

Q2news

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Why Open a

My Social Security Account?

My Social Security is an online service provided by the Social Security Administration (SSA) that is useful even if you're not yet collecting retirement benefits and is an important step in protecting your benefits.

Your account features a Social Security statement that lists your annual earnings history and estimated future benefits.

It's important to review your earnings history periodically to make sure it is correct, as Social Security uses your 35 highest-earning years to calculate your benefit. Your statement also provides estimates of benefits your spouse and children might collect in the event of your disability or death.

Opening an account is the best defense against someone else opening an account or applying for benefits under your number. If you are over full retirement age but haven't applied for benefits yet, be especially watchful. Once you've filed a claim for benefits, you can use the account to track the status of your application.

You can also use your *My Social Security* account to:

- Set up direct deposit of your benefit payment.
- Change your address or phone number.
- Request a benefit verification letter, which you can use as proof of income when applying for a loan or mortgage.
- Request a replacement Medicare or Social Security card.
- Request a replacement SSA-1099 or SSA-1042S for income tax purposes.

You will need a valid email address and your Social Security number to create an account at <https://www.ssa.gov/myaccount/>. The website

continued on back

Index	Year to Date
S&P 500	18.54%
Russell Midcap	21.35%
Russell 2000	16.98%
MSCI EAFE	14.03%
Bloomberg Barclays Aggregate Bond	6.11%
Bloomberg Barclays Muni Bond Index	5.09%
Dow Jones Industrial Average	15.40%

*Index return data as of 6/30/2019 provided by Morningstar DirectSM

Quarterly Market Review

- U.S. stocks tacked onto the double-digit gains posted in the first quarter, but the 2nd quarter saw a substantial increase in volatility. A strong start in April was followed by the second-worst May for the S&P 500 since the 1960's, only to be followed by the best June for the market since 1955. Overall, the S&P 500 recorded its best 1st half performance since 1997.
- The news flow related to the trade tensions between the U.S. and China was a primary factor influencing markets. In May, markets were surprised by a breakdown in trade negotiations after previous reports of substantial progress towards a bilateral agreement. In June, markets turned optimistic ahead of the G-20 summit in Osaka, Japan, where a meeting between President Trump and Chinese President Xi Jinping has apparently restarted the trade negotiations.
- Information Technology stocks were the best performers in the first half of the year, a familiar position in recent years. Health care stocks have been notable laggards this year, as uncertainty related to government policy and pressure to reduce drug prices has weighed on sentiment.
- Foreign stocks rallied during the quarter, but once again failed to keep pace with U.S. stocks, as generally weak economic conditions in Europe and the U.K. and a slowdown in China have factored into this underperformance.
- Bonds continued to rally in the 2nd quarter as interest rates declined. The 10-year U.S. Treasury yield, near 3.25% as recently as last November, closed the 2nd quarter at 2.0%, the lowest level since late 2016 and below the current Federal Funds rate and most money market rates. ▲

News and Notes

- The Federal Open Market Committee (FOMC) met 4 times during the 1st half of the year without taking action on interest rates and leaving the Federal Funds rate in a range of 2.25%-2.50%. However, the FOMC statement on interest rate policy after the June meeting mentioned that the FOMC "will act as appropriate to sustain the expansion", seemingly opening the door to interest rate cuts at one or more of the 4 remaining meetings this year.
- President Trump has been openly critical of Fed Chair Jerome Powell, who he appointed to the Chair position to replace Janet Yellen, suggesting that it was inappropriate for the Fed to have raised rates 4 times in 2018 and expressing a desire for rate cuts to boost the economy.
- 1st quarter U.S. GDP growth was reported at 3.1%, bucking a trend of weak 1st quarter growth in recent years. However, 2nd quarter GDP growth is expected to be considerably lower and it remains to be seen if the elusive 3%+ target projected by the Trump administration can be realized. U.S. GDP growth was 2.2% in 2017 and 2.9% in 2018.
- Pending confirmation from the 2nd quarter GDP report in late July, it is expected that the current U.S. economic expansion, while modest in magnitude, achieved a record duration of 121 months through the end of June. The previous record was set from 1991 to 2001. The current bull market in U.S. stocks, also the longest on record, reached its 10-year anniversary this past March. ▲





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Why Open a My Social Security Account, continued...

requires a user name and a strong password that must be changed every six months. Each login requires a unique code sent by text or email. For an extra layer of protection you can set your account up to require answers to financial or identity verification questions.

Keep in mind

- You cannot set up a My Social Security account if you have a security freeze or fraud alert on your credit report. You'll need to temporarily lift the freeze or alert (you can reinstate it later). Alternatively, you can open an account in person at a Social Security office. ▲

Basic Legal Documents Needed for Every Child

If your child heading off to college this fall is eighteen (18), he/she is now a legal adult. Legally speaking, you no longer have the right to control your child's finances or make healthcare decisions for him/her. You have no right to speak with your child's doctor to get information about his/her health conditions. This reality is downright frightening for most parents. As unpleasant as it is to think about, making sure your child has the following basic documents now is better than facing an emergency situation unprepared for later:

HEALTH CARE POWER OF ATTORNEY. A health care power of attorney is a document signed by your child that nominates a trusted person, usually a parent, to make health care decisions in the event that your child becomes incapacitated. Without this document, decisions about your child's medical treatment will be made by the doctor or might involve petitioning the court for a guardianship – an expensive and cumbersome process.

HIPAA AUTHORIZATION. The Health Insurance Portability and Accountability Act of 1996 ("HIPAA") protects an adult's private medical information from being released to third parties without the patient's consent. Since your child is now a legal adult, a doctor legally cannot, and frequently will not, discuss your child's medical information with you. A HIPAA authorization waives this protection so that you can discuss your child's medical situation with the child's doctor in appropriate circumstances.

DURABLE POWER OF ATTORNEY. A durable power of attorney naming you as your child's "attorney in fact" will let you step in and handle your child's financial matters when the child is unable. You might be paying tuition or handling bills as an authorized party anyway, but the durable power of attorney provides actual legal authority for you to act.

BASIC WILL. As your child goes out into the world and hopefully starts earning a living or otherwise has assets in his or her name, your child should sign a simple will to direct the disposition of his or her assets and name someone to handle final affairs, in the event of death. Without a will in place, the disposition of your child's assets would be controlled by state law. ▲

Legislative Watch

The House of Representatives has sent the Senate legislation with significant retirement plan provisions. The proposed legislation, The Setting Every Community Up for Retirement Enhancement Act, is known as its acronym, the SECURE Act.

Noteworthy provisions include:

- Delay of Required Minimum Distributions (RMDs) from IRAs.
- Limiting the availability of the Stretch IRA for non-spousal beneficiaries. A surviving spouse would still be allowed to stretch distributions over his/her life.
- Repeal of Maximum Age of 70 ½ for IRA contributions, so that older Americans still working can continue to contribute.

A bill with substantially similar provisions, The Retirement Enhancement and Savings Act (RESA), is already pending in the Senate, suggesting that any differences could be quickly resolved.

Will RMDs be pushed back to 72 or 75? Will the "Stretch" be eliminated for most non-spouse beneficiaries in favor of a 5-yr distribution requirement or a 10-yr distribution requirement? We will be monitoring the proposed legislations to learn the specific details if and when the bill does in fact become law. ▲