DeBoer Financial Group

Retirement and Estate Specialists

Financial *focus*

Fourth Quarter, 2017

Message from Jeffrey DeBoer, ChFC®

Welcome to Fall! As I am writing, the temperatures have been setting record highs. Before you know it , we will be experiencing chilly evenings and listening to the sounds of the holiday season!

In this issue of Financial Focus, you will find my recent economic report. The market continues to hit new highs. When will it slow down or turn the other way? Make sure you read our thoughts beginning on Page 4.

I encourage you to read the article on Page 2 regarding the recent Equifax hack and some tips you can take to protect your credit. Cybersecurity is more important than ever. We are here to keep you informed and to help protect you.

Please make sure you mark your calendar for our annual Holiday Open House on December 14. We love celebrating the holidays with our wonderful clients and hope you can join us! We will also be hosting our final "Introduction to DFG" dinners for the year in November. Please note that we added a lunch date to provide you more options.

Lastly, as we enter the season of Thanksgiving, I would like to thank you for allowing us to help you achieve your personal financial goals. We truly appreciate the trust you have instilled in us and we will always strive to provide you the very best advice and service that you deserve. THANK YOU!!

Save the Date

Introduction to DFG

Wednesday, November 8, 2017

6:00 p.m. Dinner

or

Thursday, November 9, 2017

12:00 p.m. Lunch

Invite friends to learn more about how we might be able to assist them!

Holiday Open House

Thursday, December 14, 2017

12:00 p.m. - 7:00 p.m.

Come and celebrate the holidays with us! Drop by any time between 12:00 p.m. and 7:00 p.m. for some holiday food and cheer benefiting local charities!

Please contact Lori at (916) 797-1888 or email lori@deboerfg.com for more information and to guarantee your reservation.

975 Reserve Drive | Roseville, CA 95678

Tel (916) 797-1888 | Fax (916) 797-4986 | info@deboerfg.com | www.deboerfg.com

THE EQUIFAX HACK

YOU SHOULD BE CONCERNED

The recent mega-breach hack at Equifax has left many of our clients concerned about your personal information. The credit bureau believes that up to 143 million people were affected—some 44% of the population. Right after the breach, we emailed our clients information about what we know about the hack, to help you best protect your identity. We are here as a resource for you and people close to you, so please do not hesitate to contact us if you have any questions.

It's likely that your information has been exposed and, if you have not already, I highly recommend that you place a security freeze on your credit files at **ALL THREE** credit bureaus— Equifax, Experian and TransUnion. If you are married, we recommend that **BOTH** of you complete the security freeze.

A security freeze locks your credit file at each bureau with a special PIN that only you know. That PIN must be used in order for anyone to access your credit file or add new credit in your name. A security freeze offers greater protection than the highly advertised credit monitoring and fraud alert. Credit monitoring does not stop a thief from opening a new account in your name. Instead, they alert you of a potential fraud after the fact. That is not good protection against identity theft. A security freeze gives you complete control of your credit file and is the absolute best way to protect your credit and identity.

To set up a security freeze, you must contact each of the credit bureaus individually. This process can be done online or over the phone. You will be asked some questions to confirm your identity, but it only takes a few minutes. You can freeze your credit by using the following phone numbers and websites:

EQUIFAX®	**866-349-5191**	**www.freeze.equifax.com**
Experian	**888-397-3742**	**www.experian.com/freeze**
TransUnion	**888-909-8872**	**www.transunion.com/credit-freeze/place-credit-freeze**

Depending on your state, freezing your credit can cost anywhere from $0 to $10 per bureau. Proven identity theft victims can have this fee waived.

To lift your freeze, you simply contact the bureau used by the lender and provide your PIN to lift the freeze for a certain period of time. This can be done online or over the phone. It may take a few days for the freeze to be lifted, so be sure to initiate it a few days in advance of any deadline you are trying to meet.

Freezing your credit will provide peace of mind when you hear of the latest data breach. You should, however, continue to keep an eye on your credit. Consumers are allowed one free credit report from each of the credit reporting agencies every year. Be sure to take advantage of this law and regularly check your credit reports for any discrepancies.

If we can assist you in any way, please do not hesitate to reach out to us. We are here to help in any way we can, so please use us as a resource!

Presented by Jeffrey W. DeBoer. Contents provided by Devin Kropp, associate editor at Horsesmouth.

DeBoer Financial Group
Retirement and Estate Specialists

October-December 2017

Protecting Your Retirement Dinner Workshop

To help introduce your friends to our firm, we invite you and up to four guests to join us for this special **dinner** workshop at **Sienna** in **Roseville**. Maximum of 10 attendees per date.

