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SEIA

THE SEIA REPORT

FACT CHECKING THE STOCK MARKET

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Due in no small part to an overwhelming sense of political fatigue, some investors and pundits headed into the New Year with a decidedly bearish outlook. For investors, the one thing that cannot be spun is the raw data.

Since mid-2015, we have been likening our sluggish economy to a plane flying at low altitude ("Flying at Low Altitude"). While the economy is indeed growing (the plane is airborne), it is nevertheless chugging along at a meager rate (low altitude). Therefore, any economic soft patches (turbulence) that occur near the zero GDP line (lower altitude) cause considerably more angst than periodic turbulence that's experienced when the economy is humming along north of 5% (cruising altitude with no need for seatbelts). The margin for error is simply far smaller at low altitude.

We need look back only a year to see this turbulence dynamic in action. In early 2016, the economy was flying at low altitude with the then most recent four quarters of real GDP averaging a paltry 1.57%. In the meantime, the Fed was trying to normalize interest rate policy. The result? Stocks swooned as market participants disagreed with a tightening cycle in the face of very weak economic data. We then surmised that the Fed would pivot ("The Fed Awakens") and awaken to economic reality, which they subsequently did. The market soon recovered and pushed back toward its high by early summer.

Then Brexit happened. But one of the main reasons we couldn't get too bearish after this historic vote was the fact that underlying economic data here stateside was slowly improving.

By the end of the third quarter, we declared the data to be at an inflection point ("Trend Reversals") and since last summer, average real GDP is now closer to 2.69%. With improving GDP data, the market is now able to stomach interest rate hikes—which is why capital markets did not react adversely to the most recent Fed rate hike as they did in the prior year. Trend reversals and inflection points include:

- **Economic data:** GDP, manufacturing, and other Leading Economic Indicators are all pointing higher.
- **Earnings:** Corporate profits are poised to grow this year after five consecutive quarters of declines.
- **Stock leadership:** Cyclical stocks and small caps are outperforming more defensive offerings: both signs

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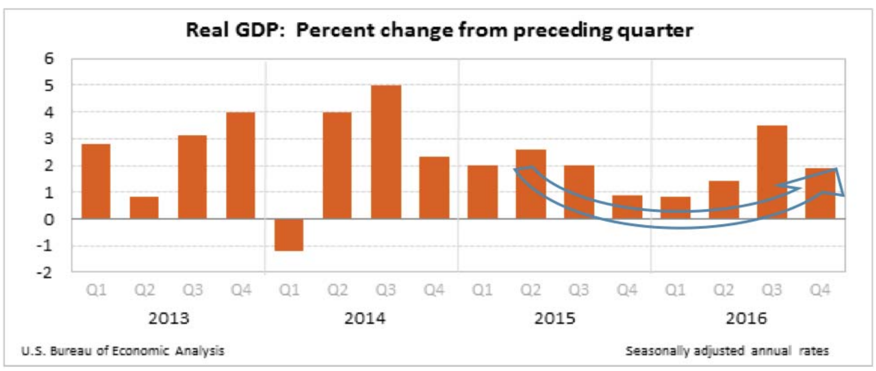

SUCCESSFUL WEALTH MANAGEMENT IS THE RESULT OF AN ONGOING COLLABORATION BETWEEN INVESTOR AND ADVISOR, BUILT UPON TRUST AND MAINTAINED ACCORDING TO THE HIGHEST STANDARDS OF INTEGRITY AND EXPERTISE.

- BRIAN D. HOLMES, MS, CFP®, CMFC, AIF®
PRESIDENT & CEO

ABOUT SEIA

Signature Estate & Investment Advisors, LLC® (SEIA) is a Registered Investment Advisor firm offering Investment Supervision and Financial Planning Services tailored to meet the unique needs of affluent individuals and corporations. Fundamental experience and professionalism enable the financial advisors, with SEIA's research and support staff, to design a financial plan or investment portfolio to meet the client's goals.

Fact Checking the Stock Market

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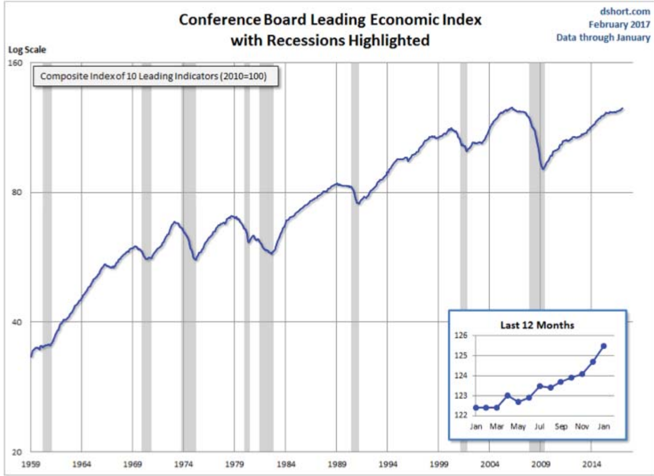
of a normal bull market.

