Regency

INVESTMENT ADVISORS℠

FOCUS360°

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IRAs: Are you hungry for more?

Chris Comstock

The tax advantages of IRAs are well known, and making your annual IRA contributions before the April 18 tax-filing deadline can help to reduce your tax bill for 2016. But some might be asking, "Do I have a way to do even more?"

"IRAs are an important tool," said Chris Comstock, CFP® AIF® CRPS® and Client Advisor at Regency Investment Advisors. "But some of our clients might be asking themselves, 'Do I have the ability to do more than the traditional IRA contribution? How can I do better?' As always, Regency is here to help you find the answers."

With traditional IRAs, most individuals can make an annual contribution of 100 percent of income up to $5,500 for the previous tax year before the deadline; people 50 or over are allowed to make an additional $1,000 catch-up contribution. An individual's ability to fund a Roth IRA directly is dependent upon income; those with greater incomes may not be allowed to fund a Roth directly.

For those who wish to go beyond or who want to do more, Chris said a number of additional tools may be available depending upon an individual's circumstances.

"From both the taxability and savings standpoints, if someone truly has the ability and appetite to do more, that's where they might want to start looking at and developing a larger plan," Chris said. "It's a two-pronged approach in that people should talk to their CPA and to Regency. Bringing in those outside experts before filing would make a lot of sense. We work in tandem with your CPA. From there — and especially if your CPA says you might be paying too much in tax — we can start looking at ways to do more."

According to Chris, business owners can choose from a variety of plans, like a Simplified Employee Pension (SEP) IRA, or from other options like setting up a defined-benefit pension or profit sharing plan. "Other times it's a question of ensuring someone is taking full advantage of their own employer's tax-advantaged plans," Chris added. "Regency can help you decide which of these might be best for your situation."

While Chris emphasized that most of these "do more" concepts apply to tax year 2017 and beyond, there may still be an opportunity to affect tax year 2016 if the circumstances are right. "For some, it may be possible to set up a SEP IRA for last year. I hate to call it a 'quick fix,' but for those with unexpected income in 2016 a SEP IRA can be a valid strategy."

So what's the most important point? "We want to explore every avenue to minimize your tax while increasing your retirement savings," Chris said. "We also want to help clients put money away for long-term sustainability in retirement. Working in tandem with your CPA, Regency is here to offer our expertise on ways to accomplish these goals."

Looking to do more? Contact your Regency advisor at (559) 438-2640.

Time for your review?

Call your Regency advisor today!
(559) 438-2640

Regency welcomes Breanna Tamayo as our new Client Service Specialist

Breanna Tamayo

Regency is pleased to announce the addition of Breanna Tamayo to our team. Breanna joined our company as a Client Service Specialist in January 2017, reporting to Chris Comstock.

Breanna is a graduate of Fresno Pacific University, where she majored in Business Marketing.

At Regency she will take a significant role in scheduling client reviews, as well as assist with client services throughout Regency. Breanna is reachable at btamayo@regencyinvests.com.

REGENCY MARKET COMMENTARY: THROUGH JANUARY 31, 2017

Key Indexes Source: Morningstar	YTD	1 yr	3 yr	5 yr	10 yr	20 yr	2016	4Q 2016
			ANNUALIZED RETURNS					
DJ Industrial Average – Large Cap	0.62%	23.89%	10.88%	12.28%	7.43%	7.94%	16.50%	8.66%
S&P 500 – Large Cap	1.90%	20.04%	10.85%	14.09%	6.99%	7.46%	11.96%	3.82%
Russell 2000 – Small Cap	0.39%	33.53%	7.89%	13.00%	6.93%	8.16%	21.31%	8.83%
MSCI EAFE – Foreign Large Cap	2.90%	12.03%	0.71%	6.04%	0.97%	4.50%	1.00%	-0.71%
Barclays US Aggregate – Bonds	0.20%	1.45%	2.59%	2.09%	4.37%	5.28%	2.65%	-2.98%
USTREAS 3-Month T-Bills	0.04%	0.31%	0.12%	0.11%	0.75%	2.15%	0.25%	0.07%
IA SBBI US Inflation	-0.02%	1.89%	1.05%	1.27%	1.78%	2.11%	2.07%	0.00%

A quick look back reveals much better market performance in 2016 than 2015. The trend of headline-news induced volatility continued throughout 2016. The fourth quarter of 2016 is a great example. One could analyze what occurred in the quarter and, were they inclined to dramatize, could file it under the title, "A Tale of Two Markets."