Wednesday, November 8th **6:00 p.m.** **Sienna Restaurant**

Protecting Your Retirement Lunch Workshop

To help introduce your friends to our firm, we invite you and up to four guests to join us for this special **lunch** workshop at **Sienna** in **Roseville**. Maximum of 10 attendees per date.

Thursday, November 9th **Noon** **Sienna Restaurant**

Holiday Open House

Thursday, December 14th **12:00 p.m. –7:00 p.m.** **DFG Office**

Come and celebrate the holidays with us!
Drop by our office any time between 12:00 p.m. and 7:00 p.m. for some holiday food and cheer.
We will also have some fun raffle packages where 100% of the proceeds will benefit local charities!

We also encourage you to please bring guests to our events! Registration is required for all events to help us plan accordingly. To register, please call DeBoer Financial Group at (916)797-1888 or email lori@deboerfg.com.

Third Quarter Summary

While political stories continued to dominate the headlines, investors again enjoyed another positive quarter. The third quarter extended the upward movement of U.S. equity markets from the first half of 2017, allowing equity investors to continue to enjoy reasonable returns for 2017.

As reported by Bloomberg Markets, equities just capped an eighth straight quarter of gains, the longest winning streak since the start of 2015. The S&P 500 climbed 4% as corporate earnings posted the first back-to-back, double-digit, advance in six years.

Despite mounting tension with North Korea, a deadly U.S. hurricane season and escalating political turmoil, the third quarter of 2017 marked the eighth straight quarter in which both the DJIA and S&P 500 have risen. *(www.bloombergmarkets.com 9/27/17)*

Morningstar reported that during the third quarter, stocks continued to climb with the help of the Fed's announcement that it would begin to normalize its balance sheet. They felt that investors focused on the prospects of lower corporate tax rates while absorbing the news of escalating tensions with North Korea and a series of devastating storms.

In the third quarter of 2017 the Dow Jones Industrial Average (DJIA) passed 22,000 for the first time. The DJIA closed the third quarter at 22,405.09 up 4.9%. In the fourth quarter, the Dow continues to climb, rising over 23,000 on October 18. The DJIA has come a long way from its 2016 closing high of 19,974.62, set on December 20, 2016. *(www.thebalance.com 9/22/17)*

Although interest rates remain fairly low, they are certainly higher than a year ago. I will address interest rates in more detail in a bit.

MONEY RATES

(as posted in Barron's 10/2/2017)

	LATEST WEEK	YR AGO
Fed Funds Rate (Avg. weekly auction -c)	1.16	0.40
Bank Money Markey -z	0.12	0.11
12-month Cert -z	0.40	0.31

c- Annualized yields, adjusted for constant maturity, reported by the Fed Reserve on a weekly average basis. z – Bankrate.com (Source: Barron's; bankrate.com)

Key Points

1 **Quarter 3 saw continued growth for equities, adding to a strong 2017.**

2 **Equity markets continue to break records.**

3 **The Federal Reserve might raise rates again in December and penciled in three rate hikes for 2018.**

4 **Concerns continue over how global issues will affect markets.**

5 **Budget battles and potential Tax Reform could influence markets.**

6 **Investors need to still be cautious and watchful.**

7 **Focus on your personal goals and call us with any concerns.**

Market Records Continue

New highs for equity indexes seem like old news. This "old" bull market is now the second longest one in history. Having said that, investors always need to proceed with caution. History doesn't always repeat itself, but it's often helpful for investors. In the final quarter of a year in which the market made highs in September (statistically the market's worst-performing month) stocks have typically finished stronger.

Since 1928, there have been 29 times that the S&P 500 has achieved a 12-month high in the month of September. Following those 29 instances, the market rose over 80% of the time in the fourth quarter, averaging a 3.7% increase, says Doug Ramsey, Chief Investment Officer of the Leuthold Group. Additionally, 15 of those 29 September price highs were also accompanied by 12-month advance/decline line highs—as is the case now. Stocks increased an average of 5.9% in the fourth quarter in those 15 instances. Ramsey says, "We expect higher highs in the fourth quarter." (*www.barrons.com 9/30/17)*

History shows that the S&P 500 has risen seven times since 2009 in the final three months. Many analysts feel that a bear market or significant correction in the fourth quarter is not likely.

