



THE COMPASS

seminars

2019 contributions

communities

key themes

JANUARY 2019

2019 SEMINARS

By Susan Rosing, Client Services Manager



2019 SEMINARS

As we move into the new year, we are excited to share the 2019 seminar schedule. This year's seminar series includes 23 seminars across 14 different states. Each year the content is tailored to be timely and relevant, and our hope is that you leave

the seminars with valuable and applicable information. The presentations focus on our market outlook, estate planning strategies to ensure your loved ones are cared for, and financial planning best practices to help you plan and live the retired life you have envisioned.

For those who have attended our seminars in the past, we hope to see you again this year. If you are new to the RAA family or just have not had the chance to attend one of our seminars, we hope that this year's schedule will provide you with the ability to come and spend some time with us.

WHAT'S CHANGING?

This year, we will once again host seminars during lunch hours. Based on your feedback from last year's events, the presentations will be shortened in order to provide more time to talk and socialize with RAA team members and other attendees.

We have also added a few locations to the schedule this year. We are happy to be returning to Montgomery, TX, in 2019 as well as adding new seminars in Sacramento, CA, and Peachtree City, GA. Finally, we will be hosting a dinner seminar in Incline Village, NV, which was previously held in Squaw Valley.

2019 SEMINAR SCHEDULE

All seminars will be lunches except Incline Village, NV.

FEBRUARY 12 - FORT LAUDERDALE, FL
FEBRUARY 14 - ORLANDO, FL
FEBRUARY 20 - FORT MYERS FL
FEBRUARY 26 - SCOTTSDALE, AZ

MARCH 12 - COSTA MESA, CA
MARCH 14 - SAN DIEGO, CA
MARCH 19 - SAN JOSE, CA
MARCH 20 - NOVATO, CA
MARCH 27 - MONTGOMERY, TX

APRIL 2 - HENDERSONVILLE, TN
APRIL 16 - PLANO, TX
APRIL 17 - IRVING, TX
APRIL 23 - KENNESAW, GA
APRIL 24 - PEACHTREE CITY, GA

MAY 1 - VIENNA, VA
MAY 7 - BEDFORD, NH
MAY 15 - SEATTLE, WA
JUNE 4 - DENVER, CO
JUNE 11 - PARK CITY, UT
JUNE 18 - SCHAUMBURG, IL
JUNE 20 - DANBURY, CT
JUNE 25 - SACRAMENTO, CA
JUNE 27 - INCLINE VILLAGE, NV

***This does not include any "open houses."*

To RSVP, please go to RAA.com or contact your Relationship Manager at 800.321.9123.

BRING YOUR FRIENDS AND FAMILY

We invite you to bring your friends and family to the seminars and they can attend even if you are unable. Seminars are also a wonderful opportunity for your children to receive answers to any questions they may have about financial planning, estate planning, tax preparation, and more, as well as meet members of our team.

Involving your children in financial conversations early on is extremely valuable. It provides them with a solid foundation to start or continue building their own nest egg. We are passionate about preparing younger generations for the future and we treasure the opportunity to serve your entire family in whatever capacity we are needed.

We would love to see you at one of our client seminars this year. Please contact your Relationship Manager or visit RAA.com to RSVP.

2019 RETIREMENT CONTRIBUTION LIMITS ARE CHANGING

By Kristi Cherry, CPA®, Tax Services Manager



Every few years, the Treasury Department adjusts the amount of pre-tax earnings that can be contributed to retirement savings accounts. The good news for investors is that 2019 is one of those years, with limits increasing for most retirement savings vehicles. The following table shows the changes that are coming in 2019 for the most popular types of retirement savings accounts. If you have a retirement account type that is not shown here, please reach out to your Relationship Manager to see how the 2019 retirement contribution limits could affect your financial plan.

SHOULD YOU INCREASE YOUR SAVINGS TO THE HIGHER LIMITS?

The simple answer is “yes.” These higher limits are inflation-adjusted, which means that the Treasury Department expands contribution limits to help retirement savings keep up with the rising cost of food, housing, transportation, and health care. Just as important, these new limitations are also designed to keep up with future cost of living and inflation increases. To keep up with inflation, we recommend that you increase your contributions to meet the new 2019 limits, if at all possible, and take advantage of catch-up contributions if you are over age 50. Catch-up contributions are especially beneficial if you feel “behind” in saving for retirement.

