



Welcome to 2017!

Welcome to 2017! We hope that you and your family had an enjoyable holiday season. Each New Year symbolically provides the opportunity to make a fresh start for everyone. As we begin 2017, no one can predict with certainty what new changes or challenges may occur. Our primary goal this year is to continue our tradition of helping clients achieve their personal financial goals. To make that process more efficient, please review the *2017 CHECKLIST* in this letter and check off any of the items you anticipate you'll need addressed this year. Then bring it to your next review or call us and we can help you plan accordingly.

The year 2017 is expected to be a year of change. One of our key aspirations is to maintain our long-term relationships with our clients. We appreciate the confidence that you have shown in our firm. We are always available to provide the proper attention that you and your finances deserve by offering a strong and frequent line of communication. We are proud of our ability to understand and effectively respond to our clients' needs and concerns and enjoy providing information and services to our clients. As a firm, we constantly review the services that we provide for our clients each year. One of our company's main objectives is to always offer our clients a first-class experience. For 2017, we will continue to offer the following services in addition to your personal meetings with our office:

- Quarterly economic updates;
- Tax reports to keep you updated on opportunities and changes;
- A continuous flow of meaningful articles on financial, tax, and estate planning topics
- Assistance to your tax preparer to clarify investment reporting issues

For 2017, we would like to offer our services to several other clients like you. When we reviewed the growth of our company, we found that many of our new relationships have started with introductions from our best clients. Through these introductions we have been able to meet people who may benefit from our services. Recognizing that, we are asking for your support. Please consider adding someone's name and address to our mailing list so we can share the information we provide about the current economic, estate planning, and tax environment.

As a valuable client, **thank you** for allowing us to help you work towards your financial goals. We look forward to a great year!

Kerntke Otto McGlone Wealth Management

3701 E. Evergreen Dr. Ste 500A, Appleton, WI 54913

Tel: (920) 733-3874

www.onekom.com

peter.kerntke@onekom.com

Looking Ahead to 2017

2016 was a year of surprises for investors. Two of the most memorable were the U.S. Presidential election and the Brexit vote. The year started out on a poor note for investors. The first few weeks of January featured one of the roughest equity market declines ever. Fortunately, equity markets recovered within the first quarter. In June, The United Kingdom's withdrawal from the European Union, widely referred to as Brexit, caused investor concern. The British pound immediately fell to its lowest level in decades and global markets faced a bumpy ride. By early November, equities seemed to be on track for a flat year. However, following the surprise result in the presidential election, the last few weeks of the year lifted equity markets towards all-time highs. Many investors whose risk tolerances and portfolios included equities saw positive returns in 2016.

The Federal Reserve kept interest rates low and finally followed up their first rate increase in 8 years with another slight increase in December to 0.50 - 0.75%. In 2016, equity markets again showed investors they can be highly volatile. The movements of financial markets reminded investors that sometimes it's the nature of the markets to move up and down over the short-term and market volatility is inevitable. That is why it is essential for us to understand our client's main financial goals and time horizons.



The potential changes from a new administration could make planning for 2017 confusing, therefore investors still need to be watchful. Rising interest rates, a new political landscape and potential foreign surprises are issues that need to be monitored. For 2017, proceeding with caution is a central theme among many experts. Our goal is to provide clients with guidance and support.

Things to watch for in 2017

Potential interest rate changes



In December, the Federal Reserve hiked interest rates, signaling faith in a strengthening U.S. economy. The U.S. central bank's policy-setting committee raised the range of its benchmark interest rate by a quarter of a percentage point to between 0.50% and 0.75%. They also signaled that investors can expect additional increases in 2017.

Tax law changes

While campaigning, President Trump discussed significant tax law changes.



They included:

- tax relief for middle class Americans;
- simplifying the tax code from 7 brackets to 3 brackets (12%, 25%, and 33%);
- increasing the standard deduction;
- eliminating the marriage penalty, the NIIT, the AMT; and
- eliminating the “death tax” in favor of recognizing capital gains at death for estates over \$10,000,000.