U.S. economic growth has been accelerating and continues to come in better than expected, a bracing factor for stocks, says Keith McCullough, CEO of Hedgeye Risk Management, an independent research firm. This quarter should prove to be another strong profits season, he adds. Corporate earnings reporting starts in mid-October, and the consensus is calling for a 6% rise in S&P 500 earnings per share. (*www.barrons.com 9/30/17)*

Not everyone is as bullish. Ten of 18 Wall Street strategists surveyed by Bloomberg feel that the S&P 500 will end this year at 2,500 or below. David Kostin at Goldman Sachs Group Inc. reiterated his call for 2,400, saying the start of the Fed's balance sheet reduction will result in higher bond yields, weighing on equities.

There is also concern regarding high stock market valuations. Currently, the S&P 500 trades at about 19 times consensus estimates of $131.38 this year, according to Thomson Reuters. That's above the market's long-term average of about 15 times earnings. On a historic basis, this multiple is not cheap.

According to Barron's, high valuations alone don't cause bear markets. To convince investors tomorrow that a 19 market multiple is too expensive when it isn't today, there needs to be a material and decisive shift to the negative. They share that the bull market will at some time die, but probably not in the fourth quarter.

The holiday season could be a good one for equity investors.

Interest Rates

For the rest of 2017 and beyond, interest rates should remain high on an investor's lookout list. Fed Chair Janet Yellen asserts that reducing the central bank's balance sheet from its crisis levels should be as uneventful as watching paint dry. She also says that the Fed's main policy tool will continue to be the federal-funds rate. The Federal Open Market Committee currently has targeted another quarter-point hike in December, from the current 1% to 1.25% target range. This may or may not happen because its counterparts abroad continue to expand their assets.

The Federal Open Market Committee has also penciled in three more hikes for 2018, based on its current so-called dot plots. Less certain for investors now is who will be making those calls next year. Fed Chair Yellen's term ends February of 2018. In addition, until the Senate confirms Randal Quarles' nomination, there will be four other vacancies on the seven-member Board of Governors after Vice Chairman Stanley Fischer retires in October 2017.

According to Marketwatch, "the most important fact to emerge from the most recent Federal Open Market Committee meeting is that the panel further lowered its estimate of the long-term neutral federal-funds rate by a quarter-point, to 2.75%." They also wrote, "the diminishing effect from foreign central banks on the Fed's balance-sheet reduction points to bond yields remaining lower for longer, which is consistent with a low-growth U.S. economy."

Minneapolis Fed President Neel Kashari (a non-voting member of the Fed's policy-setting committee) on Monday, October 2 urged Federal Reserve policy makers not to raise interest rate again until inflation hits the central bank's 2% annual target.

While speaking at a moderated Q&A at the Fed's El Paso, Texas, branch, Dallas Fed President Rob Kaplan (a voting member) said the Fed should be "patient" with monetary policy and that the central bank should wait to see a rise in inflation to justify a rate hike. *(www.marketwatch.com 10/2/17)*

For the final quarter of 2017 and continuing in 2018, interest rates need to be monitored carefully. We are watching this closely for you.

Global Watch and Concerns

Geopolitical unrest still remains. Political gridlock and further interest rate movement can also be impactful on the U.S. and world investment markets. As always, if you are planning on making any investment changes, it is helpful to discuss these changes and your personal situation with us.

U.S. equities still remain historically highly priced, and that opens the possibility that they are susceptible to a swing in the other direction.

U.S. Treasuries remain at low rates and there are many additional factors that can directly create an uncertain and cautious perspective with investors, including:

- Policy gridlock and the potential roadblocks that President Trump's administration will face when attempting to pass a stimulus plan.
- Geopolitical unrest, especially with North Korea; and,
- Potential terrorist attacks.

Market Outlook

According to Fidelity Investments, current conditions have been a good backdrop overall for most assets. They feel that moving forward, investors are watching for progress toward tax reform and tax cuts. In fact, they are advising that the potential exists for an upside surprise in sentiment if tax progress occurs.

Dirk Hofschire, Senior Vice President of Asset Allocation Research with Fidelity Investments, thinks that there's not a ton of optimism now and low expectations about whether or not Washington D.C. is really going to be able to pass major tax reform. This means there's some potential for an upside surprise in sentiment if you do see some progress from Capitol Hill.

