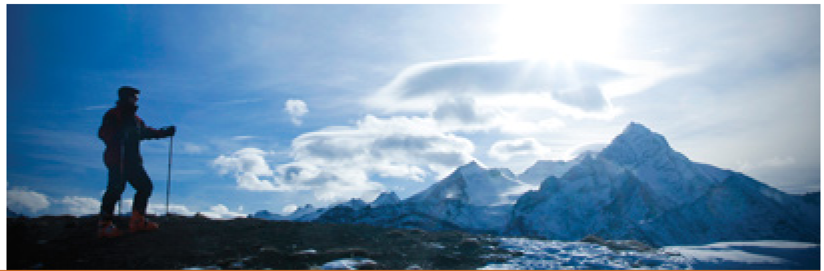

YOUR FINANCIAL FUTURE

Your Guide to Life Planning

February 2018

This recent edition of our newsletter should answer a lot of questions for you. Please don't hesitate to call if we can clarify anything.

Jere El-Bakri, AIF
Retirement Plan Consultants, Inc.
510 South 200 West
Salt Lake City, UT 84101
(801) 326-8001
Fax: (866) 716-6110
jere@rpcslc.com
www.rpcslc.com

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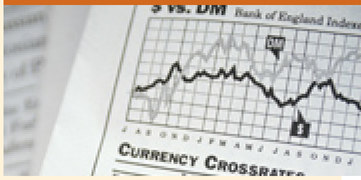
The latest Client Letter addresses the recent volatility in the equity markets. Although it can be difficult to experience these declines, the underlying fundamentals of the economy and markets are pointing to the potential for continued growth in 2018 and beyond.

Five Smart Reasons to Keep Saving for Retirement

Are the financial pressures of life weakening your resolve to keep saving for retirement? If so, consider the many benefits of your workplace retirement plan.

Start Today! Three Ways to Boost Your Retirement Savings

As Americans, we can take pride in the many things we do well. But there's one thing that we could all do better -- and that's saving for the future.



Client Letter | Volatility During Healthy Markets | February 2018

February 6, 2018

Dear Valued Investor:

After more than 18 months of nearly uninterrupted advances, the U.S. equity markets started declining last week, with a large sell-off on February 5, 2018. Although it is always difficult to endure these declines when they're occurring, it's important to focus on the underlying fundamentals of the economy and the markets, which are pointing to the potential for continued growth in 2018 and beyond.

There are several conditions that help explain this current sell-off. The biggest factor is a stronger than expected January jobs report showed rising wage pressures, which has increased concerns about inflation and possible changes to monetary policy. Certainly, employee costs make up the largest percentage of business expenses, which are typically passed on to consumers in the form of higher prices. Inflation can also subtract from the "fixed" income offered by bonds, causing investors to demand higher yields. In these instances, the Federal Reserve (Fed) usually attempts to slow down demand by raising interest rates. Thus, investors may now fear that monetary policymakers will increase rates more than expected in 2018.

As market interest rates started to climb in response to the wage growth concerns, this triggered further selling among some of the crowded trades. Also contributing to overall investor concerns, further deficit spending measures loom as federal budget negotiations continue, with the potential for another government shutdown set for February 8, 2018. Finally, several leading technology and energy companies reported disappointing profits, despite an otherwise strong earnings season.

While market volatility is never pleasant, it is important for investors to appreciate that market pullbacks are a normal part of investing, and we have not experienced even a 5% drop in the S&P 500 Index since the Brexit vote in June 2016. Indeed, the markets have produced a series of record-setting gains recently amid an absence of volatility. Also consider that volatility has historically increased in midterm election years and the market has a propensity to test new Fed chairman. Given these developments, this market weakness may have been overdue.

