

NelsonCorp News

NelsonCorp Wealth Management

Winter 2018

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NelsonCorp Wealth Management Team

Every December, we watch in delight as our children and grandchildren sing Christmas songs, hang their stockings on the mantle, decorate the tree, and pen hopeful letters to Santa Claus. We revel in the season's pageantry and traditions as we spend treasured time with family and friends.

But this December, I'm trying to remember that all the things I love about Christmas are blessings, not rights – and they should never be taken for granted.

Christmas is not only a season for family and pageantry, traditions and gifts – important as those things are. It's also a season for charity and generosity. For warmth and kind-heartedness.

Whether it be a family member, a friend, a neighbor, a colleague, or just someone we happen to meet on the street, we will all have an opportunity to spread enjoyment and abundance. We will all have an opportunity to provide just a little shelter, a little comfort, a little peace. A meal, a gift, an act of service, even a kind word becomes a treasure beyond value around Christmas.

When that opportunity arises, I want to be the kind of person who throws the door wide open and says, "There is always room at the inn."

I want to thank you for all the kindness and fellowship you've shown me this year. The trust you've placed in me and my team is what we treasure every day. So, on behalf of everyone here at NelsonCorp Wealth Management, I wish you a very Merry Christmas and a Happy New Year!

David Nelson

Growth & Planning

David Nelson

CFP®, CLU®, ChFC®

President & CEO

NelsonCorp Wealth Management



There are some interesting similarities between the markets and one of the oldest games in the world, chess. In this modern age, the best chess players rely on supercomputers, teams of analysts, and endless hours of preparation to get ahead. Thanks to technology, players can calculate more possibilities and outcomes than ever before. Despite all that, chess games can unfold in thousands of ways – and a player can go from winning to losing in the space of a single move.

If you think about it, the markets function this way, too. Banks, hedge funds, and investment firms all rely on supercomputers, data, and teams of analysts to forecast which way the markets will go. But despite this, the markets often move in ways that defy even the smartest of analysts or most sophisticated of machines. In some cases, one piece of new information can cause the markets to rise or fall. A large corporation reports higher than expected earnings, and the markets go

economy could make that might swing the markets one way or another.

In chess, one of the worst things that can happen to a player is being caught by surprise. That's when they're most likely to commit a major mistake, or blunder. The same is true in investing. We expect the markets to rise and fall. It's when an investor is caught unaware that it truly hurts. You or I can't control which way the markets will go. But we can take steps to ensure we don't get surprised.

The S&P 500 has historically climbed higher in the year after a midterm. That's because, after an election, uncertainty fades as we gain a better idea of who's in power and what their agenda will be. In this case, Democrats took control of the House, while Republicans retained the Senate. When this happens, we usually see something called congressional gridlock. When two parties that are diametrically opposed to each other share power, they rarely agree on much, so not much changes. This type of gridlock can be frustrating, but the markets often prefer it.

That may not be the case this time around. That's because there's a lot of uncertainty still surrounding Washington. The resulting uncertainty could prey on many investors' minds.

Interest rates, doubts about corporate earnings and the trade war will have an impact as well.

Let's start with interest rates. As the economy has improved, the

Federal Reserve has slowly raised rates to protect against inflation. Another rate hike is expected before the end of the year. But rising interest rates tend to spook investors. That's because higher rates make borrowing more expensive for businesses, prompting them to cut back on spending. Less spending for businesses means less investment, less expansion – and less growth. And when investors think a

company isn't growing, they tend not to invest in that company. For this reason, interest rates will be a major story moving forward.

Many investors are also concerned about corporate earnings. Earnings have largely been strong in 2018, but that just means the bar is higher in 2019. If corporations struggle to reach or exceed that bar, that creates a narrative that they're struggling. And if there's one thing we know to be true, it's that the markets are heavily affected by narratives.

And finally, there's the trade war. To date, the U.S. has imposed tariffs on over 10,000 Chinese products. China, of course, has retaliated with tariffs of their own.

To date, this trade war hasn't been a catastrophe for the markets. But again, uncertainty is the real factor here. If both countries continue to tax each other's products, that could cause some very real pain for both economies. It's a kind of "Sword of Damocles" hanging over the stock market's head – and it probably won't go away anytime soon.

