GOING SEBASTIEN FISHER LE BOUEF LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED INVESTMENT ADVISORS • CONSULTANTS

Charles A. Going, CPA, LLC
M. Scott Sebastien, CPA, LLC
Donald E. Fisher, CPA, LLC
Craig C. LeBouef, MBA, CPA/PFS, CFP®, LLC
Darren J. Cart, CPA/PFS, LLC
Matt Ledoux, CPA, LLC

Beth T. Spears, CPA
Robert A. Roy, Jr., CPA

October 18, 2017

Dear Client,

This letter contains news and views that I feel will be of interest to you. As always, please call me or Darren at your convenience to set up your quarterly meeting.

Contents:

Going, Sebastien, Fisher & Le Bouef, LLP News:

- GSF&L constantly researches asset classes to include in clients' portfolios to increase income or reduce risk or both. We offer Insurance-Linked Securities, Alternative Lending, Market Insurance, and other Alternative Strategy Securities, so feel free to contact us for more details.
- Craig attended the Louisiana Society of CPA's Estate and Financial Planning Conference in Shreveport, LA August 25, 2017. Sessions attended include Update on Global Markets, Retirement Plan Options for Small Businesses, Estate Planning, Auditing Life Insurance, and Tax Planning for Retirement Plan Assets.

Investment Views:

- ***Morningstar Data - Through September 30, 2017 - Year-to-date returns -*** Dow Jones Industrial Average 15.45%, NASDAQ Composite (dollars) 20.67%, Russell 2000 10.94%, S&P 500 14.24%, MSCI EAFE (dollars) 19.96%, and the Barclays U.S. Aggregate Bond Index 3.14%.

- **Rates of Interest (As of September 20, 2017) –**

Federal Funds Rate	1.16%	10-Year TIPS	0.36%
3-Month Treasury Bill	1.04%	10-Year Muni Bonds – Nat'l	1.90%
10-Year Treasury Note	2.23%	15-Year Mortgage Fixed	3.08%
30-Year Treasury Bond	2.80%	30-Year Mortgage Fixed	3.78%

- ***Northern Trust – Weekly Economic Commentary – September 8, 2017 –*** Despite the many merits of corporate tax reform, the lion's share of attention in Washington has been devoted to a re-rite of the personal tax code. Proposals to reduce rates and simplify returns have been debated in Congress for several years, and the White House made this a centerpiece of its economic program. But the financial and political calculus remains unfriendly to this effort. Keeping projected budget deficits under control while reducing individual tax rates has proven a difficult task; the administration has tried to bridge the gap between projected revenues and expenses by assuming rates of economic growth that most economists find unreasonable.

- ***Bureau of Economic Analysis – September 28, 2017 -*** Real Gross Domestic Product (GDP) – the value of goods and services produced by the nation's economy less the value of the goods and services used up in production increased at an annual rate of 3.1% in the second quarter of 2017, according to the "third" estimate released by the Bureau. In the first quarter of 2017, real GDP increased 1.2%. Personal Income increased 0.2% in August as compared with an increase of 0.3% in July.

- ***Bureau of Labor Statistics – October 13, 2017 –*** On a seasonally adjusted basis, the Consumer Price Index for All Urban Consumers rose 0.5% in September, and over the last 12 months the all items index rose 2.2%. The unemployment rate declined to 4.2% in September, and total nonfarm payroll employment changed slightly (-33,000). Larger employment declines in food services and drinking establishments likely reflected the impacts of Hurricanes Irma and Harvey.

Craig's Thoughts and Views:

The Four Percent Rule Examined

Saving for retirement can be like climbing to the top of a mountain. It takes a long time and involves sacrifice and making appropriate decisions. However, getting down the mountain can be just as difficult as getting to the top. Two missteps common are underspending therefore leaving money on the table they wish they could have enjoyed and overspending causing their standard of living to be reduced when there is no retirement money left.

Research done in 1994 in retirement spending discussed the four percent rule. Many retirees since then have followed this rule during their retirement years. The financial planner who developed the rule looked at the history of stock and bond returns and determined what amount of spending would allow a 50/50 stock/bond portfolio to last at least 30 years across any historical time period (dating back to 1926).

There are a couple of points retirees should understand about the four percent rule. First, there is a common misconception that the rule means that you can spend four percent of the remaining amount every year. What the rule actually means is that you calculate a dollar amount equal to four percent of the original value of your portfolio at retirement and adjust that fixed dollar amount every year for inflation. In other words, if you begin with $1,000,000 at retirement, the four percent rule hypothesizes that you can safely spend $40,000, increased for inflation, for at least 30 years.

Second, retirees should remember that it was developed for a 30-year retirement period. This may be suitable for a healthy 65-year-old, but may be too assertive for a married couple retiring at age 55. On the other hand, it may be too conservative for a single person who decides to work to age 77. Investors (retirees) should also remember the old investment adage, "past performance is not a predictor of future results," meaning the rule was based on historical data.

Is the four percent rule a good rule of thumb for the future? Some researchers feel that the near future may offer returns that will be worse than prior historical periods because bond yields are lower than they have ever been in history. They also add that current stock valuations are relatively high, suggesting lower expected returns.

On the other hand, market returns are unpredictable, so spending less than 4 percent may lead to leaving a lot of money on the table if returns are better than expected. The key is to build flexibility into your plan.