EXAMPLE

Consider the example of an investor that will turn 50 during 2019. In 2018, they contributed \$18,500 to their 401(k), but in 2019, they will be able to contribute a maximum of \$25,000. This additional \$6,500 is made possible by two changes that occurred:

Account Type	Age Brackets	2018 Limits	2019 Limits
401(k), 403(b), and Most 457 Plans	Age 49 and under	\$18,500	\$19,000
	Age 50 and older	\$24,500	\$25,000
Roth and Traditional IRAs	Age 49 and under	\$5,500*	\$6,000*
	Age 50 and older	\$6,500	\$7,000
Solo 401(k)s**	Age 49 and under	\$55,000	\$56,000
	Age 50 and older	\$60,000	\$61,000
SIMPLE IRA	Age 49 and under	\$12,500	\$13,000
	Age 50 and older	\$15,500	\$16,000
Defined Benefit Plans	All ages	\$220,000	\$225,000

- The standard 401(k) contribution limit will increase by \$500 in 2019
- The investor will turn 50 during 2019, so they can now take advantage of the \$6,000 catch-up contribution

This additional \$6,500 contribution is deducted directly from their taxable income in 2019 and, assuming they are in the 30% tax bracket, means the investor will save \$1,950 on their tax bill in the new year. This is \$1,950 that would have been paid as taxes, but is now available for investment or living expenses. This is a hypothetical example but it does a good job illustrating the benefits that you can receive when hitting maximum contribution limits.

*must have employment compensation

**the compensation limit used for savings calculation has been adjusted from \$275,000 in 2018 to \$280,000 in 2019

IRA CONTRIBUTIONS/DEDUCTIBILITY LIMITS

It's important to note that taxpayers who have an employer-sponsored retirement plan, such as a 401(k), cannot deduct their IRA contributions for tax purposes if their income is above certain levels. The tax deduction is completely phased out if your 2019 modified adjusted gross income is \$74,000 for single taxpayers and \$123,000 for taxpayers who are married filing jointly. If you are not covered by an employer-sponsored plan, but your spouse is, the tax deduction is completely phased out at \$203,000. The allowable Roth IRA contribution gradually phases out over a range of annual income and eventually hits zero for high-income taxpayers. The Roth contribution income phase-out window for 2019 is \$122,000 to \$137,000 for single taxpayers and \$193,000 to \$203,000 for married taxpayers filing jointly. While these contribution limits may prevent you from directly contributing to a Roth IRA, a Roth conversion may be an option. If you would like to discuss the benefits of a Roth conversion, please reach out to your Relationship Manager.

HOW TO ENSURE YOU REACH THE MAXIMUM CONTRIBUTION

If you are not currently maximizing your contributions, your Relationship Manager can help you increase your contribution total for 2019. For clients who are self-employed or use self-managed retirement accounts such as solo 401(k)s, simple IRAs, etc., speaking with your

Relationship Manager is also a good first step, as they can help you structure these direct contributions in 2019.

We also encourage your CPA to be a part of this process and any other financial planning discussions you have with your Relationship Manager. While maximizing contribution totals is largely a financial planning discussion, there are also important tax considerations which should involve your CPA. By including your CPA in this process early, you are more likely to capture every tax benefit that these additional contributions provide.

If you do not have an existing CPA, RAA Tax Services is a resource you should consider in 2019. Our Tax Services Manager can work with your Relationship Manager to ensure your tax strategies are in alignment with your overall financial plan. These two professionals make a great team in working toward your ultimate financial goals.

If you would like more information on RAA's Tax Services, or if you would like to involve your existing CPA in ongoing financial conversations with RAA, please contact your Relationship Manager today. We also encourage you to read a short blog we recently published on www.RAABlog.com titled "Your CPA, Your Advisor, and Your Financial Plan: When Two Heads are Better Than One," which explores this topic in detail.

New in 2019: RAA Communities

By Brad Bridgewater, Chief Relationship Officer

At RAA, we are committed to helping our clients connect with one another. In fact, building relationships is one of our core values and forms the foundation of the work we do. Whether you have been an RAA client for years or have just made the decision to work with us, your relationship with us should feel like family, so we are always looking for ways to build upon and strengthen that connection.

We hope you already know that you are a member of the RAA family, regardless of how long you have been with us. As we move forward and continue to navigate the financial path of your life together, we want to create opportunities to connect with you on a deeper and more personal level, and to help you connect with other clients as well. With those objectives in mind, we will launch a new initiative in 2019 called RAA Communities.

RAA Communities will create opportunities for you to engage with like-minded individuals and our team through fun and casual events. These events will be held across the country and throughout the year. These social events could include sporting events, open houses, private tours, happy hours, charity events, and more. If you decide to join a Community, you will receive personal invitations from us regarding when and where these events will take place. There is no added cost to join a Community.