A lot of investors don't realize this, but market volatility is not the same thing as a bear market. It simply means a wide variety of trading prices over a period of time. As you can see, there are a lot of moves that can – and probably will – affect the markets in 2019. Some are positive, some aren't. Put them all together, and the most likely outcome may not be a rising market or a falling market – only a volatile market.

As 2018 winds down, and a new year approaches, that's what we'll do, too. We'll continue making long-term decisions based on your goals and your risk tolerance rather than overreacting to short-term moves.

Questions can be sent to David at david.nelson@nelsoncorp.com



up. Then, the government reports that job growth is lower than expected, and the markets fall. You get the idea.

When a lot of these swings happen over a period of time, we call it market volatility.

So, why am I saying all this? Because we are in a period of market volatility right now. With the midterm elections over, there are many possible moves our

End of Year Tax-Planning

Andy Fergurson, MBA, EA

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The end of the year provides an opportunity to make a number of last-minute changes, not only in order to optimize contributions and distributions, but potentially to avoid any unnecessary and preventable costs as well.

For those with the means to do so, the first, most obvious step is to make sure that they've contributed as much as they can to any available qualified retirement plans through their employer(s),

Meanwhile, those 70 1/2 or over have the opportunity to manage their tax exposure by making (up to) \$100,000 in Qualified Charitable Contributions (QCDs) from pre-tax funds in their IRA, which counts towards their Required Minimum Distribution obligations as well (thus allowing them to minimize both their taxable income *and* their Adjusted Gross Income). Especially since QCDs have become even more valuable following the passage of the Tax Cuts and Jobs Act... as with the steep increase in the standard deduction, most taxpayers won't itemize deductions in the future, and therefore taking RMDs and *then* donating to charities won't provide any offsetting deduction on their tax return in the future (but donating from an IRA via a QCD is still a perfect pre-tax donation!).

Continuing in that same post-Tax-Cuts-and-Jobs-Act-landscape vein, year-end Roth conversions are now even more valuable from a planning perspective. Because, even though the overwhelming majority of taxpayers will have lower tax bills in 2018 than in 2017, the most impactful cuts for individuals are scheduled to expire in 2025, which means that they have a relatively limited window in which they can make Roth conversions at a lower rate than would otherwise be possible in the future. Yet going forward, taxpayers may increasingly *need* to wait until the end of the year to decide exactly how much *to* convert, as TCJA also eliminated Roth recharacterizations (making the Roth conversion itself a one-time irrevocable decision).

And, although much of the focus at the end of the year is on optimizing *savings*, individuals should also pay

attention to any tax-favored funds you may have in a healthcare flexible savings account (FSA) that should be *spent* before the end of the year, given their inherent "use-it-or-lose-it" provision. And while some employers may give employees the option to carry over up to \$500 on a year-to-year basis, or utilize a 2 1/2 month grace period the following year, the fact is that money inside an FSA needs to be spent... preferably in a way that doesn't involve negative outcomes for the individual's well-being.

TCJA's Rate Changes On Roth IRA Conversions

In addition, there's reason to believe that more people than ever should consider making Roth conversions in 2018 than ever before. Thanks to the TCJA's many changes, the overwhelming majority of taxpayers will have lower tax bills for 2018 than they did for 2017. The issue, however, is that these lower tax bills are primarily the result of temporary changes made by the TCJA. And while the changes to the *corporate* tax code were largely permanent, the *majority* of big changes impacting the annual tax bills of *individuals* are set to expire at the end of 2025... including the lower income tax brackets, the increased standard deduction, and the enhanced child tax credit.

And if the cumulative effect of the TCJA's changes for most taxpayers is that they currently enjoy lower tax rates than they did prior to the law's changes, it stands to reason that when those changes expire, their tax rates will rise again! Thus, there *may* be a limited 8-year window in

which savers can make Roth IRA conversions at lower-than-otherwise-projected rates

As the end of the year quickly approaches, individuals should ensure that their accounts are given the special care and attention they require, to ensure you are compliant with all relevant rules, and are effectively maximizing available opportunities.



Social Security & Medicare Spotlight

- Restricted Application for Spousal Benefits -

Nate Kreinbrink

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It is still possible for some individuals to receive a spousal benefit while their own benefit builds delayed credits. To do this, they must “restrict the scope of the application,” also known as filing a restricted application.

