



Please enjoy our 2017 4th quarter newsletter, including:

January 22, 2018

- The start of a new series, "Longevity: A Healthy Lifestyle for Living Long and Living Well".
- "Phillips Financial in the Community" highlighting a Phillips Associate and his or her community involvement. This issue we focus on Allison Newlin and her work with the Soarin' Hawk Raptor Rehabilitation.

Longevity: A Healthy Lifestyle for Living Long and Living Well

As the Stanford Center on Longevity reports, "it is well documented that the populations of developed nations are aging, with many people living well into their 70s, 80s, 90s, and beyond." Stanford's Sightlines Project <http://longevity.stanford.edu/the-sightlines-project/> identifies action steps that individuals can take – at any stage in their lives -- to live long and live well, including:

- building financial security
- having valuable social connections
- and engaging in healthy behaviors

In this issue of our newsletter, our series on longevity continues with a focus on the importance of a healthy lifestyle. The New Year is an opportune time to add healthier lifestyle choices to benefit both body and brain. (Of course, please consult your physician before making any exceptional changes to your diet or exercise routine.)

Healthier choices have an impact no matter the age at which they begin. Growing evidence shows the key to overall health lies in maintaining a healthy brain – and research shows there's much more to it than working the daily crossword. Good nutrition, stress management, and regular exercise all play important roles in keeping brains healthy.

As at all ages, good nutritional choices are important. Diet has a major impact on energy, mood, and fitness. A poor diet can lead to higher incidences of falls, slower healing of wounds, and a weakened immune system that increases the risk for illness.

Many older adults don't get sufficient high-quality proteins in their diets. Evidence suggests they actually need more protein than younger people to maintain energy levels and muscle mass, promote recovery from illness and injury, and support overall health. Vary your sources of protein – some red meat is fine, but add in fish, poultry, beans, nuts, and eggs. Supplement protein with nutrient-rich fruits and vegetables (select items that are orange, red, green, dark green, and purple) and whole grains (brown rice, whole wheat pasta and breads). Reduce the amount of processed carbohydrates you consume, like pastries, cookies and chips. Read labels and avoid added sugars and high levels of sodium. The National Council on Aging provides detailed tips for picking healthy foods as you get older at Healthy Eating Tips for Seniors <https://www.ncoa.org/economic-security/benefits/food-and-nutrition/senior-nutrition/>

Reducing stress is another important part of a healthy lifestyle. Stress in adults, especially older adults, has many causes. You may experience it as a result of managing chronic illness, losing a spouse, being a caregiver, or adjusting to changes due to finances, retirement, or separation from friends and family. Chronic stress in adults increases the risk of heart disease, heartburn, high blood pressure, and many other health problems. Fortunately, there are many things you can do for stress relief, including:

- discuss your feelings of stress with your doctor
- schedule "me-time" to decompress or to engage in an activity that brings you joy
- pray or meditate regularly
- join a support group
- get a pet (weighing the time-commitments and other aspects carefully first)
- engage in regular physical activity

Maintaining a regular schedule of physical activity is crucial as we age. Exercising daily can help prolong your life and improve its quality. Even if you haven't been particularly active before, studies show that adults who become active later in life often show greater physical and mental improvements than their younger counterparts. Just begin with gentle activities and build up from there. Good general fitness can be achieved in as little as 30 minutes each day. It's important to include aerobic activity, strength training, balance exercises, and stretching in your routine. The Centers for Disease Control and Prevention offers specific suggestions at Physical Activity for Older Adults <https://www.cdc.gov/features/activity-older-adults/index.html>



Stanford's Center on Longevity reminds us all to:

- anticipate living into your 80s and 90s, and raise your children to be centenarians
- think about health broadly as physical, financial and social wellness
- continue learning new ways to be healthy, make good financial choices and connect to others throughout your life in formal or informal setting

The New Tax Law

It's too soon to know the exact ramifications of the tax reform bill that was recently passed by the House and Senate. The bill calls for new individual income tax rates, lower corporate tax rates, and modifications to many deductions. Fidelity provides an overview of the new law at: Tax Reform: The Biggest Changes <https://www.fidelity.com/viewpoints/personal-finance/tax-proposal-details>. We will be sending a few updates concerning provisions that are most likely to have an impact on our clients.

Make Charitable Contributions from Your Required Minimum Distribution

If you are over 70 ½ with a regular IRA, making charitable contributions directly from your IRA may make more sense than ever, with the new tax law. Keep in mind that you cannot make charitable contributions from an employer sponsored plan such as a 401(k), 403(b), SEP IRA or Simple IRA. You would need to first transfer those assets into a regular IRA and then start the charitable contribution process.

