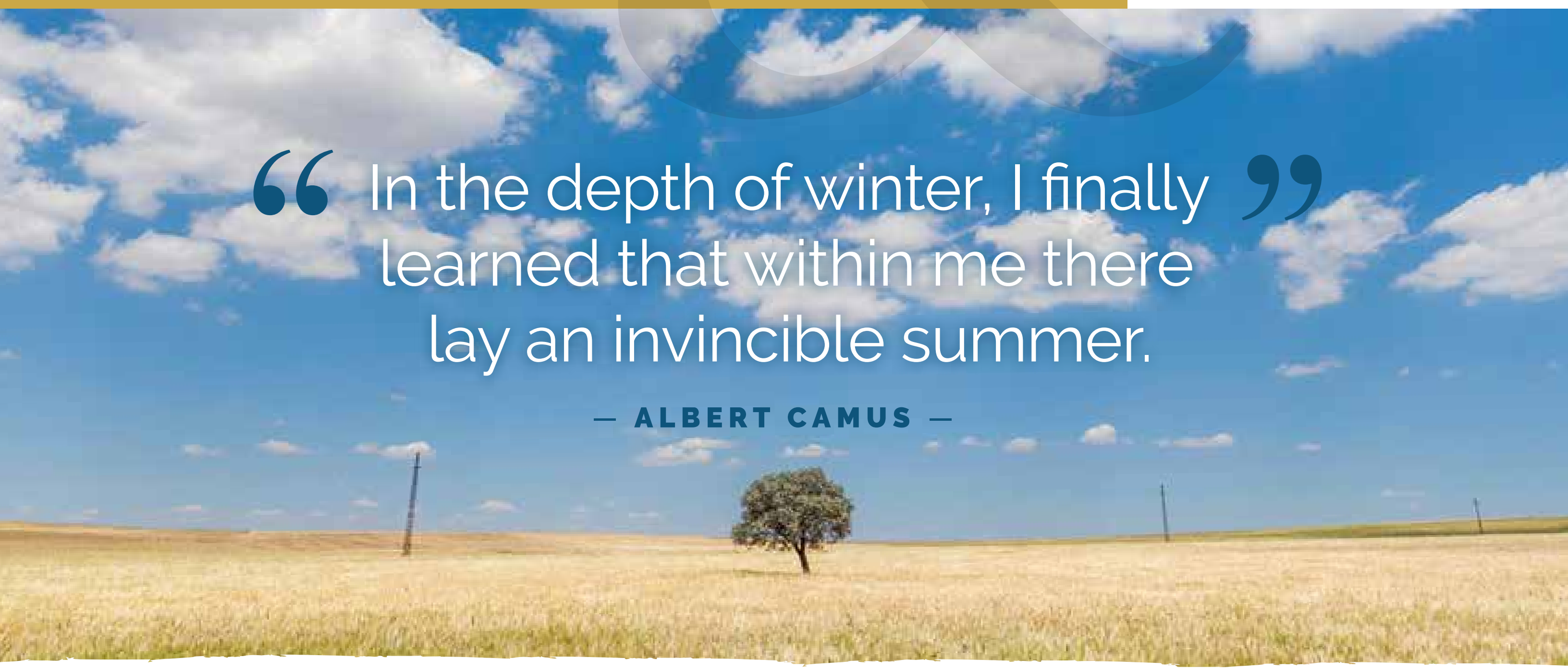
QUARTERLY VIEWS ON PLANNING, BUILDING, & ENJOYING YOUR WEALTH

THE VIEWPOINT

from Sweeney & Michel, LLC

IN THIS ISSUE:



It's been just over six months since the Camp Fire broke out and forever changed the lives and landscape of Paradise and its surrounding communities. Differences that divided us seemed to no longer lead our thoughts in wake of the devastation.

The endless stories of courage, selflessness, kindness and community are inspiring. We've pulled together, prayed together and will rebuild together. Personally, and professionally, we are so very proud to call Butte County our home.

Our company decided last year that publishing two hardcopy newsletters annually made the most sense for our clients. Each of you receives a constant barrage of information from TV, radio, internet, phone, newspapers and magazines. There are more daily market opinions than minutes in a day. The purpose of our newsletter is not just to keep you briefly apprised of the ever-changing investment markets, but to provide our clients with topical perspectives on personal finance. We hope to positively impact the way people think and feel about money. It's a true joy when our clients tell us an article helped them take a step in the right direction. Or even better, when they shared it with family.

