Black Diamond Portal as soon as they are available.

If you would like to set up online access, please contact Chris Gaffron at [chris@bondanddevick.com](mailto:chris@bondanddevick.com) or by calling her at 952-591-0113.



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## Muster Drill (con't from page 1)



We believe this is the equivalent of a Muster Drill. If you have ever gone on a cruise you have experienced a Muster Drill, also called a lifeboat drill.

Within the first 24 hours

US law requires an exercise to prepare passengers for a safe evacuation if an emergency should arise. The purpose of the drill is to reduce panic during an actual emergency and to save lives. The purpose of our Muster Drill is also to reduce panic and to help give our clients the tools to overcome fear and raise their odds of becoming successful long-term investors.

2018 4<sup>th</sup> quarter saw a correction of almost 20% in the S&P 500 stock index, which is the biggest market decline since 2011. Overall our clients did a great job of not panicking and rode out the volatility and were rewarded with a strong snapback to start 2019.

We put a lot of effort into designing portfolios to help our clients reach their long-term goals. These portfolios are designed with your investment objective,

time horizon, income need and risk tolerance in mind. If you lost sleep or were incredibly nervous during the recent downturn, now is the time to meet with us and have a conversation about your portfolio. The time to make changes is before the market corrects, not during. Since many portfolios have recovered most if not all of their losses, now is a good time to check in with us if you would like to talk about changing your allocation to reduce risk in the future. With reduced risk comes less potential reward, but it is just as important to make sure your portfolio is allocated in a way that doesn't create undue stress. If your portfolio is too aggressive for your risk tolerance there is a potential you may make harmful decisions at some point in the future during a market sell-off.

Now is the time to reflect on how you felt during the 4<sup>th</sup> quarter. Were you anxious? Did you lose sleep? Did you check your portfolio value every day and worry about how much money you were losing? If you did, we should get together and review your portfolio. We are always here to answer questions or provide you with a sense of calm during stock market storms.

The Bond&Devick Team

## NEW OFFICE HOURS

Our goal at Bond&Devick is to provide world-class service and advice to our clients by creating a team of professionals second to none. In January our office hours changed to 8:00-4:00 Monday-Thursday and 8:00-3:00 on Friday. Why the change?

As a small business we continually look for opportunities to create a better work-life balance for our employees. It is difficult for us to compete with large employers regarding benefits, however, providing a flexible work environment allows us to attract and keep the most talented workers in the metro area.

The Twin Cities is now one of the worst cities for commuting and traffic congestion. Closing the office at 4:00 allows our employees a jump on rush hour reducing time spent in their car away from their family.

Over the past year, less than 5% of our appointments were at 4:00 or later. Video meetings are becoming more common as many of our clients appreciate meeting with us from the convenience of their home.

Further, we have the technology for our employees to securely work from home if necessary. This allows us to continue to provide timely service.

# Get to Know B&D's Newest Team Member!

## Nick Johnson, CFP® - Wealth Management Specialist



Nick joined Bond&Devick this past fall and is on the Wealth Management Team working with Brittany on financial plans and retirement and tax projections. He fit right in immediately and we are fortunate to have him on our team!

**Hometown:** Bloomington MN

**Favorite movie:** Empire Strikes Back – Star Wars

**Favorite book:** Rich Dad, Poor Dad

**Favorite TV show(s):** Big Bang Theory, Game of Thrones, The Walking Dead

**Favorite food(s):** Steak (medium or medium-well), among other BBQ/grilled entrees

**Favorite news source:** Google News / CNN

**Favorite place in Twin Cities:** Target Field / Indeed Brewery

**Favorite gadget/technology:** Voice controlled tv remote (so incredibly convenient!), cell phone is nice too

**Favorite activity:** hiking, golfing, watching/cheering on Vikings, Twins, Wild, and UMD Hockey

**Favorite music:** pop, rock, classic rock, and R&B favorite bands The Beatles & The Rolling Stones

**Favorite childhood memory:** Scoring a hat trick (age 10) in a soccer game, scoring the game winning penalty kick (age 13) in a soccer game

**Person I admire most:** Parents

**What I'm most thankful for:** to be blessed with amazing family (parents, sister, brother, brother-in-law, sister-in-law, three adorable nieces, and lots of extended family).

## Important Updates for 2019

**Social Security and Medicare:** Social Security benefits are increasing by 2.8% for 2019, and in related good news, base Medicare Part B premiums will increase by only \$1.50, to \$135.50 per month, in 2019.

There are two caveats to the Medicare Part B costs:

1. If you reach certain income levels, your premium will be higher than the amount above.
2. If your Medicare premiums were not already at \$134 in 2018 because of the “hold harmless” provision, they may take more of your Social Security increase to get you as close to the current premium as possible. Remember they can take all of your increase to get you to the current premium, but no more.

### 2019 Contribution Limits

Here are the updated contribution limits for this year:

- ◆ **HSA single** \$3,500 (\$4,500 catch up age 55+) and **HSA family** \$7,000 (\$8,000 catch up age 55+).
- ◆ **401(k), 403(b), most 457 plans** is \$19,000 with catch-up for 50 years old and over is unchanged at \$6,000.
- ◆ **IRA annual contribution:** \$6,000 with catch-up for 50 years old and over is unchanged at \$1,000.
- ◆ The income ranges for determining eligibility to make deductible contributions to traditional Individual Retirement Arrangements (IRAs), to contribute to Roth IRAs and to claim the saver's credit all increased for 2019. Single Filers AGI of \$122,000-\$137,000; Married Filing Jointly AGI of \$193,000-\$203,000.

# Markets at a Glance

	2/6/19	10/31/18		2/6/19	10/31/18
<b>Market Wrap (YTD)</b>			<b>Lending Rates</b>		
S&P 500	+7.73%	+2.50%	Prime Rate	5.50%	5.25%
D.J.I.A.	+7.66%	+2.68%	<b>Mortgage Rates</b>		
NASDAQ	+9.69%	+7.69%	15-Year	3.81%	4.26%
MSCI-EAFE	+7.64%	-1.43%	30-Year	4.39%	4.92%
<b>US Treasury Yields</b>			<b>Oil</b>		
2-Year (90 day)	2.49%	2.85%	Per Barrel	\$52.27	\$63.56
10-Year	2.66%	3.14%	<b>Gold</b>		
<b>Unemployment</b>	4.0%	3.7%	Per Ounce	\$1,314	\$1,236

(Source: Wall Street Journal) Investors cannot invest directly in indexes. However, these indexes are accurate reflections of the performance of the individual asset classes shown.

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