Talk to your accountant to verify this is true for you and then work with your investment adviser to implement a process for doing so, if you haven't done so already.

A Review of 2017

US equity markets began 2017 much as it ended 2016, with strong performance post presidential election. For the first time ever, the S&P 500 Index produced positive total returns in every month of the year, and ended the year with a total annual return of 21.8%, its best performance since 2013 and 5th best result in the last 20 years. Additionally, 2017 represented the 9th straight year of positive performance, a record matched only once before in the years between 1991 and 1999.

International equity market performance exceeded the strong domestic results during 2017. Non-US developed markets total return as measured by the MSCI EAFE Index was 25.0% while emerging markets gained even more at 37.3% (per the MSCI Emerging Markets Index). Economies around the world which had been somewhat slower to recover from the financial crisis of 2008 and that were also hampered by prior years local geo-political issues (i.e. Brexit) saw significant expansion in economic activity during 2017.

Back in the US, strong corporate earnings growth, continued low inflation, lack of market volatility and predictable monetary policies all helped contribute to record levels achieved by all three major popular indexes (Dow Jones Industrial Average, S&P 500 and NASDAQ).

On the fixed income side, the yield on the benchmark 10-year Treasury note, often seen as a barometer of investor's sentiment about the economy, ended the year at 2.41%, virtually unchanged from the end of 2016. Notable however, at the end of 2017 the spread between the 2-year note yield and the 10-year was cut by more than half over the past year. In the past, when short term rates are increasing relative to longer term rates, many see as a predictor of a recession, but typically then only when short term rates actually exceed longer term rates. As we begin 2018 (as of January 11th) the yield on the 2-year US Treasury stood at 1.98% versus 2.54% on the 10-year.

As 2017 unfolded, any politically related concerns about the impact of a Trump Presidency on our economy and market performance proved to be unfounded. Both the anticipation of tax reform and its ultimate passage into law right before the end of the year was clearly identified as an additional strong contributor to market performance and stability. Coupled with the administration's efforts to provide business with regulatory relief and continued job and corporate earnings growth the outlook for sustaining economic growth remains positive.

As we begin 2018, signs are emerging that inflation may be on the increase. Global economic activity and demand for oil has pushed the price of crude to over \$60 per barrel, a level not seen since mid- 2015. Additionally, while still too early to measure, the recently passed tax reform may serve to inject some increased consumer and business demand for goods and services into



our economy and result in the much anticipated increase in real wage growth.

While we certainly can't predict or guarantee that recent positive performance across all asset classes will continue in 2018, we do strongly maintain our belief that a diversified portfolio will best ensure that your long-term investment goals can be realized.

What we can predict is that a new year means, at some point, new worries will emerge. There is always the possibility of some economic or political event derailing any predictions. And that unexpected event will cause some investors to panic and sell at absolutely the wrong time.

We remind you to take a long-term view, avoid rash actions and talk with your advisor throughout the year. His or her job is to help you stay on track in working toward achieving your financial goals.

Index	% Last Quarter Return 10/01/17 – 12/31/17	% Year-to-Date Return 1/01/17 – 12/31/17	% Cumulative 1 Year Avg. 1/01/17 – 12/31/17	% Cumulative 3 Year Avg. 1/01/15 – 12/31/17	% Cumulative 5 Year Avg. 1/01/13 – 12/31/17	% Cumulative 10 Year Avg. 1/01/08 – 12/31/17
Barclays Aggregate Bond Index	0.39	3.54	3.54	2.24	2.10	4.01
S&P 500 Index	6.64	21.83	21.83	11.41	15.79	8.50
S&P 500 Value Index	6.33	15.36	15.36	9.47	14.24	6.80
S&P Mid Cap 400 Index	6.25	16.24	16.24	11.14	15.01	9.97
S&P Small Cap Index	3.96	13.23	13.23	12.00	15.99	10.43
S&P Small Cap 600 Value Index	4.03	11.51	11.51	10.97	15.52	9.99
MSCI EAFE Index	4.23	25.03	25.03	7.80	7.90	1.94
MSCI Emerging Markets Index	7.44	37.28	37.28	9.10	4.35	1.68
Wilshire REIT Index	1.70	4.18	4.18	5.21	9.35	7.28
S&P GSCI Commodities Index	9.90	5.77	5.77	-7.52	-12.16	-10.16

Source: Standard & Poor's, Bloomberg, Morgan Stanley Capital International, Wilshire Associates, Fidelity Investments, BlackRock, Inc.