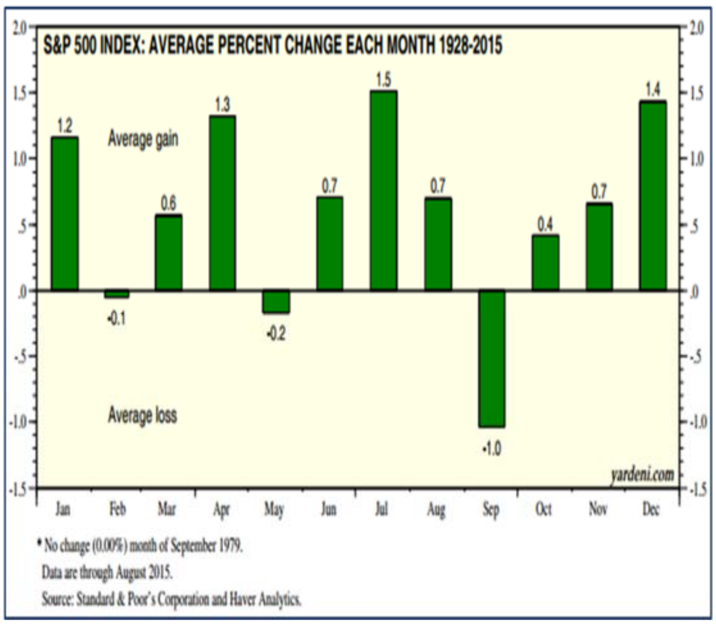
Hofschire's guess on the tax outlook is he thinks, "there's a really strong political imperative; it's a priority for both the White House and congressional Republicans to get something done on taxes. I do think it'll be messy in the near term but I think that there will be hopes over the next few months and very possible that we will get some tax relief at some point.

On November 1, House Republicans will release their long-awaited plan to overhaul the U.S tax code. The plan includes provisions to lower tax rates across the board. But to do so, they will need to reduce many breaks and loopholes to pay for the plan.

I recently attended a conference with the Academy of Preferred Financial Advisors, where Robert S. Keebler, one of the top tax experts in the country, reviewed the proposed plan. We discussed several tax-planning strategies that we will consider implementing for our clients if this comprehensive rewrite is passed. Our philosophy is what you earn is important, but what you keep is what is most important! We will keep you informed as this progresses.

Now that the third quarter is over, it's time to look ahead. Typically, the fourth quarter sees quite a bit of investor activity. The United States is preparing for budget battles from both political and corporate arenas. There is also the fourth quarter announcements of: hiring and firing for the next fiscal year, money manager positioning for year-end, and the all-important holiday shopping season.

The seasonal movements of equities are also a factor to consider. Since 1928, September has historically been the worst month of the year. However, in 2017 it brought little in the way of weakness. October has historically been the worst performing month of the fourth quarter, while November and December have both been kind to investors.



That said, October 19, 2017 marked the 30th anniversary of the Crash of '87 *(also my very first day as a Financial Advisor!)*, which could spook some investors, however many analysts entered the month of October with fairly optimistic outlooks. For the first three quarters, 2017 has been marked by historically low volatility and there doesn't appear to be an imminent catalyst for a challenge to that status.

Investors still have to be on guard because a potential military escalation of the war of words between President Trump and North Korea's Kim Jong Un could change that landscape quickly. In the meantime, so far this year we have only seen 5% of trading days with a move in the S&P 500 of greater than +/- 1%; by far the lowest level since 1982, when intra-day data began to be recorded. In addition, for the first time in a dozen years, there have been no +/- 2% days this year.

So far so good... but please remember the year is not over.

Dow 1,000,000?

Warren Buffett offered a rosy long-term forecast in September. He predicted that the Dow Jones Industrial Average will reach 1,000,000 in a century. That's correct, 1,000,000 with six zeros, a seemingly unconceivable feat, relative to the current quarter's close of 22,405.

The Sage of Omaha actually was proving Einstein's observation that "compound interest is the eighth wonder of the world." To reach 1,000,000, the Dow would have to increase at a compound annual rate of just 3.87% for the next century. That moved another longtime legendary investor, Mario Gabelli, to tweet, "Has Buffett turned bearish?" In actuality, over the past 100 years, the Dow's compound annual growth was 5.5%, boosting the index from 95 at the end of 1916 to 20,069 this past January.

That doesn't take into account the effect of inflation, however. With inflation averaging 3.1%, the Dow's real compounded annual growth rate was 2.3%, according to the R Street Institute, a free-market think tank. Inflation over that span meant that at the end of 2016, it took $2,116 to buy what $100 did in 1916, based on Bureau of Labor Statistics data.