Prior to Election Day, many investors were concerned about how the economy was going to be able to continue to grow. While no one could predict the future, signals seemed to point to the economy remaining in the post-2008, slow-growth and low-inflation mode going forward. Those concerns kept market performance Oct. 1 through Election Day 2016 down slightly. During that period:

- The S&P 500 (large caps) declined 1.10 percent;
- The Russell 2000 (small caps) declined 4.41 percent;
- The MSCI EAFE (international stocks) declined 2.76 percent; and
- The Bloomberg/Barclays Aggregate Bond index declined .89 percent.

But after the unexpected outcome of Election Day, market performance changed significantly. From Nov. 9 through Dec. 31:

- The S&P 500 (large caps) gained 7.43 percent
- The Russell 2000 (small caps) gained 14.6 percent;
- The MSCI EAFE (international stocks) gained 5.41 percent; and
- The Bloomberg/Barclays Aggregate Bond index declined 2.06 percent.

It were as if someone flipped a switch. To many, the unexpected election result shifted expectations from "the status quo" of slow growth and low inflation, to an environment where tax reforms, fiscal spending and regulatory rollback would infuse growth into the economy. The market's performance, post-election, reflected this investor change in mindset.

***FOCUS 360 Disclosure**: Past performance is not indicative of future results, and inherent in any investment in the market is a possibility of loss. There are inherent limitations in making assumptions due to the cyclical nature of the market.*

Looking ahead

Given its commentary throughout 2016, the Federal Reserve's decision to raise the Federal Funds Rate by .25 percent on Dec. 14 came as no surprise, perhaps lending credence to the belief that the economy is gaining momentum. Consumer confidence also rose during the quarter, and some of that confidence spilled over into expectations for GDP growth, which rose from a measured 1.6 percent in 2016 to an analysts' consensus forecast for 2017 of 2.4 percent.

Despite the short-term flip-flop in investor sentiment, the long run reveals some obstacles to economic growth. Population growth is declining, the population is aging, and both industrial and worker output have declined a bit recently. While low prices in the energy and food sectors helped push consumer spending for a few years, energy prices in 2016 started to trend upward. This trend has the potential of affecting consumer spending negatively. A strong level of GDP growth will require corporate investment; without such investment, growing the economy based on consumer spending alone may be difficult.

Savvy investors will note that even with a dramatic shift in the short term, characteristics of capital markets rarely change in the long run. The roles of individual asset classes remain relevant in the long term, regardless of short-term shifts. Stocks tend to perform well in a good economy, bonds tend to perform better in a poor economy, and real assets like commodities and real estate tend to perform well in inflationary environments.

Regency prefers to focus on the long term rather than short-term dramatic shifts. This long-term focus drives the asset allocation and diversification of each of our strategies.

Questions about your portfolio? Call your Regency advisor at (559) 438-2640.

Valley Center for the Blind

The power of adaptation

From time to time, FOCUS 360 will include profiles of people and organizations making a difference in our community. It is not known whether those profiled approve or disapprove of Regency Investment Advisors or its advisory services provided. This article reflects the opinions of those interviewed, and should not be taken as a request for you to donate to any particular organization.

When the unimaginable happens, many look for help or assistance from some kind of specialized community agency. But what happens when you learn the agency offering to help is itself on the precipice, in need of help of its own to even survive?

That was the question facing Ken Warkentin back in 2011. What happened is a story of tragedy, hard decisions, and renewal, leading to a brighter future for many throughout the San Joaquin Valley.

Overcoming tragedy

Many in Fresno are familiar with how the story began. On March 8, 2011, a car carrying two of Warkentin's daughters was hit from behind at an intersection. The accident left one of his daughters — 16-year-old Shaela — blind.

Without medical hope of regaining her sight, the Warkentin family was approached by a local agency whose mission is to help people adapt to loss of sight: the Valley Center for the Blind.

As Shaela recovered during her two-month hospital stay, the Center began to assist with Shaela's adaptation, inviting her to a two-week youth camp scheduled that summer. And while Ken was grateful for the Center's invitation, his first impression upon visiting was less than positive.