If newsletters twice a year aren't enough, you can visit our updated website blog, or follow us on Facebook for more financial planning tips and team updates.

Lastly, we look forward to seeing you all at our new office Grand Opening celebration on August 1st from 5-7pm, located right next to Golden Valley bank. For more information, please check out the next page for the full invitation and details. *We hope you enjoy the summer 2019 edition newsletter!*

— WE'VE MOVED! IT'S TIME TO —

Celebrate!

FAMILY FRIENDLY | SUMMER REFRESHMENTS | SMALL BITES

YOU'RE INVITED TO OUR NEW OFFICE

Grand Opening Party

THURSDAY, AUGUST 1ST | 5-7PM

196 COHASSET, SUITE 100, CHICO, CALIFORNIA

R.S.V.P to Karla Woody by 7/26
(530) 487-1777 or karla@sweeneymichel.com

Dow Milestones[1]

YEAR	MILESTONE DJIA LEVEL
1927	200
1928	300
1954	400
1956	500
1959	600
1961	700
1964	800
1965	900
1972	1,000
1983	1,200
1985	1,500
1986	1,900
1987	2,700
1990	2,900
1991	3,100
1992	3,400
1993	3,700
1994	3,900
1995	5,200
1996	6,500
1997	8,200
1998	9,300
1999	11,400
2000	11,700
2006	12,500
2007	14,100
2013	16,000
2014	18,000
2016	19,000
Jan '17	20,000
Mar '17	21,000
Aug '17	22,000
Oct '17	23,000
Jan '18	*25,000*
Jan '18	*26,000*
Jul '19	*27,000*

Fixed?

What is fixed income? Fixed income is a term used to categorize bonds, CDs, Treasury bills or other types of secured debt. Bonds and fixed income are terms often used interchangeably by advisers.

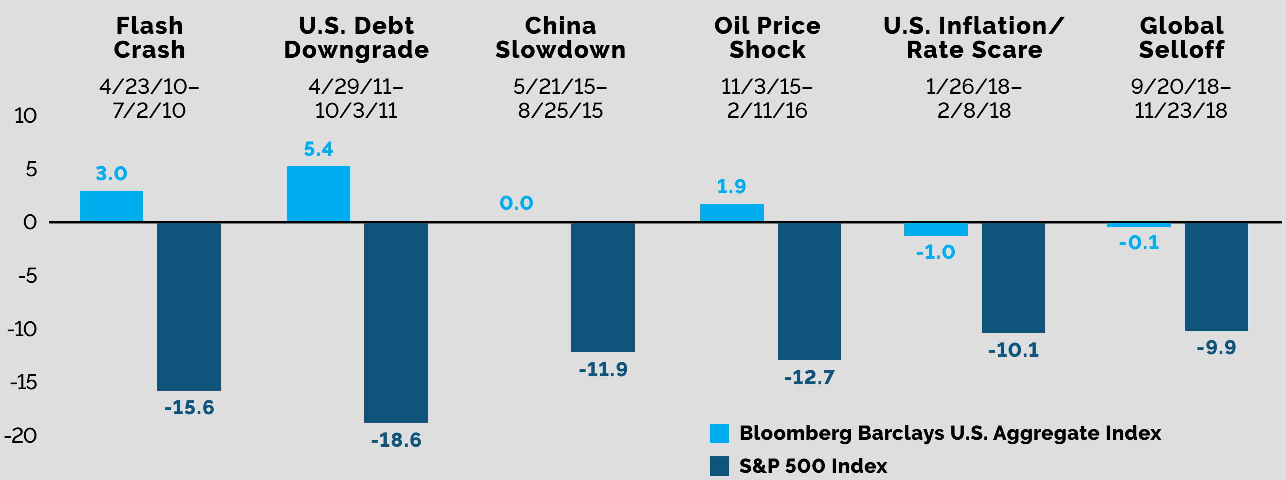
Why Bonds are Necessary | During the first 10 years of this bull market in stocks, investors often asked, "Why do they still own bonds?" Indeed, bond returns have been far lower than stock index returns for the past ten years. Total bond market returns trailed stock index returns by about 10% during that time.