Although Buffett's prediction represents a relatively modest goal for 2117, given the magical math of compounding, the mention of such big, round numbers for the Dow is not new. Buffett's mathematically calculated expectation of a 3.87% compounded annual rate of return is not totally insane. Assuming 2% inflation, the Fed's current target, means roughly 2% real growth is needed to produce 4% nominal growth.

Buffett suggests that it is foolish to ever bet against America. Attainment of a 4% nominal growth rate for the U.S. economy, implied by his Dow 1,000,000 prediction, may seem like a modest goal, but to many people it sounds outrageous.

Conclusion: What Should an Investor Do?

Theories abound as to why the fourth quarter could be often the best one for equity bulls. They include the fact that fund managers need to catch up with returns, holiday spending could spread cheer and sometimes investors celebrate the January effect in December.

Some feel that with the stock market hitting yet another series of record highs, some investors may be inclined to take the money and run. Another possibility could be that investors will start to worry about the rally's sustainability.

The legendary investor Laszlo Birinyi is not worried. For five decades Laszlo Birinyi has been sharing his thoughts on the stock market. As a panelist on *Louis Rukeyser's Wall Street Week,* he was voted into that show's Hall of Fame. Birinyi is bullish and currently disagrees with some of the most popular bear arguments floating around, like the stock market being too expensive.

So where does that leave us?

Analysts at Schwab feel the term "cautiously optimistic" seems appropriate, although admittedly overused. With no shortage of pundits looking for a correction, they feel that the "wall of worry" stocks like to climb is still intact. They say, "ultimately, we believe the next cyclical bear market will come when stocks begin sniffing out the next recession—likely still in the distance—and/or if the Fed is forced to tighten monetary policy more quickly than what's currently baked into assumptions. In the meantime, our advice is to remain diversified and disciplined, and stay focused on long-term goals—not always exciting, but historically tends to be profitable."

So far in 2017, stocks have climbed higher, bond yields have remained low and volatility has not been an issue. Investors have not experienced any dramatic up or down swings in 2017. However, that does not mean investors should become complacent.

J.P. Morgan Asset Management feels that, "It's not at all unusual for equity returns to be very strong in the later stage of an economic expansion. While no expansion lasts forever, we think this one has further to go and that investors should enjoy the good times while they last. However, they should watch particularly carefully for any signs that the currently rosy global growth picture is starting to deteriorate." (*www.jpmorgan.com 10/2/17)*

As we have been saying all year, today's current fixed rate returns might not help most investors reach their financial goals so they probably will need to include equities in their portfolios. We are carefully monitoring equity markets and interest rate movements so we can best communicate with and advise our clients.

Volatility might return and therefore investors should proceed with caution.

Market volatility is a part of investing and instead of being worried about potential volatility, it is best to be prepare for it.

Focus on your own personal objectives.

During times that call for caution, it is always wise to create realistic time horizons and return expectations for your own situation and to adjust investments accordingly. We strive to understand your personal commitments so we can categorize your investments into near-term, short-term and long-term.

The fourth quarter is typically an active one and we don't think this one will be any different. Solid economic growth and good corporate earnings could allow the bull market to continue but investors may experience periods of volatility and/or market pullbacks. During times like these investors should to stay focused on their long-term objectives.

This is the ideal time to ensure that you fully understand your time horizons, goals and risk tolerances. Looking at your entire picture can be a helpful exercise in determining your strategy. We always welcome the opportunity to discuss any updates to your thoughts or situation.

Please discuss any concerns with us.

Our advice is not one-size-fits-all. We will always consider your feelings about risk and the markets and review your unique financial situation when making recommendations. We pride ourselves in offering:

- √ consistent and strong communication,
- √ a schedule of regular client meetings, and
- √ continuing education for every member of our team on the issues that affect our clients.

A good financial advisor can help make your journey easier. Our goal is to understand our clients' needs and then try to create a plan to address those needs. We continue to monitor your portfolio. While we cannot control financial markets or interest rates, we keep a watchful eye on them. No one can predict the future with complete accuracy, so we keep the lines of communication open with our clients. Our primary objective is to take the emotions out of investing for our clients. We can discuss your specific situation at your next review meeting or you can call to schedule an appointment. As always, we appreciate the opportunity to assist you in addressing your financial matters.

Note: Presented by Jeffrey W. DeBoer, ChFC®. The views stated in this letter are not necessarily the opinion of Commonwealth Financial Network, Inc., and should not be construed, directly or indirectly, as an offer to buy or sell any securities mentioned herein. Investors should be aware that there are risks inherent in all investments, such as fluctuation in investment principal. With any investment vehicle, past performance is not a guarantee of future results.