Ordinarily, when a person files an application for Social Security benefits, it is presumed that they are filing for their own retirement benefit. If they are also entitled to a spousal benefit, and if the spousal benefit is higher than their own benefit, they will be paid the difference so that the total equals the amount of the spousal benefit (reduced for early filing if applicable).

The only way to receive a spousal benefit when your own benefit is higher is to restrict the scope of the application to your spousal benefit. When done correctly, a high-earning individual can receive 50% of their spouse’s primary insurance amount (PIA) between the ages of 66 and 70 while their own benefit grows. At 70, they switch to their own maximum benefit, which includes four years of delayed credits.



Let’s say John is 66 now and his PIA is \$2,800. His wife Jane is also 66 and just filed for her benefit of \$1,600. John can file a restricted application for his spousal benefit and receive \$800 per

month for the next 48 months. When he turns 70, he switches to his own benefit, which has grown to \$3,696 (including four years of 8% annual delayed credits, not counting annual cost-of-living adjustments or COLAs). If he was going to delay his benefit to age 70 anyway, this strategy gives him an additional \$38,400 in spousal benefits. If he otherwise would have claimed his own benefit at 66, it gives him an additional \$37,632 in retirement benefits over his lifetime (to age 86) in addition to the spousal benefits for a total of \$75,032 in additional benefits, again not counting COLAs.

Not everyone can do this. But those who are grandfathered have a unique opportunity and should definitely take advantage of it. All of the following conditions must exist:

- The applicant must have been born on or before January 1, 1954
- The applicant’s spouse must have previously filed for his or her benefit, thus entitling the applicant to a spousal benefit
- The applicant must be full retirement age (FRA) or older
- The applicant must not have previously filed for Social Security benefits

I’ve seen cases where an individual is grandfathered for restricted app, but his wife is too young for him to take advantage of it — by the time she turns 62 he will already be over 70 and receiving his own benefit. Or perhaps the wife also has a high PIA and wants to maximize it by delaying her benefit

to age 70; the calculations show that her delayed credits are worth more than four years of spousal benefits for him. If there is some reason why the spouse can’t or won’t have filed for his or her own benefit during that four-year period from age 66 to 70, the strategy cannot work.

I’ve also seen other cases where the individual is grandfathered, the spouse has filed for her benefit, but the client is not yet 66. Since it is not possible to file a restricted application prior to full retirement age, he has no choice but to wait. Note that the age of the spouse is not relevant providing she has filed for her benefit. If she has taken a reduced retirement benefit at age 62, this will entitle the client to his spousal benefit; as soon as he turns 66 he can file a restricted app. It is not necessary to wait for the spouse to turn 66 (unless she wants to wait until then to file in order not to take a reduced benefit). Also note that the individual’s spousal benefit will be 50% of the spouse’s PIA, not 50% of her actual benefit. So if she files at 62 and is receiving 75% of her PIA, the spouse will get 50% of the PIA, not 50% of the 75%.

It’s also important to note that both spouses cannot file a restricted application on the other at the same time. The reason is that one of the spouses must file a regular application for his or her own retirement benefit, and this precludes filing a restricted application.

*Questions for Nate can be sent to
nate.kreinbrink@nelsoncorp.com*

On a Personal Note...



David Nelson — 'Tis the season, and for me that means basketball season is in full swing. We will once again have a fairly young team, but the girls have put in a lot of hard work, and I look forward to continuing to see them improve each week.

Our daughter Catherine is getting married in February,

so we have been busy helping her with the planning. This will be an especially meaningful day, as it was also Sally's parents anniversary date.

Sally has been busy with another school year. She recently took a group of students to a STEM museum in Des Moines. It was a great experience and opportunity for all.

Happy Holidays from our family to yours. Until next time, I wish you enough.



Gene Krueger — With Thanksgiving behind us, the Christmas season is upon us and as I write this, NelsonCorp Wealth Management is preparing to host our annual Holiday Open

House at the beautiful Lodge inside of Eagle Point Park. If I didn't get to wish you and your family a Merry Christmas and a very Happy 2019 at the Event, I'd like to do it now.