Without further ado, we are pleased to announce that the first two Communities launching in 2019 will be RAA Women and RAA Military.

RAA WOMEN

RAA Women will be directed by Michelle Yates, BFA™, who serves as a Relationship Manager and has been with RAA since 2017. Michelle has 15 years of financial industry expertise and has supported clients in varying roles. Michelle is also a member of Women in Aviation and is actively involved in the North Texas Chapter.

"I am passionate about engaging with other women in a supportive and uplifting way. I can't wait to see what the future holds for RAA Women. My hope is that we will be able to connect with women from all walks of life and varying ages. I know it is going to become something very special for me and RAA clients." -- Michelle Yates, BFA™

Through RAA Women, female clients, spouses, family members, and team members, as well as our colleagues in the aviation industry, will be able to connect with one another. We invite you to join and to bring your friends and family. You do not have to be a client to become involved.

Throughout 2019, RAA Women will host events across the country for Community members and their friends and family. These events will be fun and casual and provide you with the opportunity to network and develop lasting relationships. During events, there may be brief presentations from team members and our colleagues in the aviation industry about topics that can benefit your long-term financial plan. Topics could include how to live your dream retirement, the benefits of a comprehensive estate plan, helpful budgeting strategies, and more.

RAA Women will be hosting several events in 2019, including a sparkling wine tasting on January 10th in Addison, TX.

RAA MILITARY

RAA Military will be directed by Richard Winters, CFP®, CRPC®, who serves as a Relationship Manager at RAA and has over 20 years of experience working in the financial services industry. Before joining RAA, he worked at Fidelity Investments for 15 years. Richard also served four years with the U.S. Army Rangers - 75th Ranger Regiment.

"I am excited for RAA Military because of the opportunity it will provide for military service members from across the country to connect. Our clients express how much they enjoy our events every year, so I'm excited to have something tailored specifically for those with military service backgrounds." -- Richard Winters, CFP®, CRPC®

Through RAA Military, those with military service backgrounds will be able to connect with one another. All military service members are welcome to join. You do not have to be a client to become involved and we encourage you to invite your friends and family.

Throughout 2019, RAA Military will host various events across the country for Community members and their friends and family. These events will be casual and centered around socializing and swapping stories of time spent in the military. During events, there may be brief presentations from team members about various financial planning topics, including our market outlook, how to achieve your personal definition of financial success, useful tax strategies, and more.

At RAA, we strive to become an asset to you in every area of your life, not just from a financial planning perspective. We are thrilled to facilitate such an endeavor that allows you to meet new people and to engage with our team. We are so excited to see what these two Communities will become in the new year and years to come, as well as how they will add value to your lives and ours.

HOW TO PARTICIPATE

Further details about these Communities will be announced over the course of 2019. If you would like to participate in either of the Communities mentioned above or if there are other Communities you think should be created in the future, please reach out to your Relationship Manager and express your interest. Stay tuned for details about upcoming events and opportunities to become involved as we move into 2019.

2019 KEY THEMES



By Jeremy Merchant, CIMA®, Chief Investment Officer

During 2018, we were reminded that portfolio diversification can be a helpful tool in reducing market volatility. Portfolio diversification matters regarding volatility because if we reduce volatility, we lose less on drawdowns, which results in more money

in the long run. The final quarter of 2018 was a testament to the benefit of portfolio diversification. During the fourth quarter of last year, we experienced many days in which equities were down and bonds were up.

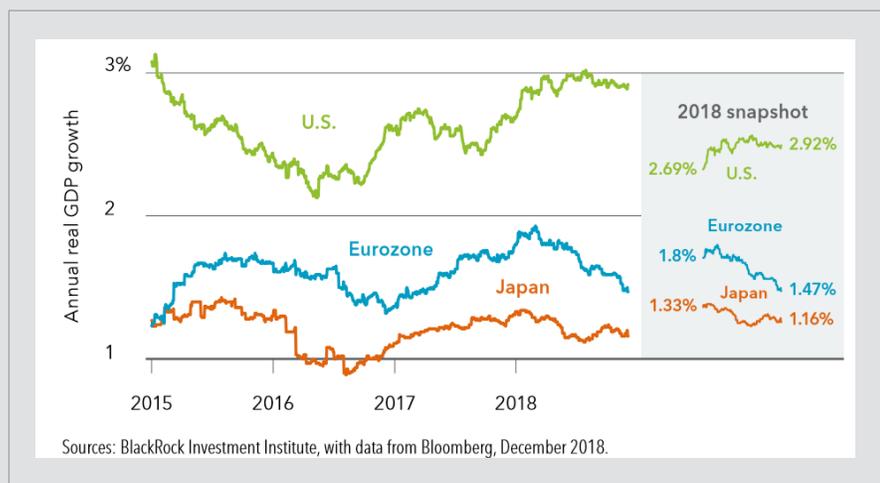
It is important to note that the portfolios at RAA experienced reduced volatility during this period versus the overall market. How we diversified portfolios with various stocks, bonds, and cash asset classes helped to control the drawdowns that occurred last year.