Despite much lower average long-term returns, bonds are still a popular choice for investors. They usually offer higher returns than cash, savings or CD yields. They also have a negative correlation to the stock market. This means that when stocks are down, bonds tend to do well. This diversification effect is one way investors can reduce the amount of fluctuations in their portfolio value. This chart from American Funds highlights that fact by illustrating bond vs stock returns during some of the more dramatic stock pullbacks we've had in the past decade.

Bonds have become a somewhat viable source of investment income amid higher U.S. interest rates. The Federal Reserve has raised short term rates, and savers can now expect 2-2.5% from a 1 year Treasury bond or CD, which is a huge upgrade from even 3 years ago.

It's long been said that stocks help you eat well, and bonds help you sleep well. Although bonds tend to produce low long-term returns, they play a part in most portfolios if investors need current income and shelter from the large, unpredictable swings in other investment markets.

High-quality bonds have shown resilience when stock markets are unsettled



Dates shown for market corrections are based on price declines of 10% or more (without dividends reinvested) in the unmanaged S&P 500 with at least 50% recovery between declines for the earlier five periods shown. The most recent period was still in correction phase as of 11/30/18. The returns are based on total returns.

COUNTDOWN TO RETIREMENT

How do you picture your retirement? Will you spend your time traveling the world, volunteering in the community, or working part-time? Do you plan on staying in your house, downsizing or moving out of state? These are just a few of the important questions you should be considering. Retirement creeps up on all of us, and below are some mindsets well-prepared retirees should have during their countdown.

Preface: The Crash (Which Comes For Every Generation)

Throughout your investing years there are going to be up years as well as down years in the market – this you cannot change; the only thing you can do is learn not to panic. Seeing your nest egg drop month after month can lead to some feelings of panic and despair; this is normal. But don't let a market meltdown lead to a personal financial meltdown. How you keep your composure during this time can mean the difference between living in your kids' basement or living on a beach when retired.

In short- be prepared to ride out a few crashes in your lifetime, and make sure you're always invested according to your goals and risk tolerance.

Youth: 40 Years From Retirement

In a lot of ways, this part of your life represents an era of carefree wonder mixed with a daily grind. Professionally, you have bills to pay and your new-to-the-work-force job might not be paying you what you were anticipating. Personally, you may think that you are too young for traditional roles and responsibilities of older adults like your parents. However, just because it's decades away, this doesn't mean you should ignore saving for your retirement.

At this stage of life, you can invest little and dream big, because you have the most important tool in an investor's toolbox: time. Saving even a little money early in life can really add up as additional decades allow that money to compound (when your money starts making its own money in a snowball effect).

Sandwich Generation: 20 Years From Retirement

In many ways the middle decades of working are the hardest time to stay motivated about retirement. Whether it is for medical bills, paying for your parent's care or kids' college, you'll be faced with opportunities to pull money out of your retirement account.

However, you need to learn to be selfish with your retirement and your retirement dreams. Not only did you work hard for your money, (and it's likely grown over time) if you decide to pull out your retirement funds Uncle Sam will more than likely be taking half. It's tempting to think that you can replenish your savings to that same amount, but you'll also be missing out on further potential compounding.

Portfolio Checkup: 10 Years From Retirement

Now that you are only a decade away from retirement, it's time to assess: are you where you need to be? Revisit that picture you have of yourself in retirement. Are you on track to reach those financial goals to be traveling or volunteering? If you are married, is your spouse on the same page? This is the best time to compare notes on your visions and date of retirement.

Another key point is a portfolio and savings checkup. If you have built up a nice nest egg, then this decade is also your re-balancing decade. Your portfolio may be built for more risk than you're willing to take at this point. It's important to think about how much risk you can take without a lot of time to wait out market drops. This is the most important time to be saving money as you're likely near the peak of your earning years and may be empty nesters. Uncle Sam allows anyone 50 and over to make a catch-up contribution (which means contribute more) in tax-qualified retirement accounts.

Crunch your numbers! Start your calculations by estimating what your annual expenses will likely be in retirement. One thing you do not want to bring to your retirement party is debt. Debt can mean pushing off retirement a couple years or not traveling as much. These expenses may decrease if, say, your mortgage will be paid off. You should start chipping away at high interest rate debt such as credit cards or personal loans. But be realistic; spending on certain things such as travel may go up (and don't forget that inflation will take its toll).