Our Fall, albeit a quick one, was very enjoyable as we had multiple opportunities to be with our children and grandchildren. Granddaughter Lydia, who is now really enjoying the game of golf, was in a competition back in October and Susan and I were able to be in attendance for the last 2 days of that. Lydia, pictured with her carved pumpkin, is doing great in school and has a true love of reading.

Libby, Neal, George and Charlie, who are doing well, are going to be able to spend some extra time with us over Christmas so we are looking forward to that.

I hope this finds you all healthy. We thank you all for your continued use of our services, but most importantly, we thank you for your friendships.

THANK YOU



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Brad Fritz — December is upon us and winter has arrived with a vengeance!!!! As of this writing we've already had snow 3 or 4 times and some really cold days, it seems too early for that but the times and weather are changing.

We are heading to Colorado in December for our nieces wedding and will miss our annual Christmas Open House so will miss seeing so many of my friends and clients. We do have some winter plans that will take us to Florida in late January for a winter warm up but it is way too early to start looking forward to that, there will be a lot of snow to shovel before that. I would hope that everyone has a very Merry Christmas with family or friends, however you choose to spend it, make the most enjoyable you can.

On a Personal Note...



Amy Cavanaugh— Wishing all of you Happy Holidays! We are looking forward to spending time with family and enjoying good food and great company. We had a nice fall and some exciting news. Bud's son Brady got engaged to his longtime girlfriend Madison Jepsen and we now have a

wedding to look forward to in 2019. We are also going back to the Florida Keys for some warm weather and fishing at the end of this year and can't wait to get away from the cold and snow. Happy New Year and wishing all of you a healthy and prosperous 2019.



Cathy McDanel — It seems that winter came early this year! Mike and I were still golfing until the snow fell, but at least we can still play pickleball indoors!

Jenna's wedding was beautiful, and we have gained a new son-in-law. My family spent four days in Minneapolis, and stayed together in a home we rented. The time flew by with all of the wedding activities, and we had a great time. There is so much to do in Minneapolis, including taking Jenna's dog, Dexter, to a canine carnival!

Mike and I drove to southern Iowa to spend Thanksgiving with his mother. We had a great meal, and drove home after a nice visit.

Merry Christmas and Happy New Year to you all!



Ken Nelson — Not much new information to share with you since my last update about our trip to Colorado to do some OHV trail riding. We do however have a short trip scheduled this month to sunny Florida, and needless to say after the 13.8 inches of snowfall this past

month we can't wait to board the plane and get out of here! We continue to make plans for the two wedding we have coming up next year, and we are very pleased with the fact that for both weddings we have the reception venues, along with the Churches reserved. A HUGE relief! Now on to the other wedding STUFF! I hope all is well, and I wish you all the best and the HAPPIEST OF HOLIDAYS!



Val Hill — Happy Holidays from the Hill's! Elle is busy finishing up first semester of her sophomore year at the University of Iowa. She had another great semester and enjoys college and Iowa City. Alan has been very busy at work after getting a promotion to Foreman a few months ago. We are all very excited for the

Christmas season and spending time with family and friends. Here is a picture from an Ugly Sweater Party that Alan and I went to, to start off the holiday season!! Merry Christmas and a Happy and Healthy New Year to you and your family!



Jake Woodcock —

Over the last couple of months, my family and I have stayed busy getting ready for the holidays. We had two young foster children stay with us over Thanksgiving, which was a little chaotic, but fun.

We are getting ready for the kids' holiday pageants, Christmas parties, and celebrations in the upcoming weeks. Zara, our middle daughter, is four years old and can't wait to perform the songs she's learning at school. Gabriel, our oldest at eight years old, is also looking forward to his class' performance, and is already planning activities for Christmas break. Our youngest, Daria, is 18 months old and seems determined to take down the tree before Christmas. Soon we will see how she reacts to gifts under the tree!

We wish you all a healthy, happy, and wonderful holiday season!

On a Personal Note...



Nate Kreinbrink —

It's hard to believe we are already approaching the end of the year. However, with the snow storm we had right after Thanksgiving, Winter

definitely made it's presence known.

We are busy with the basketball season, as both Alijah and Emerson are off to great starts to their seasons. With practices, games and tournaments it makes for quite the hectic schedule. However, seeing them push themselves in something they truly enjoy is well worth it. Braxtyn has his Christmas program coming up soon, and has been practicing his songs to us every evening. Can't wait to see the actual performance! Enjoy the time with family friends this holiday season. May you and your family have a Merry Christmas and a Happy New Year.



