



**Stephens Wealth  
Management**  
G R O U P



**2nd QUARTER – June 2019**

**Welcome to Summer!**

For those of us in the Midwest, it has been delayed but it has finally arrived.

**THE MARKETS**

After a very robust first quarter, the markets hit a few weak spots in May with reports of a global slowdown and continued trade issues with China. The rate on the ten-year treasury note, has dropped below two percent. Short term interest rates are higher than longer term rates, which is not typical and is known as an “inverted yield curve.” If it persists, it may indicate a slowdown or recession. Consequently, the Federal Reserve is now signaling an openness to lowering the Federal Funds interest rate, which is a real change in course from last year when they were focused on continuing to raise rates and “normalize”. To quote the Federal Open Market Committee (FOMC), “they will act as appropriate to sustain the expansion,” which implies, easing ahead.

Markets may already be anticipating lower interest rates, but rate cuts in an environment of slowing economic activity could signal a downturn and undermine some of the current market confidence. As always, we are prepared for market volatility. Growth stocks continue to lead the surge. Any progress at the G20 Summit meeting

*“Lower interest rates are welcome news for the markets. The S&P-500, Dow Jones Industrial, as well as international stocks have double digit gains so far this year.”*

with China is seen as a positive. The news, so far, has been somewhat upbeat. Inflation remains low. However, our national debt is

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**FINANCIAL MARKET UPDATE\***  
*Year-to-date change as of 06-30-19*

- S&P 500 Index .....18.54%
- Morningstar Commodities  
Broad Basket Category .....5.03%
- MSCI EAFE S\$ (International).....14.03%
- Barclay US Aggregate Bond .....6.11%

\*Indexes are for illustrative purposes only. One cannot invest directly in any index. Assumes dividends are reinvested. Source: Morningstar

The S&P 500 is an unmanaged index of 500 widely held stocks that is generally considered representative of the U.S. stock market. The Morningstar Commodities Broad Basket Category is a composite of returns of all funds in this category. The MSCI EAFE is a free float-adjusted market capitalization index that is designed to measure developed market equity performance, excluding the United States & Canada. The EAFE consists of the country indices of 21 developed nations. The Barclays US Aggregate Index is an unmanaged market value weighted performance benchmark for investment-grade fixed rate debt issues, including government, corporate, asset backed, mortgage backed securities with a maturity of at least 1 year.

becoming a larger percentage of the GDP and is projected to be \$28.7 trillion by 2029.

On the Social Security front, for the first time in history, by the year 2035 the number of Americans over 65 will exceed the number of those under 18, according to the Census Bureau. The implication is fewer people are paying into the Social Security system while working, and more are collecting while retired, putting extra pressure on an underfunded Social Security fund. The Social Security Fund is estimated to run out by 2035. The majority (80%) of Social Security benefits will be coming in from taxes and the difference will have to be made up elsewhere. Some options considered to shore up Social Security are: increase taxes, have younger workers collect later, and/or change how the cost-of-living adjustment is calculated. These fixes have been proposed in the past, but politically will be very difficult to accomplish. Unfortunately, not addressing this issue will not be an option for long.

## HAPPENINGS AT STEPHENS WEALTH MANAGEMENT GROUP

This year, SWMG began a new tradition as part of our overall community conscious focus. At least once a quarter, the entire team explores a part of the greater Flint community, giving us access to stories of the past, to members of the community, and a general appreciation for all that Flint has to offer. In the early spring, the team had an opportunity to tour the Community Foundation of Greater Flint and dine at a local Flint restaurant.



We also had the chance to celebrate three team members who are actively growing their skillset in support of clients and our internal operation. Pictured, Jennie Bauder completed her MBA, Jill Carr passed her exam and is an official CERTIFIED FINANCIAL PLANNER™ professional, and In Woo Hwang passed his Series 7 & 66 – General Securities Representative Exam & Uniform Combined State Law Exam.

This month, we are headed to the Farmers Market to meet local vendors and try out some of their tasty lunch and dessert options. We are always open to suggestions, so if you have a place you think we should visit, let us know.

## HELPFUL RESOURCES

- ✓ Two useful webinars were completed recently. One covered College Planning Essentials, [click here](#) and the other Securing Your Retirement with a focus on Social Security, [click here](#). In less than thirty minutes, you can improve your knowledge base on either topic. *Don't forget to ask your Financial Advisor if you have questions on college or retirement planning.*
- ✓ Jill's Blog – Jill is rolling out a four-part blog on Life and Health Insurance and how it affects you. Click on this link to read more – [Jill's Blog](#).
- ✓ Stay current with us by following the Stephens Wealth Management Group LinkedIn page by clicking here - [SWMG LinkedIn Page](#).
- ✓ We are currently sponsoring a new financial literacy game, **Banzai**, that is educational and fun! It is great for kids (7+), teens, and adults at all stages of life. Each learning level offers different real-life scenarios. In Junior mode, you will learn about Income: Budgeting, Savings, Borrowing and Making Tradeoffs. Teen mode gets you up to speed on: Rent, Credit Cards, Cars, Auto Loans, Insurance, and Taxes. While Plus mode provides information on: Mortgage, Insurance, Taxes, Credit Scores and Identity Theft.

Don't let the age levels of this software fool you into believing this is kids' stuff, it's not. It's real- world learning at any age in a practice environment. Feel free to give it a try yourself – everyone that has tried it has learned something new. You can find Banzai by clicking on the following link: [Banzai](#). I'd love to hear what you learned!

Hope you enjoyed your Fourth of July Holiday. Thank you for your confidence and continued association.

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