Educate Yourself: 5 Years From Retirement

Look at how long you're willing to work and check in with Social Security and Medicare. Even if you have saved diligently, Social Security benefits on average account for 1/3 of retirement income. Social Security benefits are based on your highest 40 quarters of earnings. So, make sure you verify all your earnings records are correct at ssa.gov. Consider waiting until Full Retirement Age to start collecting benefits. Beginning at age 62 means taking 70 cents on the dollar for the rest of your life- which will likely be decades.

Additionally, do your Medicare homework. Navigating Medicare is difficult, so start educating yourself about Medicare and how it works. This will help you avoid coverage gaps when you leave your employer. Healthcare is a gigantic cost, and private healthcare for people over 65 is incredibly expensive.

If you are planning to move when you retire, target several destinations and spend time there getting to know the locals and the climate. Also, health care will become increasingly important as you age. That cabin 20 miles down a dirt road sounds amazing; sitting on the front porch sipping coffee watching fish jump in the pond. But you need to ask yourself: is it realistic? If you had a health scare could you make it to a hospital? Mobility and local services are important considerations as we age.

Pull Back: 1 Year From Retirement

Simplify your finances by getting organized. Maybe you have collected multiple bank, brokerage and retirement accounts over the years. This is the best time to start consolidating. By consolidating your accounts, you can make the account rebalancing and future distribution processing less confusing and time consuming. Simplifying your finances will also make it easier for someone else to step in to manage your affairs, if needed.

Phase into retirement. If your employer allows you, cut back on hours or switch to part time. Cutting back on hours will allow you to get a better handle on your retirement lifestyle and on a budget. Get your toes wet before making your big jump.

Portfolio checkup. With a year to go until retirement you need to consider rebalancing and re-allocating your portfolio to meet your income requirements. This will help to protect you against one of the biggest risks you could encounter as a new retiree: being forced to sell securities that have fallen in value as you need income.

Day of Retirement

Congratulations! You have made it. It is time for you to walk out of your office with your head held high knowing that you have worked hard for this day and have the confidence to tackle your new life!

Halftime Report

MARKET COMMENTARY

2018 was a forgettable year for stock investors. While total returns for the Dow Jones Industrial Average (DJIA) were slightly negative (-4%), the year was full of volatile price movements. We can only speculate on why the market was so rocky in 2018, but the main headlines continued to be foreign trade policy issues, political gridlock and multiple interest rate increases by the Federal Reserve.

The chart below tracked the price of the DJIA from October 2, 2018 – March 29, 2019. In just 6 short months, the market went through a gigantic pullback and rebound.

The pullback began shortly after the DJIA failed to crack 27,000 in late September and was followed by a 3 month long backslide. December was a particularly painful month for stock investors; the Dow dropped more than 350 points in a single day six times. By the time the calendar turned to 2019, the market pullback totaled nearly 20%.

Then, just as suddenly as the drop began, a rally began. More than half of the steep market drop had been recovered in the month of January. The first 3 months of 2019 were everything the previous quarter was not: a steady march upwards in prices with very few pullbacks.

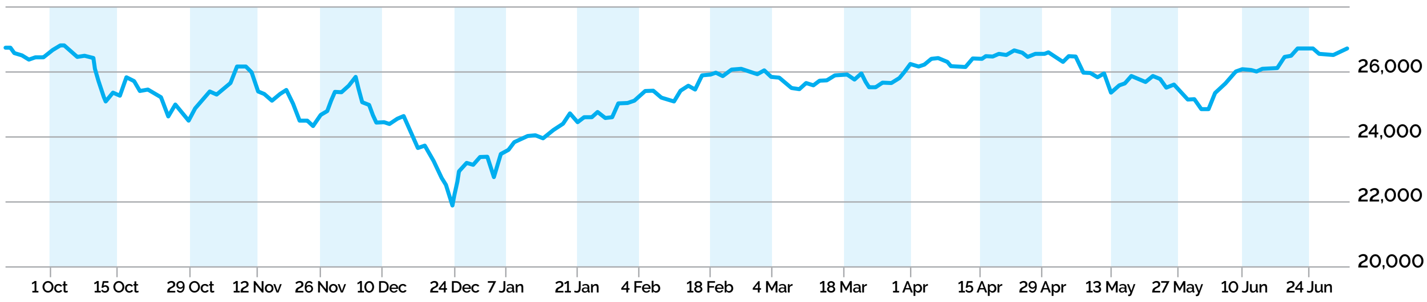
Earnings reports may have played a part in the rally. So far (as of May 10, 2019), 76% of S&P 500 companies had reported a positive earnings surprise. The US economy surprised economists too, with GDP growing 3.2% in the first quarter, making it the strongest quarterly growth in 4 years.