(Source: Keebler & Associates)

The Trump administration has Republican control of both the Senate and the House and as a result, many experts expect some major changes in 2017. Obviously, tax law changes and tax planning opportunities are among the key areas that we will be watching closely for our clients.

Stock market volatility

Economic prognosticators forecasts for 2017 are looking for economic growth. They are advising that the potential for some growth is here, but that we should not confuse these opportunities with a “just close your eyes and buy” mindset. While there is a bullish favoring for 2017, there is also a potential for downside risks.

(Source: Fidelity Investments 12/28/16)

Experienced money managers are advising clients to prepare for a continuation of volatility in 2017. As advisors, we will attempt to carefully monitor market conditions and our client's timeframes. For now, investors need to expect and prepare for what could be an erratic year in both equity and debt markets.

Your personal situation

Your personal situation is our highest concern. Our primary goal is to keep our clients informed throughout 2017. If you find you need to meet with us before your next scheduled review, please call our office and we will be glad to schedule time with you.



Once again, we thank you for the opportunity to help you with your financial goals.

Here is a checklist of events and information that can help us advise you in 2017. Please help us identify which items you would like us to address with you this year.

- Do you anticipate changes to your investment goals?
- Has your risk tolerance changed?
- Have your 2017 income or savings needs changed?
- Do you plan on retiring or changing jobs?
- Will there be a change in your marital status?
- Do you plan on moving, refinancing or selling/transferring a major asset such as a home or business?
- Did you recently receive or anticipate receiving a gift or inheritance?
- Will you have any changes in your income needs +/- (i.e. vacation, assisted living needs, selling home, child/grandchild assistance)
- Do you expect any additional family members or dependents?
- Do you anticipate any additional dependents such as an elderly parent or other family member? Will they require assisted living?
- Do you have a child/grandchild you will be assisting with their educational cost needs through a 529 plan?
- Do you anticipate any major transfer of wealth?
- Do you plan on gifting to heirs or donating money to charity?
- Do you need to adjust your estate plan?
- Do you maximize your ability to use retirement plans?
- Do you want to explore converting a traditional IRA to a Roth IRA?
- Do you or a dependent family member have a severe illness?
- Do you anticipate any life, financial, or employment (retiring) changes that may require you to make adjustments to your life and health insurance policies?
- Did you contribute to an IRA? If not, would you like to discuss contributing to an IRA before April's tax deadline.
- Is there anything else we should know to help you plan for 2017?

Important Birthdays

-  **50** Allows for catch-up contributions to IRAs and qualified retirements plans.
-  **55** If you are retired, allows you to take distributions from your 401(k) without the 10% penalty
-  **59½** Allows you to take distributions from an IRA, annuity, or other retirement plan without penalty
-  **60** Allows for start of widow/widower benefits from Social Security
-  **62** Allows for starting early Social Security benefits
-  **65** Allows for enrollment in Medicare and the government drug plan
-  **65-67** Allows for full retirement benefits from Social Security
-  **70½** Mandatory required minimum distribution from retirement accounts must be taken no later than April 1st of the year after the year you turn 70½

If you have an important birthday in 2017, please remind us!

Please check any of the key items you anticipate will need to be addressed this year, then schedule an appointment with us to discuss your situation.

Help us grow in 2017!

This year, one of our goals is to offer our services to several other people just like you!

**Many of our best relationships have come from introductions from our clients.
Do you know someone who could benefit from our services?**

We would be honored if you would:

- Add a name to our mailing list,**
- Have someone come in for a complimentary financial checkup.**



Please call Peter Kerntke at Kerntke Otto McGlone, (920) 733-3874 and we would be happy to assist you!

Sources: Fidelity Investments; Keebler & Associates

Kerntke Otto McGlone Wealth Management Group, a Registered Investment Advisor.

Kerntke Otto McGlone Wealth Management Group, 3701 E. Evergreen Dr. Ste 500A., Appleton, WI 54913

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