As we enter 2019, our plan is to continue to manage risk within the portfolios relative to three key themes we believe will occur during the new year.

THEME 1: THE FIRST THEME FOR 2019 IS A SLOWDOWN IN PACE OF GLOBAL GROWTH.

We see a slight slowdown, but not an end to the expansion. We also see U.S. growth stabilizing at much higher levels than other regions. While markets are vulnerable to fears that a downturn is near, we see that the actual risk of a U.S. recession in 2019 is low. Outside

of the U.S., growth is slowing but still positive. With this theme in mind, you can expect us to hold more domestic equities than foreign equities within the portfolios. Note the graphic below from BlackRock on current U.S. growth readings versus the Eurozone and Japan.



THEME 2: THE SECOND THEME IS A SLOWDOWN IN THE PACE OF CORPORATE EARNINGS GROWTH.

Like global growth, we expect the pace of corporate earnings growth to slow in 2019. In the U.S., corporate earnings growth looks like it is set to normalize from 24% in 2018 to roughly 9% in 2019, per current consensus estimates from Thomson Reuters. Outside of the U.S., emerging market companies are expected to experience double-digit growth while Eurozone companies should experience low single-digit growth. With this theme in mind, you can expect us to focus more on larger-sized companies with above average dividends versus smaller-sized companies.

THEME 3: THE THIRD THEME IS THAT THE FEDERAL RESERVE SHOULD MOVE TOWARDS A NEUTRAL POLICY STANCE IN THE NEW YEAR.

This is good news for bonds versus what occurred in 2018. Last year, the consistent pressure to raise interest rates was a headwind for bonds. We expect these headwinds to subside somewhat in 2019. We also expect investors to find bonds more attractive as yields have moved higher.

As we enter 2019, within our equity positions, we will remain focused on larger companies which tend to be less volatile. Within our fixed income positions, we will remain focused on high-quality positions with above average credit ratings. In addition, we will seek to reduce volatility by managing duration and credit risk in a proactive manner.

Like we did in 2018, we will remain focused on constructing portfolios for the long term and reducing volatility through prudent diversification and position selection. This approach helped to reduce volatility in 2018 and we fully expect it to continue to add value in 2019 and beyond.

Lastly, please remember that market fluctuations are built into your probability of success calculations. Our system runs thousands of asset class return calculations and the ups and downs of the markets

are always built into our analysis. While understanding the 2019 themes is important, it is just as important to understand that adhering to your financial plan is the ultimate key to successful investing.

Themes	Category	Change	Negative	Neutral	Positive
Main Asset Classes	Equities	▼	○○○	●	○○○
	Bonds	-	○○○	●	○○○
	Cash	-	○○○	●	○○○
Domestic Equities	Large Value	-	○○○	○	●●○
	Large Growth	▼	○○○	○	●●○
	Mid Value	-	○○○	○	●●○
	Mid Growth	-	○○○	○	●●○
	Small Value	-	○○○	○	●●○
	Small Growth	-	○○○	●	○○○
Tactical Equity	-	●●●	○	○○○	
Foreign Equities	Developed	▼	○○○	○	●●○
	Emerging	-	○○○	○	●●○
Fixed Income	Intermediate	-	○○○	●	○○○
	Short Term	-	○○○	●	○○○
	High Yield	-	○○●	○	○○○
	Cash	-	○○○	●	○○○

Themes	Category	Rationale
Equities	Economic Growth	Global growth and corporate earnings remain positive
	Business Cycle	Growth is moderating but remains above 2% on average
	Inflation	Inflationary pressures are not a concern at this point
Bonds	Bond Yields	The Federal Reserve's policy is changing towards a neutral stance
	Duration	Interest rates will be less volatile in 2019
	Quality	Higher quality credits are still preferred due to valuations

WANT TO RECEIVE THE COMPASS BY EMAIL INSTEAD OF REGULAR MAIL?

Go to RAA.COM/PREFERENCES to update your communication preferences.