- **Improved sentiment:** Both corporations and consumers spend more money when they feel positive. This leads to more hiring, more capital expenditures, and more discretionary spending which all are needed to move economic growth rates higher.



- **Inflation:** While no one is yearning for double digit inflation, the recent rise in the Consumer Price Index above 2% is actually healthy, and a sign of improved demand.
- **Higher rates globally:** Low interest rates help stimulate an economy. But ultra-low rates or unprecedented negative interest rates have had delirious effects on global economies. A move higher in interest rates is therefore a welcome respite from the era of negative interest rate policy (NIRP) and another sign of an improving economy.

If investors are perplexed by the succession of new stock market highs, they may not be analyzing the market through the correct lens—improving economic data coupled with improved sentiment and a new hope ("A New Hope") for business-friendly fiscal policies is a very favorable landscape for equities and other risk assets.

SEIA AND THE FIDUCIARY RULE
WHAT YOU NEED TO KNOW

Gary Liska
MS, CFP®, AIF®, CMFC, AAMS®
Senior Partner, CFO

For more than a year now there's been a steady running dialogue in the media about the proper nature of financial advice. During the latter part of the Obama administration, in an effort to provide more rigorous investor protections, the Department of Labor (DOL) issued a new "fiduciary rule" mandating that ALL advisors put the interests of their clients ahead of their own self-interests whenever providing investment recommendations for retirement savings.

The impetus for the new rule was simple – to level the financial advice playing field. Today, advisors work under two different standards. Registered investment advisory firms (RIAs) like SEIA are legally obligated to act in a fiduciary capacity at all times and to be transparent about any and all fees. While we are affiliated, other advisors (e.g., many of those affiliated with brokerage firms, banks and insurance companies) are held to a suitability standard that merely requires that their advice and recommendations be suitable for meeting your needs. This has led to a proliferation of investment products with higher fees, commissions and undisclosed revenue-sharing arrangements.

Now, there's much talk that the new DOL fiduciary rule requirements will be postponed, weakened or even scrapped altogether as part of the Trump administration's efforts to scale-back what they see as an excessive and overly-restrictive business regulation.

You First – Yesterday, Today and Tomorrow

Regardless of whether or not this or any future administration chooses to weaken or even eliminate the new DOL fiduciary rule, rest assured that it will have absolutely no impact on our approach to managing your wealth. For over 20 years, SEIA has served as a fiduciary advisor; and we will never work in any capacity other than adhering to the highest fiduciary standards. The personal client relationships that enable us to craft truly customized approaches to wealth management are not only the foundation of our firm's philosophy; they're the hallmark of our commitment to putting your interests first – now and always.

SUITABILITY VS FIDUCIARY STANDARDS

A standard of suitability only mandates that advisors reasonably believe their recommendations will meet a client's financial goals and be appropriate given the client's personal circumstances. In other words, solutions don't have to be the best or most cost-effective; they merely have to do the job.

A fiduciary standard of care, on the other hand, requires that advisors act solely in the best interest of their clients and avoid any potential conflicts of interest that could otherwise interfere with that duty. As fiduciaries, SEIA's registered investment advisors are duty-bound to always put you first.

WHAT, EXACTLY, IS 'THE SANDWICH'?

Vince DiLeva
MS, CFP®, AIF®
Senior Partner

Much has been written about the baby boomers and millennials. But, what about the middle-aged group in their 40s and 50s who have a parent over age 65 and are raising children or supporting an adult child?

Members of that population cohort are caught between taking care of their children and taking care of their parents. That's why they are the "Sandwich Generation."

According to the Pew Research Center, nearly 47 percent of adults in their 40s and 50s are in this category, and they need to plan for their own retirement, their children's college education expenses and the assistance their aging parents may potentially need.

Clearly, then, these people are "stuck in the middle" and face many challenges. If this describes you, here are a few suggestions you can use to tackle the situation.

First, it is important that you have a plan in all three areas (retirement, children's education, aging parents' care). The better prepared you are, the better the outcome will be. Start working on your retirement plan first. Here, the problem is that, for some reason, middle-aged parents put a higher emphasis on saving for college versus their own retirement.

That's not wise. Instead, have a plan as to what you should save to enable you to live comfortably in retirement. Make sure you set aside the maximum you can in your 401(k) and/or other retirement plan. Consider buying a rental property to create passive cash flow during your retirement years. This is the time to plan for your future.

However, since high college education expenses are the nearest issue on the horizon, it's usually the one most on parents' minds. How much should you save for college? Where is the best place to save money for college and not limit the impact on your child's ability to get loans, grants or other financial aid? In fact, doing your own retirement planning first actually helps here, as money inside qualified retirement accounts is not included in the needs analysis formula, so funding your retirement account will not negatively impact your FAFSA and college aid profile.

In terms of vehicles to save for college expenses, 529 plans are the most popular. You do not want to put money into UTMA, UGMA or Coverdale savings plans, as these will have a bigger negative impact on your qualifying for financial aid.

On the issue of caring for your parents, it's a good idea to get all your finances out in the open. This is often a very difficult discussion since most adults feel they can take care of themselves and do not want to give up control. But you need to make sure you understand where all the assets are and how you can help manage your parents' household, whether that entails paying bills or coordinating other daily activities.