LPL Research continues to expect the Fed to increase rates three times this year. As a reminder, although interest rates have begun their climb from historically low levels, the benchmark 10-year Treasury yield has only begun to breach LPL Research's projected trading range of 2.75-3.25% for 2018. In addition, the Treasury yield curve actually steepened by more than 0.2% last week, a sign of investors' confidence in the future growth prospects of the economy; there is also a lack of stress in credit markets. As always, fixed income remains a critical part of diversified portfolios, providing liquidity, income, and an ability to help mitigate portfolio risk during periods of equity market weakness.

Investors are encouraged to focus on the many solid fundamentals supporting economic and profit growth. The *LPL Research Outlook 2018: Return of the Business Cycle* highlighted the transition from monetary to fiscal leadership as a powerful tailwind consisting of tax reform, government spending, and reduced regulation. This combination may support growth in personal consumption and business investment, enabling U.S. gross domestic product (GDP) growth to climb to 3.0% in 2018. Global growth also appears strong, projected to potentially rise 3.7%, as emerging markets continue to benefit from increased investment and Europe continues to improve.

One thing that we all have to remember, as investors, is that market volatility can still occur in healthy markets. It's important to try and resist the urge to react or let our emotions take hold. Remaining focused on the underlying fundamentals supporting the economy and markets, while maintaining a long-term view, is a valuable strategy toward a better position for potential success.

As always, I encourage you to contact me with any questions.

Important Information

The opinions voiced in this material are for general information only and are not intended to provide specific advice or recommendations for any individual security. To determine which investment(s) may be appropriate for you, consult your financial advisor prior to investing. All performance referenced is historical and is no guarantee of future results.

Economic forecasts set forth may not develop as predicted.

All market indexes discussed are unmanaged and are not illustrative of any particular investment. Indexes do not incur management fees, costs and expenses, and cannot be invested into directly.

The S&P 500 Index is a capitalization-weighted index of 500 stocks designed to measure performance of the broad domestic economy through changes in the aggregate market value of 500 stocks representing all major industries.

Investing involves risks, including possible loss of principal. No investment strategy or risk management technique can guarantee return or eliminate risk in all market environments.

Additional descriptions and disclosures are available in the Outlook 2018: Return of the Business Cycle publication.

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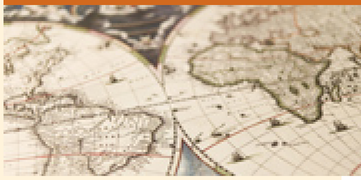

Five Smart Reasons to Keep Saving for Retirement

Juggling your personal finances can be a challenging task. There are mortgages and other regular monthly bills to pay, children to raise and educate, and "rainy day" funds to maintain for household and other emergencies. At times, even the best-organized budgets may become strained -- and yes, you may be tempted to cut down or even stop contributing to your employer-sponsored retirement plan. But think carefully before you act. Your retirement plan is one of the easiest -- and potentially most profitable -- ways to reach your retirement savings goal.

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Here are five "smart" reminders of the power of your plan.

#1: The Tax Advantages

When you save on a pretax basis, your retirement savings plan offers two strong tax incentives: Your contributions are based on your pretax pay, which means every dollar you put into the plan reduces your current taxable income. In addition, your contributions (and investment earnings) grow and are reinvested, generating more tax-deferred earnings. Over time, this process (called compounding) can accelerate the growth potential of your original investment. If you stop contributing to your plan, you may limit its full growth potential.

#2: Retirement May Last 20 Years or Longer

Healthier lifestyles and medical advances are extending life expectancies -- and retirement income requirements. Experts have long suggested that individuals generally need 70% to 80% of their preretirement income in retirement. Yet, at best, these are estimates based on generalities. The fact is that expenses won't necessarily decline in retirement -- they may just shift. For example, mortgage payments and college tuition may be ancient history, but spending on health care and leisure is likely to rise. In addition, other unforeseen expenses may arise, such as caring for a sick relative or helping to fund a grandchild's education.

#3: The (Potential) Employer Match

You don't want to miss out on the opportunity to reap extra "free" savings in employer matched contributions. Not all employers provide matching contributions, and such contributions may be subject to vesting periods and other rules. But if your employer does offer a match, make sure you contribute enough to take full advantage of this added bonus.