Green = best performing asset class

Red = worst performing asset class

Index returns are for illustrative purposes only, and do not reflect any management fees, transaction costs or expenses. The performance of an unmanaged index is not indicative of the performance of any particular investment. It is not possible to invest directly in any index.

Past performance is no guarantee of future results.

Definitions and Disclosures:

- Bloomberg Barclays Aggregate Bond Index.** An index managed by Bloomberg to track the general performance of the domestic taxable investment grade bond market.
- S&P 500 Index.** An index that measures the large-capitalization sector including roughly 500 leading companies representing over 80% of the largest market capitalization in the U.S. equity markets. It is a capitalization-weighted index from a range of securities chosen by Standard & Poor's for liquidity and industry group representation.
- S&P 500 Value Index.** Contains those securities from the S&P 500 Index with lower-than-average sales and growth rates and that generally reflect lower price-to-earnings and price-to-book ratios.
- S&P MidCap 400 Index.** An index that measures the mid-capitalization sector including roughly 400 leading companies representing about 7% of the U.S. equity market. It is a capitalization weighted index from a range of securities chosen by Standard & Poor's for liquidity and industry group representation.
- S&P SmallCap 600 Index.** An index that measures the small-capitalization sector including roughly 600 leading companies representing about 3% of the U.S. equity market. It is a capitalization-weighted index from a range of securities chosen by Standard & Poor's for liquidity and industry group representation.
- S&P SmallCap 600 Value Index.** Contains those securities from the S&P SmallCap 600 Index with lower-than-average sales and earnings growth rates and that generally reflect lower price-to-earnings and price-to-book ratios.
- MSCI EAFE Index.** An index developed by Morgan Stanley Capital International Inc. as an equity benchmark for performance of publicly traded securities in developed international markets.
- MSCI Emerging Markets Index.** An index developed by Morgan Stanley Capital International Inc. as an equity benchmark for performance of publicly traded securities in emerging markets.
- Wilshire REIT Index.** An index developed by Wilshire Associates to track the general performance of Real Estate Investment Trusts (REITs) traded on domestic equity markets.
- The S&P GSCI Commodities Index.** An index developed by Standard & Poor's and Goldman Sachs that is based on a production-weighted basket of principal physical commodities that reflects the level of commodities prices at a given time and is designed to be a measure of the performance over time of the market for these commodities.

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Phillips Financial in the Community **Allison Newlin and Soarin' Hawk Raptor Rehabilitation**

Allison Newlin, a paraplanner with us since August 2014, is also a highly-involved volunteer with Soarin'Hawk Raptor Rehabilitation. Established in 1996 to care for injured and orphaned birds of prey, Soarin'Hawk is a non-profit organization committed to conserving Northeast Indiana's raptor population through rescue and rehabilitation, and public education programs.

Soarin'Hawk offer its "patients" a blend of modern veterinary science combined with the ancient art of falconry: reconditioning the birds to fly with a creance (a long, fine cord attached to a leash to prevent escape during training) and offering a variety of activities to hone the recovering birds' hunting skills.

Allison explains the rehab aspects of her volunteer work at Soarin'Hawk: "I do animal care with a group of volunteers every Saturday (there is a different animal care group each day). We prepare the birds' food, feed them, clean pens, and ensure the birds are making a healthy recovery from their injuries. If we see that a bird hasn't been eating or has not made the expected progress with their recovery, we alert the veterinarian."

Allison also assists with the group's public education programs. "I handle our education birds at presentations to the public at schools, county parks, churches, etc. The education birds all have permanent injuries that make them non-releasable. We have a few birds at each presentation and talk about the type of birds and the history of that individual bird. In order to be a presenter, I consistently handle that bird outside of presentations because it is important for the birds to be comfortable with their handlers in public."

Soarin'Hawk's long-term goal is to become a regional referral center for injured birds, as well as a destination for visitors to enjoy a nature walk and view live, native raptors. The group has launched a capital campaign, acquiring land, and designing an education and rehabilitation facility.

One of Allison's favorite activities with Soarin' Hawk is its annual fundraiser at Sweetwater Sound. "I enjoy the opportunity to speak with supporters and donors about raptors and Soarin'Hawk's mission. The education birds are at the fundraiser and the public can get within an arm's reach of them. I like seeing other's excitement and enthusiasm at experiencing a raptor up close."

"Aside from one grant-funded vet technician, Soarin'Hawk is all volunteers -- even the vet is not paid," says Allison. "We are always looking for new volunteers!" For more information about this organization visit www.soarinhawk.org