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Dear Client,

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

Contents:

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

- GSF&L constantly researches asset classes to include in clients' portfolios to add diversification. We offer Insurance-Linked Securities, Alternative Lending, Market Insurance, and other Alternative Strategy Securities, so feel free to contact us for more details.

- Please make note of the above letterhead indicating our other office located in Lafayette. We have been operating in Lafayette since early 2017. Should you wish to meet or come visit us there please do not hesitate to do so.

- Craig attended the 2018 LA Estate and Financial Planning Conference in Bossier City, LA on August 29. Sessions he attended included, Estate Administration, Legislative Update, Markets and the Global Economy, Tax Update, Goals-Based Planning for Individuals, and the LA Health Insurance Market.

Investment Views:

- ***Morningstar Data - Through September 30, 2018 - Year-to-date returns -*** Dow Jones Industrial Average 8.83%, NASDAQ Composite (dollars) 16.56%, Russell 2000 11.51%, S&P 500 10.56%, NYSE Composite 2.14%, MSCI EAFE (dollars) -1.43%, and the Barclays U.S. Aggregate Bond Index -1.60%.

- **American Institute for Economic Research Rates of Interest (As of August 22, 2018) –**

Federal Funds Rate	1.92%	10-Year TIPS	0.75%
3-Month Treasury Bill	2.03%	10-Year Muni Bonds – Nat'l	2.50%
10-Year Treasury Note	2.82%	15-Year Mortgage Fixed	4.01%
30-Year Treasury Bond	2.99%	30-Year Mortgage Fixed	4.50%

- ***Northern Trust – Weekly Economic Commentary – September 07, 2018 –*** The U.S. Social Security Administration estimates that 36% of workers have not saved any money for retirement. Retirement planners suggest that a worker earning a median annual income of $45,000 would need $31,500 per year in retirement, more than the entire value typically saved for retirement. Social Security will help, but not as much as many retirees may hope. Today, a worker retiring age 65 with a salary of $45,000 would expect to receive about $1,250 monthly. This annual income of $15,000 is below the poverty guideline for a household of two people.

- ***Bureau of Economic Analysis – September 27, 2018 -*** 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 4.2% in the second quarter of 2018, according to the "third" estimate released by the Bureau. In the first quarter, real GDP increased 2.2%. Personal Income increased 0.3% in August, the same increase as in July.

- ***Bureau of Labor Statistics – September 07-13, 2018 –*** On a seasonally adjusted basis, the Consumer Price Index for All Urban Consumers increased 0.2% in August, the same increase as in July. For the last 12 months the all items index rose 2.7% before seasonal adjustment. The unemployment rate was unchanged in August at 3.9%, and the number of unemployed persons stood at 6.2 million. A year earlier, the jobless rate was 4.5%. In August, job gains occurred in health care, wholesale trade, transportation and warehousing, mining, and construction.

Craig's Thoughts and Views:

Roth Conversions

Short term movements in the stock market are very hard to predict and not in your control; therefore, it is best to not spend the time trying to forecast the market. Tax planning, however, is within your control. Investors who have IRA or 401(k) account balances should review the potential costs and benefits of a Roth IRA conversion.

A Roth conversion requires investors to pay income taxes today in exchange for tax-free withdrawals in retirement or for one's children (should you leave the Roth IRA to them). Beginning in 2018, federal income tax brackets were reduced making Roth conversions more appealing. However, the new tax brackets did include two significant bracket jumps, one from 12% to 22% and the other from 24% to 32%, which can alter the calculation involved in this decision.

For example, a person who retired early and is not yet receiving Social Security or taking a required minimum distribution (which starts at age 70 ½) may have modest taxable income. Married couples with income below $77,400 are in the 12% bracket, which increases to 22% for income above this threshold. If a married couple has

$20,000 of taxable income during those early retirement years, there is a case to be made for them to convert $57,400 per year from traditional to Roth IRAs in order to “fill up” the 12% bracket. Once they reach age 70 and receive IRA or 401(k) required minimum distributions and Social Security, they may be faced with the 22% levy.

The decision to convert to a Roth IRA should be based on several factors:

- Age – generally, the younger you are the more attractive a Roth conversion becomes.
- Objectives – a Roth conversion becomes more attractive to investors who want to leave a legacy for their heirs.
- Tax Risk – the direction and magnitude of future tax rates are unknown. Therefore a good defense may be to diversify tax strategies by holding both traditional and Roth IRA accounts. The optimal funding level for each is specific to each individual investor.
- Tax Funding – a Roth conversion is more costly (not as attractive) for investors who must fund the taxes caused by the conversion from a traditional IRA rather than from cash or non-retirement accounts.

Young People and the Power of Compounding

For many, if not most college students their financial strategy is to work all summer and spend all semester. Come December, when savings run dry, an odd job over semester break and the hope for Santa “cash” are turned to. The age-old cliché of the broke college student typically rings true. What is becoming more common is the new stereotype – the broke college graduate.

Earlier this year, a Bank of America survey found that almost half (46%) of individuals between the ages of 18 and 24 have $0 in savings. Are we doing something wrong? This “savings problem” is typically attributed to changing attitudes toward work, money, and the definition of success. Individuals with a “work to live” mentality means they might be inclined to spend more freely than their parent’s generation. For some, the insecurity surrounding student-loan debt and stagnant wages adds to the problem.

The decision of whether to save for the long-term or spend for current enjoyment is a choice we all have to make. Surveys show that young people are waiting longer to start contributing to retirement plans as compared to prior generations. The one thing that young people have on their side is ***time.*** Many young people fail to recognize the power of compounding and the significant financial advantage it holds.

A young person that begins to contribute $1,000 per year to a Roth IRA from ages 18 through 24, for a total of only $7,000 can accumulate several hundred thousand dollars in after-tax savings by age 65. Remember, this assumes the individual stops saving entirely at age 24! See following table.

Age	**Annual Contribution**	**Future Value**		
18	$1,000	**6%**	**8%**	**10%**
19	$1,000			
20	$1,000			
21	$1,000			
22	$1,000			
23	$1,000			
24	$1,000			
65		$97,008	$226,099	$519,553

If instead, if the young person waits until age 35 to begin contributing to a conventional (pre-tax) 401(k) or other type of pre-tax employer retirement plan, he or she would have to invest $2,500 per year for 30 years to get the same after-tax value at age 65.

Another way of looking at the $1,000 Roth IRA contribution annually is that it amounts to a savings of about $3.80 per workday or the value of a daily trip to Starbucks.

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.