#4: The Uncertain Future of Social Security

The continuing debate about the future of Social Security leaves many of us wondering what role it will play in our own retirements.

Currently, there are two trends working against one another that may put a tremendous burden on the Social Security system in the years to come.

- First, today there are roughly three workers contributing to the Social Security system for every beneficiary. By 2036, that ratio will drop to roughly 2 to 1.[1]
- Second, the number of individuals reaching age 65 each year will continue to rise dramatically.

Due to this demographic shift, there will be fewer young workers to generate taxes that support Social Security, Medicare, and other government programs at a time when more of us will be needing them. The bottom line? It's reasonable to assume that you can expect less government support as you grow older.

#5: Inflation Can Erode Your Savings

Inflation is essentially the increase in the price of goods and services. The most common measure of that increase is the Consumer Price Index, or CPI. The CPI compares current and past prices on a "basket" of common expense categories, including housing, transportation, food, and clothing.

It may be easy to overlook inflation when preparing for your financial future. After all, an inflation rate of just 2% to 3% -- which we have been experiencing for the past several decades -- may not seem worth noting until you consider the impact it can have on your purchasing power over the long term. Consider that at just a 3% inflation rate, a $100,000 nest egg today would be worth only $40,101 in today's dollars 30 years from now.

We all want retirement to be a time of enjoyment, not financial hardship. To better ensure your own financial future, keep your retirement plan working for you.

[1]*Source: Social Security Administration, Fast Facts & Figures About Social Security, 2017.*

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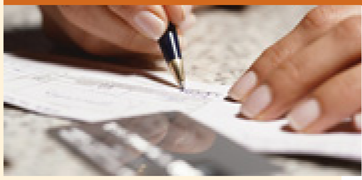

Start Today! Three Ways to Boost Your Retirement Savings

Given the uncertainty surrounding the Social Security system, maybe it's time to rethink your own saving habits.

As Americans, we can take pride in the many things we do well. We work hard. We have excellent hospitals and universities, and we entertain the world with the movies we make. But there's one thing that we could all do better -- and that's saving for the future.

Of course, if you are already saving for your retirement through your employer-sponsored savings plan, each contribution you make brings you closer to your retirement goal. But are you saving as much as you can?

If you need a reason to get serious about saving more, consider this: Today the average Social Security retirement benefit was just $1,404 a month at the beginning of 2018.[1] Given the uncertainty surrounding the Social Security system, maybe it's time to rethink your own saving habits.

Here are three quick ideas for giving your retirement plan a boost.

1. Apply a raise or bonus to retirement savings. Consider boosting your contribution rate with each increase in pay you receive. Making voluntary increases a habit year in and year out could bring you that much closer to the maximum contribution allowed by your employer. In 2018, workers may contribute up to $18,500 to a 401(k) plan, and workers age 50 and older may add an additional $6,000 in catch-up contributions (subject to plan limits).
2. Cut back household expenses. You may be surprised by how quickly small savings can add up. Things as simple as brown-bagging lunch, switching from brand name to store brand items, and doing away with premium cable channels can make a noticeable difference in your monthly cash flow. Setting up a monthly budget of income and expenses may help you find ways to cut back more.
3. Forgo a tax refund. In 2015, the IRS estimated the average tax refund check to be a little over $3,000.[2] If you typically get a tax refund, consider revising your W-4 form to reduce your withholding. Your paycheck will grow, which means you may be able to increase the amount you save in your employer's retirement plan.

You can probably think of other ways to save, such as paying off credit card debt. It really doesn't matter how you save, the important thing is to build your retirement account in ways that work for you.

[1]*Social Security Administration, "Fact Sheet--2018 Social Security Changes"*

[2]*Internal Revenue Service, "Tax Refunds Reach Almost $125 Billion Mark; IRS.gov Available for Tax Help," IR-2015-34, Feb. 26, 2015*

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