GATEWAY
INVESTMENT MANAGEMENT
OF
RAYMOND JAMES®

THE COMMUNIQUE

October 2019

MAJOR INDICES	CLOSE	MTD	QTD	YTD
S&P 500	2978.71	-2.99%	-2.99%	15.19%
Dow Jones Industrials	26797.46	-3.11%	-3.11%	11.79%
NASDAQ Composite	8103.07	-2.68%	-2.68%	17.33%

U.S. TREASURIES	YIELD
5-yr Treasury Note	1.43%
10-yr Treasury Bond	1.60%
30-yr Treasury Bond	2.09%

Information as of October 2, 2019 Source: Thomson Reuter's Thomson One

MARKET COMMENT

September Escape

A sigh of relief could be heard across Wall Street as the stock market closed September with a positive monthly return of 1.72%. Despite October's notoriety for some of the largest market declines in U.S. history (*e.g.* 1907 Panic, 1929 "Black Tuesday", 1989 "Black Monday", and, of course, the start of the financial crisis in 2008), September is historically the worst month of the year for equity markets in terms of consistency. Unfortunately, this sigh of relief is not necessarily a safe pass as October 2019 brings a fresh set of challenges – like a punch to the gut right as the market exhales. Specifically, October starts the 3rd quarter earnings reporting, which could prove somewhat unsettling due to the slowing global economy and our past history of major market declines.

There is no doubt in my mind that investors will be cautious. Simply browsing a list of current headlines is enough to make someone bury their head in the sand. For instance:

- Continued trade angst between the U.S. and China
- Germany's economic slowdown, and possible "recession?"
- China's economic slowdown
- Hong Kong protest and escalating civil unrest
- President Trump's impeachment inquiry

- Iran's multi-national aggression
- Brexit turmoil and uncertainty

Despite all of these temporal and intermediate concerns, it is challenging to not remain somewhat optimistic due to (1) the long running economic growth in the USA, (2) strong employment, (3) moderately increasing wages, and, the most important factor (at least to us), (4) the Federal Reserve remaining "accommodative" in the interest cycle. Marty Zweig, a well know investment manager in the 1980's and 90's, is attributed with the quote "never fight the Fed." The logic goes that if the Federal Reserve is lowing interest rates, the positive effects would quash the wide array of negatives worrying the markets – essentially allowing the market to climb the proverbial wall of worry. We hope Mr. Zweig's saying holds true in the current times!

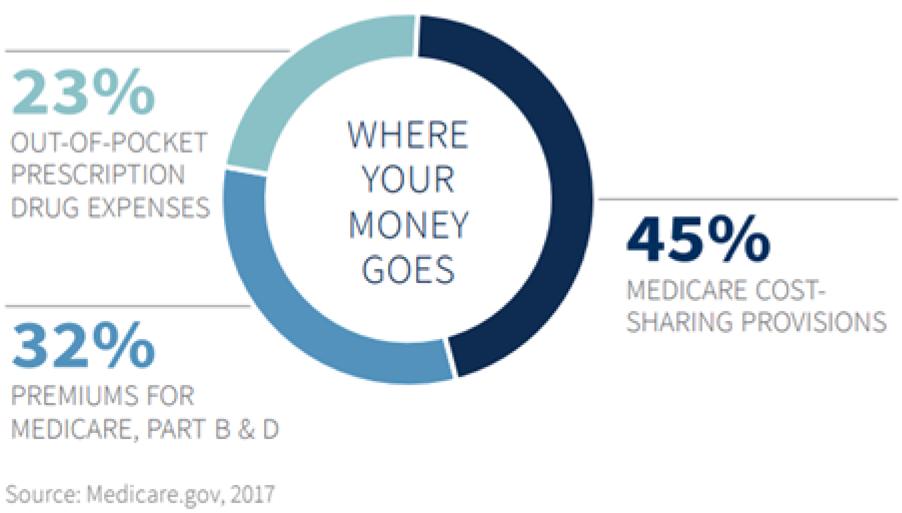
As always, we will be closely monitoring market activity. Thank you for your continued trust and confidence.

PLANNING STRATEGY

Raymond James "Point of View" article. MM19-2651402

Is it time for a change of Plan?