This chart could be reproduced, (albeit with different numbers) almost annually. The markets have not and will never move in a consistent upward climb. On average, stock prices experience a 15% drop every 9 months. Headlines, politics, natural disasters and general uncertainty have been risk factors contributing to stock market volatility since the beginning and will never go away.

During periods of increased volatility in the stock market, investors can be more tempted to try and time the market (sell high buy low) to potentially grow or protect their nest egg. It's emotionally hard to stay invested when we are overwhelmed by the amount of market commentary available. It's important to review your investment strategy as things change in your life, not as markets are moving wildly. Trades made for the sake of change are rarely good trades for the long run.

Our job as a financial advising team is to help our clients create and follow a financial plan that defines what financial success means and outlines a realistic path to achieving it. Your investment portfolio should always be reviewed and updated considering your planning progress, investment goals and risk appetite.

Dow Jones Industrial Average | October 2018 – June 2019



DOW JONES, DJ, DJIA and DOW JONES INDUSTRIAL AVERAGE are registered trademarks of Dow Jones Trademark Holdings LLC ("Dow Jones"). It is not possible to invest directly in an index. Past performance does not guarantee future results. There is a potential for loss in any investment, including loss of principal invested.

top 10 types of financial fraud

While financial fraud may be a growing problem, there are some things you can do to help protect yourself:

KNOW EXACTLY WHO YOU'RE DEALING WITH: This may be the number one step to help you avoid phishing scams & online imposters. Review the Better Business Bureau to verify the credibility of the person or organization you're dealing with. On sales websites, look for clues about security, encryption and data privacy before entering payment or personal information.

KEEP AN EYE ON YOUR CREDIT: Credit Monitoring is a popular paid service, but free options include getting a Credit Freeze to stop anyone from unauthorized access to your credit. Many Credit card companies also offer some version of free credit checks as part of your service, so you can review your history.

PAY THE SAFEST WAY: Credit cards are the safest way to pay for online purchases because you can dispute the charges if you never get the goods or services or if the offer was misrepresented. Federal law limits your liability to $50 if someone makes unauthorized charges to your account, and most credit card issuers will remove them completely if you report the problem promptly.

For more personal security news and tips, visit Fraud.org

10 REAL ESTATE/RENTAL $56,231,333

4 INVESTMENT $96,844,144

8 ADVANCE FEE $57,861,324

7 CORPORATE DATA BREACH $60,942,306

6 IDENTITY THEFT $66,815,298

2 CONFIDENCE FRAUD/ROMANCE $211,382,989

1 BUSINESS EMAIL/EMAIL ACCOUNT COMPROMISE $676,151,185

3 NON-PAYMENT/NON-DELIVERY $141,110,441

5 PERSONAL DATA BREACH $77,134,865

9 CREDIT CARD FRAUD $57,207,248

Top 10 Crime Types Reported to IC3 in 2017 (by Victim Loss). Source: 2017 Internet Crime Report

Did you know we also provide the following complimentary services for our clients?

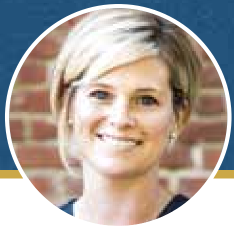
In-house Notary ▪ Document Shredding

Personal Finance Lending Library

Conference/Meeting Space for up to 8

Online appointment booking now available

visit sweeneymichel.com



***Brian Sweeney**, *IAR*
brian@sweeneymichel.com

***Renée Michel**, *MBA*
renee@sweeneymichel.com

***Joe Sweeney**, *CFP®*
joe@sweeneymichel.com

Karla Woody
Client Services Manager
karla@sweeneymichel.com

Katie Junk
Paraplanner
katie@sweeneymichel.com

Sweeney & Michel LLC

FINANCIAL PLANNING & INVESTMENT MANAGEMENT