Material discussed herewith is meant for general illustration and/or informational purposes only; please note that individual situations can vary. Therefore, the information should be relied upon when coordinated with individual professional advice.

This material contains forward looking statements and projections. There are no guarantees that these results will be achieved. There is no guarantee that a diversified portfolio will outperform a non-diversified portfolio in any given market environment. All indices referenced are unmanaged and cannot be invested into directly. Unmanaged index returns do not reflect fees, expenses, or sales charges. Index performance is not indicative of the performance of any investment. The S&P 500 is an unmanaged index of 500 widely held stocks that is general considered representative of the U.S. stock market. Dow Jones Industrial Average (DJIA), commonly known as "The Dow" is an index representing 30 stocks of companies maintained and reviewed by the editors of the Wall Street Journal. NASDAQ composite is an unmanaged index of securities traded on the NASDAQ system. Past performance is no guarantee of future results. Due to volatility within the markets mentioned, opinions are subject to change without notice.

In general, the bond market is volatile, bond prices rise when interest rates fall and vice versa. This effect is usually pronounced for longer-term securities. Any fixed income security sold or redeemed prior to maturity may be subject to a substantial gain or loss.

Information is based on sources believed to be reliable; however, their accuracy or completeness cannot be guaranteed.

Sources: Bloomberg.com; Barron's; fidelity.com; Morningstar; schwab.com; jpmorgan.com; marketwatch.com; msn.com; thebalance.com; fromthegrapevine.com . Content provided by The Academy of Preferred Financial Advisors, Inc 2017

Please Welcome Megan Sutherland to the DeBoer Financial Group Team!

We are excited to announce that we have recently added a new member to our team! Megan grew up in Granite Bay where she attended Granite Bay High School. She went on to graduate from William Jessup University in 2016 with a degree in Bachelor of Science in Business Administration.

She currently lives in the Folsom area where she enjoys the outdoors. She loves to hike and spend time with her friends and family.

Megan joins our team as a Client Service Associate. She is very excited to be a part of DeBoer Financial Group and is looking forward to meeting you and providing you with excellent client service!

Help Us Grow in 2018!

Many of our best new client relationships have come from introductions from our clients. Do you know someone who could possibly benefit from our services?

We would be honored if you would:

√ ***Add a name to our mailing list,***

√ ***Have someone come in to meet with us for a complimentary checkup; or***

√ ***Bring a guest to an introductory "Protecting Your Retirement" lunch or dinner in November.***

Invite your guests to come and enjoy lunch or dinner, while Jeffrey DeBoer provides updates on current economic conditions and reviews some important strategies that many people in or near retirement should consider to protect and grow what they have.

For more information or to RSVP, please contact Lori Fletcher at (916)797-1888 or email Lori at lori@deboerfg.com.

REMINDER: Daylight Saving Day will fall on November 5 this year!

- The idea of daylight saving was first conceived by Benjamin Franklin in 1784, in an essay, "An Economical Project."
- Daylight Saving Time (DST) was first enforced in the U.S. during the WWI to save fuel by reducing the need to use artificial lighting.
- The Uniform Time Act of 1966 established the system of uniform DST in the United States.

- States are allowed to exempt themselves. Hawaii and most of Arizona do not observe DST. The U.S. territories of Puerto Rico, American Samoa, U.S. Virgin Islands, Northern Mariana Islands, and Guam also do not observe DST.
- The candy industry is a proponent of DST. More children go trick-or-treating with longer daylight.

Financial *focus*

Fourth Quarter, 2017

DeBoer Financial Group
Retirement and Estate Specialists

975 Reserve Drive
Roseville, CA 95678
Tel (916) 797-1888 | Fax (916) 797-4986
info@deboerfg.com | www.deboerfg.com

Inside this Issue: *Page*

Message From Jeffrey DeBoer 1
Cybersecurity Article: "The Equifax Hack" 2
Calendar of Fourth Quarter Events 3
Fourth Quarter Economic Update: 4
Third Quarter Summary 4
Key Points 5
Market Records Continue..................................... 5
Interest Rates 6
Global Watch and Concerns 7
Market Outlook..7
Dow 1,000,000 8
Conclusion: What Should an Investor Do?............9
Welcome Megan Sutherland to DFG 11
Remember Daylight Savings Time...........................11

DeBoer Financial Group
Retirement and Estate Specialists
www.deboerfg.com

975 Reserve Drive
Roseville, CA 95678