



Wealth
Management

The Crescent Group

RBC Wealth Management
The Crescent Group

Carsten Frederiksen, CFP®

Senior Vice President
Financial Advisor
Senior Portfolio Manager
Portfolio Focus
Direct: 214-775-6401
NMLS#: 1321563 City National Bank
[The Crescent Group website](#)

Paul Hendershot

Senior Vice President
Financial Advisor
Senior Portfolio Manager
Portfolio Focus
NMLS # 1370978 City National Bank

Nick Weege

Financial Advisor
214-775-6408

Lindsey Vickers, MBA

Client Service Associate
214-775-6458

Andrew Ielmini

Client Service Associate
214-775-6448

December 2019 Monthly Commentary

Happy new year! We hope you had a wonderful holiday season, and wish you much prosperity in the new year. As we start off 2020, our Group's singular focus remains helping you achieve financial wellbeing over the next twelve months and beyond. In this commentary, we will review where investment market conditions stood at year end, and their all-important implications for your risk tolerance and asset allocation. We will then discuss some financial planning topics to help you start the year off with the right financial planning goals in mind.

Financial markets in the U.S. experienced a spasm of enthusiasm heading into the end of the year. No one can predict the short-term direction of investment prices, and our Group strongly opposes attempts at timing investment markets. Having said that, we would categorize general investment prices as "full" as we start the new year. One of the main considerations for investors at this time is to strike a balance between positioning yourself for future gains while protecting yourself from bubbles that may be brewing. Our Group balances these two factors by investing in assets selling at reasonable prices, and avoiding segments of the market that we find overpriced or irrationally exuberant. Buying into the investments that have gone up the most has historically resulted in periods of ten or twenty years where investors made no long-term gain on their investments. For example, the Dow Jones Industrial Average Index returned nothing during the 1964 to 1981 time period, partly driven by overenthusiasm for auto and airline companies. Similarly, over-enthusiasm for technology stocks, and then real estate, contributed to the S&P 500 returning nothing over the 2000 to 2013 time period. Since no one's financial plan allows for ten to twenty years of no gain, protecting our clients from potential bubbles remains of paramount importance to our Group⁽¹⁾⁽²⁾.

The fact is that economic cycles do repeat themselves on a regular basis, and investors do have a habit of wanting to buy when investment prices rise and sell when investment prices decline, which can have a detrimental impact on your financial plan. This is why another crucial consideration for investors at this time is whether your asset allocation appropriately reflects your risk tolerance. The U.S. has not experienced an economic decline in almost eleven years. That long time period, combined with the fact that investors tend to have short-term memories, means most investors have forgotten what it feels like to watch their life

savings get cut by 20% to 50% for a prolonged time period. With stock prices at record high levels, now is the time to ask yourself whether your investments are potentially positioned too aggressively, and whether you need to adopt a more conservative allocation. It's important to do this now – not after stocks have declined. If you have any questions about your asset allocation or would like to discuss it further, please contact our Group.

In addition to taking a fresh look at your risk tolerance and asset allocation, the start of the new year is an ideal time to consider your savings goals for the year and plan ahead to make sure you take advantage of any tax-advantaged savings vehicles available to you. For 2020, 401(k) contribution limits have increased to \$19,500, as have contribution limits for 403(b) and 457 plans. Additionally, for all three of those plan types, individuals age 50 or higher can make catch-up contributions of up to \$6,500, for a total contribution limit of \$26,000. For 2020 IRA contributions, total contributions to traditional and Roth IRAs cannot exceed \$6,000 if you're below the age of 50. For individuals age 50 and over, a catch-up contribution of \$1,000 allows you to contribute a total of \$7,000. In addition to contribution limits based on age, IRAs have contribution limits based on your income. Please contact our Group if you have any questions about your ability to contribute to these various tax-advantaged savings plans.

Best Regards,

The Crescent Group

Carsten Frederiksen, CFP® | Paul Hendershot | Nick Weege | Andrew Ielmini | Lindsey Wood, MBA

Sources:

- (1) S&P Dow Jones Indices LLC
- (2) Fortune

Past performance is not indication of future results.

Investment and insurance products offered through RBC Wealth Management are not insured by the FDIC or any other federal government agency, are not deposits or other obligations of, or guaranteed by, a bank or any bank affiliate, and are subject to investment risks, including possible loss of the principal amount invested.

The information contained in this report has been compiled from sources believed to be reliable, but no representation or warranty, express or implied, is made by RBC Wealth Management, its affiliates or any other person as to its accuracy, completeness or correctness. All opinions and estimates contained in this report constitute the author's judgment as of the date of this report, are subject to change without notice and are provided in good faith but without legal responsibility.

Nothing in this report constitutes legal, accounting or tax advice or individually tailored investment advice. This material is prepared for general circulation to clients and has been prepared without regard to the individual financial circumstances and objectives of persons who receive it. The investments or services contained in this report may not be suitable for you and it is recommended that you consult your Financial Advisor if you are in doubt about the suitability of such investments or services. Past performance is not a guide to future performance, future returns are not guaranteed, and a loss of original capital may occur. The information and services contained herein are intended only for individuals residing in the states that the Financial Advisor is properly registered. This report is not, and under no circumstances should be construed as, a solicitation to act as a Financial Advisor in any state where the Financial Advisor is not registered.

To the fullest extent permitted by law neither RBC Wealth Management nor any of its affiliates, nor any other person, accepts any liability whatsoever for any direct or consequential loss arising from any use of this report or the information contained herein.