"It was not at all what we were anticipating or expecting. It was an older office complex. Dingy, dark, not very organized," Ken recalled. "There was only one child other than Shaela there, and the two-week camp really consisted of sitting at a table and them asking us what we wanted to do."

But Ken said his daughter came away with a different impression. "She fell in love with it," he said. "She thought of how cool it was that other people completely understood what she was going through. The inspiration they gave her — that being blind didn't mean life was somewhat over for a 16-year-old girl — helped to keep her going early on."

During Shaela's recovery, Ken deepened his involvement with the Center, accepting a volunteer position on the Center's Board of Directors. But a couple of months later, he learned the organization was at that time in dire straits. "There were huge financial issues going on," Ken recalled. "They were more than $50,000 in debt, and seeking a loan to make payroll."

With Ken's experience in business — he's been self-employed for most of his career and successful in a number of businesses, including an aftermarket auto-accessories company — the organization's need for a loan to make payroll raised a red flag. "There was no plan for how to pay it back, and no plan for making the following payroll," he recalled. "I objected, because I didn't think the loan was a wise business decision." As time went by after the objection, the board eventually asked him to bring his business experience to bear for the Center as its Executive Director.

Ken accepted the position on April 1, 2012, a date "chosen with intent," he says. "I had no experience running a nonprofit, or with the world of blindness," he said. "That being April Fool's Day, I figured one way or another either I'd be a fool to do the job, or they'd be the fool for asking me to."

Blood, sweat and tears

Five years later, the Valley Center for the Blind is thriving. They're in a new building, undertaking new projects to help the blind and visually impaired become more independent, and looking to create jobs for them to become self-supporting right here in the Valley.

How did this happen? "Everyone at the Center gave a lot of blood, sweat and tears," Ken said, rejecting personal credit for the turnaround. But much like the people it serves, the Center had to go through an adaptation that was sometimes painful. "We had to make some difficult changes and difficult choices to not follow the status quo," Ken said. "We've completely reformatted and changed our programs so they're meaningful and measurable to the people we serve."


Ken Warkentin

Included in the Center's offerings for the blind and visually impaired are orientation and mobility training, specialized independent living skills for those without sight, training in the use of cutting-edge assistive technology, and teaching of standard Braille, which Ken says currently only 10 percent of the blind read proficiently. "We're paid by the state of California for rehabilitation training, which is where a large portion of our funding comes from," he said.

But the future is moving in other directions, according to Ken. One of the Center's goals now is to create jobs; not special jobs that only the blind or visually impaired can do, but rather jobs representing competitive and gainful employment for those the Center serves. "The unemployment rate for the blind is around 70 percent,

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Client Corner:

If you are interested in receiving Regency's quarterly billing and performance reports electronically, contact Alex Amundson at (559) 438-2640 and he will help you set up a secure portal through which you can access these and other reports.

Schwab's 1099 Composite Reports reflect 2016 tax reporting information. Schwab will mail out these reports between mid and late-February. This should minimize the number of corrected Form 1099s you may need to receive. Any corrected 1099s should be mailed in March.

Make sure Regency receives your 2016 IRA/Roth Contributions prior to April 18, 2017. Checks should be made payable to the custodian, Charles Schwab & Co and clients must state on the check that the contribution is for 2016. Regency will forward any checks we receive to Charles Schwab & Co. by the April 18 deadline.

Power of Adaptation

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and employers are reluctant to hire because they don't understand how much blind people can do with the right accommodations," Ken said. He's seen this concept successfully implemented by similar agencies in other regions through the federal government's procurement process, and says that he wants the Center "to bring lots of jobs to the Valley, both so blind and visually impaired people who want to work will have the opportunity, and so we can be a model to other businesses to show how it's done."

What does Ken want people to remember about the Valley Center for the Blind? "Losing your eyesight is a devastating occurrence in life. People come in here and they're broken," he said. "The Center helps people learn to be open-minded about learning how to live life in a different way." With independence and successful adaptation, the ultimate goal is about helping people to help themselves.

People like Shaela. Six years ago she was in the midst of the unimaginable. Today she's in her fourth year at Fresno State, studying psychology, navigating campus and taking classes with great independence. Ken says she's happy, doing well, challenged, and moving ahead.

It goes without saying that she's making her father very proud.