The arrival of fall also marks the arrival of Medicare open enrollment from **October 15** to **December 7**. During this time, you can change from Original Medicare to a Medicare Advantage plan or vice versa or switch from one Medicare Advantage plan to another. You can also join a Medicare Advantage or Medicare prescription drug plan for the first time or drop your drug coverage completely. The point is you've got options.



Open enrollment presents a great opportunity to make sure you're getting the most from Medicare. Every year you should compare your current plan to other plans in your area in case one offers better health and/or drug coverage at lower prices or that better fits your needs.

Reevaluate Your Needs

The coverage provided by insurance companies often changes each year and could result in paying more on out of pocket healthcare expenses throughout the year. Here are some tips to help you get started.

- Ask important questions. Have your needs changed? Is your current coverage adequate? Is the cost of your current plan going up? Are there comparable, lower-cost plans available?
- Review the annual notice of change from your current plan provider. You should receive this in September.
- If you have a Medicare Advantage plan, make sure your doctor will still accept your plan next year. If your doctor is out of network, you must choose a new plan or pay higher out-of-pocket costs.
- Carefully review your prescription drug coverage and what those copayment and coinsurance costs are.
- If you switch from a Medicare Advantage plan to Original Medicare, you may want to join a standalone Part D plan to get Medicare drug coverage.
- Compare plans using the Medicare Plan Finder at medicare.gov.

Know the Risk

If you decide to drop drug coverage, you can rejoin in the future. But, if you go 63 days or more in a row without other creditable prescription drug coverage:

- You'll have to wait for an enrollment period to sign up for coverage.
- You may have to pay a late enrollment penalty. Learn more at medicare.gov.
  Medicare can be complicated, but your advisor can help. He or she has assessment tools to help determine the right coverage if you are transitioning to Medicare or if you are updating current coverage. The choices are numerous and are driven by many factors including personal health, choice of doctors, financial considerations and even ZIP codes.

Next Steps

- Mark the Medicare open enrollment dates on your calendar.
- Review the annual notice of change from your current plan provider.
- Set aside time with your advisor to assess your current coverage and make adjustments.

LIFE & LEISURE

Raymond James "Point of View" article. MM19-2735901

How Do College Savings Affect Aid Eligibility?

As you save for a child's or grandchild's future education, you might wonder what impact that saving will have on their chances of qualifying for financial aid. There are several types of financial aid (federal, state and institutional), but federal aid is the most widely dispersed and is based solely on financial need.

Agencies use a simple but dynamic formula to calculate financial need:

A school's cost of attendance – Expected family contribution (EFC) = Financial aid eligibility

Determining Expected Family Contribution (EFC)

EFC is an annual figure expressed in dollars, and it determines whether a family has a financial need. You can estimate your EFC at savingforcollege.com. Financial aid offices often weight parental and student income more heavily than assets when determining EFC. In addition, student assets are weighted more heavily than parental assets.
From parents, EFC includes:

- 22% to 47% of available income
- 0% to 5.64% of assets
- Mutual funds
- Securities
- Bank accounts and CDs
- Parent-owned 529 savings plans
  From the student, EFC includes:

- 50% of adjusted gross income over $6,660
- 20% of assets held in the student's name
- UGMA/UTMA accounts not held in a 529 plan
- Minor trusts not held in a 529 plan
- Savings bonds in the student's name
- Any other savings

Aid and savings: Factors to keep in mind

- A family seeking federal financial aid must complete the Free Application for Federal Student Aid (FAFSA) form.
- Assets held in qualified retirement plans such as IRAs are not considered in determining eligibility for federal student aid. The percentage of other assets considered in determining EFC will vary based on the amount of assets, the age of the eldest parent and whether there are one or two parents.
- Any student-owned 529 or 529 funded with UGMA/UTMA assets is reported as a parental asset if the student files the FAFSA as a dependent student.
  None of the income and assets of a grandparent or other contributor are considered in the federal financial aid formulas. However, any withdrawals a grandparent or other makes toward education expenses may be considered student income and must be reported on the following year's financial aid forms. Such income can reduce the amount of aid by 50%.

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Quote of the Month: "The trouble with having an open mind, of course, is that people will insist on coming along and trying to put things in it." Terry Pratchett.

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