You also need to consider getting a power of attorney authorization for your parents' financial assets as well as a Health Care Power document. If your parents are on the younger side, you may want to discuss long-term care insurance and other planning options for the years to come.

A lot of the people in the "sandwich" generation feel the need and pressure to do everything for everyone. And we all know that that is impossible to do. Instead, you need to balance your own life, work, health, family, friends and social activities to keep yourself happy.

Then, outside of the monetary issues people need to deal with, there is also the emotion and stress that can arise as you try to manage everything at once. You will get pulled in different directions by both sides of your family. But, if you have a plan and are prepared, you will be better equipped to deal with the challenge.

"A lot of the people in the 'sandwich' generation feel the need and pressure to do everything for everyone."

SEIA UPDATES

Team News

Theodore E. Saade, Senior Partner, CFP®, AIF®, CMFC, and his team are pleased to announce that **Joshua Land,** CFP® has passed the Certified Financial Planner (CFP®) exam and is now taking on the role of Associate Advisor. As an Associate Advisor on the Saade team, Joshua focuses on building long-standing relationships with clients and delivering exceptional client service. Joshua received his Bachelor of Science degree in Finance from California State University, Northridge in 2012. He began his career in financial services in 2006, where he worked in private banking. Joshua moved to investment management and financial planning approximately 4 years ago, and joined SEIA in February 2015. Joshua enjoys playing softball and serves as a member of the Pacific Palisades club of Rotary International when he is not working with clients. He lives in Los Angeles with his fiancée and is excited to be getting married in September of 2017.

Theodore E. Saade is also pleased to share that **Scott Gaynor,** CFP® has been promoted from Associate Advisor to Advisor. As an integral member of the Saade team since 2015, Scott focuses on financial planning and growing the team's practice. Scott started his career at Merrill Lynch in 2011. He holds the Series 7, Series 66, and is a Certified Financial Planner™ Practitioner. He earned the Certified Financial Planner™ certification from the Certified Financial Planner Board of Standards, Inc. in 2015 after completing the CFP® professional education through UCLA Extension. Scott is a graduate of Sonoma State University, where he majored in Finance and minored in Economics. While at Sonoma State, he was Captain of the Sonoma State Men's Tennis Team, is currently on the All-Time Win List, was awarded the Sonoma State University Alumni Association's 2010 Outstanding Male Student Athlete of the Year Award, and received the Dr. William K. Crowley Award for Academic Achievement. Scott continues to enjoy playing competitive tennis and is an active member of the Santa Monica chapter of Rotary International.

Gary Liska, Senior Partner, CFO, MS, CFP®, CMFC, AAMS®, is excited to welcome **Hayley Wood,** CFP®, MBA to the Liska Team. Hayley joins the Liska team from SIA, where she served as a Relationship Manager since 2015. Hayley started her career with Capitol Financial Solutions, a member of the John Hancock Financial Network in Raleigh, North Carolina as an Investment Advisor, and went on to join Financial Investment Management Group, Ltd. in Maui, Hawai'i as a member of the Financial Planning/Wealth Management team. She is excited to be working in a client-facing role again. With a generous and philanthropic spirit, Hayley is committed to giving back both locally and globally.

Hayley joins Len Hirsch, MBA, CFP®, Associate Advisor, and Jessica Cherness, Registered Assistant, on Gary Liska's team in offering a customized wealth management experience for all of their clients.

The Rose Bowl – America's Stadium
Its Past, Present, and Future

On January 31st, **Fritz Miller** was pleased to host a fascinating event at the Rose Bowl Stadium. Guest speaker, Darryl Dunn, CEO and General Manager of the Rose

Bowl Stadium, provided a unique historical overview of the iconic stadium, along with offering a glimpse of how the Rose Bowl will be used in the future. In addition to visiting with Darryl, participants enjoyed tours of the Keith Jackson Broadcast Center and the Players' Locker Room.

UCLA Athletics – a long-standing sponsorship

SEIA continues to be a proud sponsor of UCLA student athletes and is thrilled to be to be part of the UCLA family. On January 21st, the UCLA Bruins played the University of Arizona Wildcats at Pauley Pavilion. Go Bruins!

SIGNATURE FUND *for* GIVING

A proud sponsor of **A Place Called Home** since 2012, the SEIA team is also excited to support the efforts of this noteworthy organization. SEIA was thrilled to participate in the 2017 Stars & Strikes Charity Bowling Tournament, where participants enjoyed a fun-filled evening of bowling while supporting APCH's outstanding programs for innercity youth.

A Place Called Home is an organization that brings together caring staff, supporters and volunteers with South Central children and teens, ages 8 to 21, to offer love, safety, enrichment, training, access to educational programs, counseling, and mentorship.

A Place Called Home serves as a safe haven, where under-served youth take ownership of the quality and direction of their lives and are inspired to make a difference in their communities and the world.

(Left to right) Alina Barrass, Rubyann Park, Richard Parra, Matthew Kim, Andrew Lin & Hayley Wood

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