Ideally, if portfolio returns can average at least four percent above inflation every year, a retiree who followed the four percent rule would never tap into principal. However, in reality, with potential wide variations in market returns, many retirees could find themselves doing so. For example, consider a retiree who reached retirement in January 2000, just prior to the downturn in the markets (the period 2000-2009 is referred to as the "lost decade" of market returns). A retiree following the four percent rule starting with $1 million would have had about $774,000 at the end of 2015, assuming annual fees and quarterly rebalancing of the portfolio. After a total of 15 years of relatively poor returns from a historical perspective, this retiree would start to erode his original principal. This is not a great outcome! The four percent rule is meant to have principal maintained for at least 15 years.

The bottom line is that the four percent rule is designed to prevent principal from being eroded in the later years of retirement as inflation requires an ever-increasing level of spending. In the end, it comes down to the level of comfort a retiree has with the probability of running out of money and how strongly you feel about trying to spend down what you have worked hard to save. There are different models that can be used in conjunction with the four percent rule. A good approach is one that allows flexibility to avoid difficulties that could arise from market disruptions and in life.

Spending versus Saving

Tug McGraw was a relief pitcher for the World Series Champions Philadelphia Phillies in 1980. After winning the series, McGraw was asked by a reporter what he planned to do with his prize money. He is reported to have said, "Ninety percent I'll spend on good times, women and Irish whiskey. The other ten percent I'll probably waste."

The right of free choice is an individual, God-given right, and we should all have great respect for Liberty and the right of individual choice. Therefore, second-guessing anyone's decision to spend today versus saving for tomorrow is complicated. However, we should all recognize that individual decisions generally involve trade-offs rather than obvious known answers.

The "spending versus saving" decision is actually a trade-off between consuming today and consuming tomorrow. The cost of consumption today should not be underestimated on the effect it has on building wealth into the future – or the power of compounding. The opportunity cost of foregone saving can significantly affect one's future wealth.

For example, take two hypothetical investors, Dan and John. At age 16 Dan decides to save $1,000 every year (beginning of the year) until age 25, at which point he decides to enjoy himself more by spending the $1,000 rather than saving it. John does the opposite, while very young, he decides to enjoy himself more and spends $1,000 each and every year and then at age 25 he begins to save $1,000 per year (beginning of the year). Let's assume they both earn 7.5 percent on average each year into the future. It will take John until age 59 to catch up with Dan in terms of accumulated savings (wealth), when they both will have about $165,000. Looking at this another way, Dan sacrifices a total of $9,000 in spending over 9 years while John sacrificed $35,000 in spending over 34 years.

	Dan		**John**	
Age	**Total Cost (cumulative)**	**Account Value**	**Total Cost (cumulative)**	**Account Value**
16	$1,000	$1,075	-	-
17	2,000	2,231	-	-
18	3,000	3,473	-	-
19	4,000	4,808	-	-
20	5,000	6,244	-	-

21	6,000	7,787	-	-
22	7,000	9,446	-	-
23	8,000	11,229	-	-
24	9,000	13,146	-	-
25	-	14,132	$1,000	$1,075
30	-	20,288	6,000	7,787
35	-	29,126	11,000	7,787
40	-	41,815	16,000	31,257
45	-	60,030	21,000	51,117
50	-	86,181	26,000	79,630
55	-	123,725	31,000	120,563
59	**$9,000**	**$165,244**	**$35,000**	**$165,821**

GSF&L, LLP Registered Investment Advisors:

We can never know what the future holds, but we can make informed decisions regarding investment strategies and portfolio allocations. We (GSF&L) make changes based on our perception of opportunities in the capital markets. We assimilate fundamental, technical, and economic information to make informed decisions. Of course it is important to have long-term focus on portfolio management, but with a critical analysis of intermediate strategies.

Managing risks and opportunities are important to portfolios and reaching one's financial needs and goals. Having a complimentary understanding of investment horizon and attitude toward risk are equally important. Markets and economies do not always behave as we expect them to. That is the problem with investing! There is no luck to professional investing. You can no more have a successful, disciplined approach by luck or accident than you can win a chess tournament by luck or accident.

If you know of someone who may fit our financial and investment planning philosophy, please mention our name. We are a small organization and intend to remain so. A solid organization makes it possible for us to spend our time managing our business rather than each other. Because everyone has so much to do, much gets done. We will forego any growth opportunity that may detract from our ability to serve our clients as they have become accustomed to. We never expect to be among the biggest, but our attention to be among the best is not subject to compromise.

Regards,

Craig

Craig C. Le Bouef, MBA, CPA/PFS, CFP®

NASDAQ composite measures the performance of all issues listed in the NASDAQ Stock Market, except for rights, warrants, units, and convertible debentures. The S&P 500 is made up of 500 common stocks representing major U.S. industry sectors. The Dow Jones Industrial Average contains 30 stocks that trade on the New York Stock Exchange (NYSE) which reflect the performance of 30 large American companies. The Morgan Stanley Capital International Europe, Australia, and Far East Index (MSCI EAFE) is a market-weighted aggregate of 20 individual country indexes that collectively represent many of the major markets of the world, excluding Canada and the U.S. The Lehman Brothers U.S. Aggregate Bond Index tracks performance of debt instruments issued by corporations and the U.S. Government and its agencies. The returns for this index are total returns, which includes reinvestment of dividends. The Russell 2000 Index measures the performance of the 2,000 smallest companies in the Russell 3000 index, which represents approximately 8% of the total market capitalization of the Russell 3000 index.

All indices are unmanaged. It is not possible to invest in an index.

Past performance is no guarantee of future results. Diversification does not assure against market loss.

2811 SOUTH UNION • OPELOUSAS, LOUISIANA 70570

TELEPHONE (337) 942-3041 • FAX (337) 942-7112 • WWW.GOINGCPA.COM