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CANBY FINANCIAL RETIREMENT REPORT



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Planning News

Investment diversification is a well known strategy for building a portfolio. Successful retirement investors who build large nest eggs may be surprised by their future tax liabilities when they take distributions. You may now be able to make salary deferral contributions into a “Roth” bucket. This allows for **tax diversification** of withdrawals from your retirement portfolio. You will pay higher tax this year, but the tax break in retirement may be worth it.

Your Account

For retirement accounts, annuities and life insurance, we are able to designate who receives the account value in the event of our death. It’s important to **make sure your beneficiary information is up-to-date**. If you recently married, had a baby or updated your estate plan, you may need to change the beneficiaries on your account. Many people have old 401(k) plans, IRAs and life insurance or annuity policies. As part of the regular review of your financial assets, you should verify that your beneficiary designation is current for each account.

Financial Guidance for Every Stage of Life

INVESTMENT COMMENTARY

Sustainable Recovery?

For the first six weeks of 2016, the stock market and other risk assets were in a near free-fall, but investment conditions turned around sharply in mid-February. When central banks in Europe, Japan and the US all indicated they would continue to keep interest rates low for longer than many investors expected, Large Cap US Stocks rallied 13% from a low on February 11th and ended the 1st quarter with a 1% gain.

Supporting this strong recovery were the rising price of oil and a more stable US dollar. Bond prices also reacted favorably to more monetary stimulus in the first quarter, and although Foreign Stocks posted small losses, they recovered strongly as the quarter ended.

Recent economic indicators show steady but slow growth for the US economy. Most

economists expect the US to continue to grow 2 to 3% in the next couple years. Employment gains have been strong, low energy prices are saving money for US consumers and businesses, and a more stable dollar is helping manufacturers recapture some lost export deals. The global economic picture outside the US is less optimistic, but the recent rebound in oil and other commodity prices should help some natural resource rich countries like Australia, Canada, Russia and Brazil.

Foreign politics may be even more tumultuous than our presidential election. The Brexit vote in June could signal further breakdowns for the European Union, Brazil’s congress recently impeached the President on corruption charges and there seems to be no coordinated response to increasingly brazen terrorist attacks. In the US, a significant portion of

voters are voicing their anger and distrust of the political establishment in the Presidential primaries. The recent release of the *Panama Papers* demonstrate the corruption and greed of political leaders around the world.

While political turmoil is certain to continue, it is important to maintain a consistent investment strategy. As the first three months of this year demonstrated again, investment momentum can swing quickly and changes are hard to predict with any accuracy.

We don’t know if the recent recovery is sustainable, but we believe your retirement portfolio should be fully invested in Stocks and Bonds with an allocation based on your expected timeframe for spending the money and your tolerance for risk. This is the most prudent strategy to meet your long-term goals.

PLEASE GIVE US A CALL IF YOU HAVE ANY QUESTIONS ABOUT THE
INVESTMENT OPTIONS IN YOUR RETIREMENT PLAN



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