Don't worry, if you prefer the print version, no further action is necessary on your part. You will continue to receive The Compass in the mail going forward.



REMEMBERING OUR FRIEND AND COLLEAGUE, JAY SUGGS

By Kat Schraeder, CFP®, Managing Director

I had the privilege of knowing and working with Jay in his role as a Pilot Representative for RAA over the last 13 years. As I worked with Jay, I found him to be both kind and brilliant. I also knew from the way he would brag and talk about his wife, Susan, that he was a devoted and doting husband, as well as a proud father and grandfather.

As I sat at the celebration of Jay's life, I learned there was another trait about him that I had not realized while he was alive, and that was his deep humility about the life he had led.

Jay received his Bachelor of Science in Electrical Engineering from Oklahoma State (1970), Master of Science in Systems Management from the University of Southern California (1977), and then completed all the coursework for a Doctor of Engineering from Southern Methodist University. Jay was also a graduate of the United States Air Force (USAF) Command and Staff College and was first in his class at USAF Fighter Weapons School.

Jay was a patriot and served his country well. After graduating first in his pilot training class, he chose to fly the F-4 Phantom. At the young age of 24, he began flying missions over North and South Vietnam. Jay was a member of the Red River Rats and for his service, he received the Distinguished Flying Cross, as well as 24 Air Medals. He is also credited with dropping the last bomb of the Vietnam War.

Jay was also involved in Miller Flight, a mission that took place during the evacuation of Saigon. Helicopters filled with Vietnam citizens started taking enemy fire as they tried to evacuate. Jay successfully bombed the enemy, which allowed the Saigon evacuation to continue without further interference. According to his wife, Susan, Jay met people over the course of his life who were part of the evacuation of Saigon, and with admiration and joy, they thanked him for saving their lives.

Jay served in many fighter squadrons overseas and in the U.S. during his 13 years of active military duty. He went on to become an F-4 aircraft pilot instructor (1970-1979), weapons and tactics specialist (1970-1979), and an expert in electronic warfare (Wild Weasel) operations (1975-

1979). He left active duty in 1979 and because of his love of fighters and his comradery with the men who flew them, he continued to serve in the Air Force Reserves for 13 more years. He transitioned to the F-16 fighter and he flew his last major mission, Operation Deny Flight, over Bosnia. Jay's last assignment in the Air Force was as the commander of the Civil Engineering Squadron. He retired in 1992 as a Full "Bird" Colonel. He was so proud of his Air Force career with 24 ½ years of flying fighters and 1 ½ years in the Civil Engineering Squadrons.

Jay loved flying, so he was thrilled to transition from active duty military to working as an airline pilot. He flew for American Airlines for over 28 years and retired on December 6, 2006, right before his 60th birthday. He flew the MD Super 80 and the Boeing-777 and ended his career as a Captain on the Super 80. He flew mainly in the U.S., Canada, and Mexico, but he also flew many international trips on the 777.

Jay was a very devout Christian who lived out this devotion by serving his fellow man. He held many different positions in his church and served in multiple ministries. One ministry that he had been involved with for over 25 years was Kairos Prison Ministry. He served through Kairos at the Michael Unit in Palestine, TX, the All Red Unit in Wichita Falls, TX, and the Boyd Unit in Streetman, TX. Jay served in every capacity in Kairos Prison Ministry from team member to team leader. He also spent over 5 years working as a volunteer Chaplain in the Boyd Unit and other units in this area.

During the celebration of Jay's life, his daughters, Monece and Nicole, gave a beautiful tribute to their dad. They said the best adjective to describe Jay was "unwavering."

Unwavering in his love of family and for Susan
Unwavering in his love of country
Unwavering in his faith
Unwavering in his love of his fellow man, as evidenced in his ministries
Unwavering in his belief in education
Unwavering in his courage as he faced a devastating illness during the last few years of his life

Jay Suggs lived a life we can all aspire to live. He will be greatly missed.



15725 Dallas Parkway, Suite 220
Addison, TX 75001



THE COMPASS

visit us at
raa.com
or call us at
800.321.9123

The views and opinions expressed in this newsletter are intended for informational purposes only and should not be construed as individual investment advice. Actual recommendations are provided by RAA following consultation and are custom-tailored to each investor's unique needs and circumstances. The information contained herein is from sources believed to be accurate and reliable. However, RAA accepts no legal responsibility for any errors or omissions. Investments in stocks, bonds and mutual funds may increase or decrease in value. Past performance is no guarantee of future results. Any included charts and graphs are not recommendations for the purchase and sale of any security.