James Nelson — Happy Holidays! I hope everyone is enjoying the Holiday season. Erica and I have been busy with our oldest, Sophia, in her activities. She is participating in basketball and gymnastics this winter. Our youngest, Violet, just celebrated her second birthday. Above is a picture of her during her birthday

party at the Sawmill Museum. I wish you all a Merry Christmas and a Happy New Year.



John Nelson — Happy holidays! As Christmas fast approaches, so does the due date for our first child. Both Mercedes and I are ready and excited for that day to come.

James and I are pictured after a successful morning of walleye fishing in northwestern Ontario. The deeper waters were a bit of an adjustment this year, but the trout and walleye fishing was excellent. We always enjoy the fishing trips in Canada.

Have a Merry Christmas!



Jamie Hugunin —

Brrrr! Is it summer yet? Winter is certainly upon us. I hope everyone had a wonderful Thanksgiving and ate way too much food, I know I did! Fall just zipped on by. We made the most of it enjoying the

outdoors. Brian and I went to the Milwaukee Zoo and admired the beautiful animals. Our favorite animals were probably the bears, seals, and penguins; they were really something to watch. Recently, Brian and I went and saw the Impractical Jokers on tour which brought many laughs. If you aren't familiar with the Impractical Jokers and are looking to add a little comedy in your lives, they will not disappoint; just tune in to TruTv and you will soon know Joe, Sal, Murr, and Q. With that, I want to wish everyone a Happy Holidays, and stay cozy!

Weekly Financial Focus

Tune in to KROS FM 105.9 / AM 1340 every Wednesday morning at 9:05, as NelsonCorp

Advisors bring you the weekly Financial Focus Program. Various financial topics will be covered, with the first Wednesday of each month being an extended Live program.



Michelle Eversoll —

I hope all of you had a wonderful Thanksgiving! I always look forward to this time of year and having the whole family together. We have so much fun cooking,

decorating for the holidays, and of course shopping for those great Black Friday deals! Time spent with family is worth every second! I wish all of you a very Merry Christmas and a Happy New Year!

On a Personal Note...



Rich Phelan — Like most of us as children, Christmas was always a special time of the year for the Phelan Family. Mom and Dad always taught that the real meaning of Christmas was to celebrate the birth of Christ. It was always a special time that included

Church, celebration with family and lots of good food and drink.

When our daughters Bridget and Molly were born, we continued many of the traditions of the Phelan and Conway families and added a few of our own. One that I have always liked was the story of Scrooge.... Charles Dickens "A Christmas Carol". It seemed to reinforce the message that there was more to Christmas and life than the pursuit of wealth.

Each Christmas season after the girls were old enough, we would read aloud a chapter or two, each evening, of a "Christmas Carol". Also, over the years we have watched every movie ever made of the book. I still make sure to watch at least a couple versions each year and read at least part of the book.

May you and your family have a meaningful and blessed Holiday season.



Bob Lee — Wow, what a blast. A wintry, snow packed blast is was. And its November.

We are headed to Asheville NC the first week of December. We will be visiting our son, Matt, daughter in law, Sarah, and granddaughter, Emma. After living in the Denver area for more than ten years, they

have relocated to the Blue Ridge Mountain community. Instead of being close to the mountains in Colorado, they are now in the mountains in North Carolina. When we

suggested to them moving to the Quad Cities, their response was "show me the mountains."

We were able to make many visits over the years to the Denver metro. Now, we look forward to exploring a new area of the country, visit our family, participate in Emma's life, and get out of the snow.



Becky Frederick—I am an Aunt, again!! We got to welcome another Frederick boy to the family this fall. He is healthy and wonderful, and I can't wait to spoil him for his 1st Christmas. Aunt Becky is good at spoiling!!! We were able to visit with a lot of family and friends over Thanksgiving. We Watched Hawkeye football , ate a TON of

great food, and even had a ping-pong tournament. I can't wait to do it again for Christmas. I hope you all have a Happy Holiday!!



Andy Ferguson — Merry Christmas! The world outside has gone to sleep, and our homes fill with laughter and love as we remember our Savior and the blessings in our lives. Our House sees many days when

personalities conflict and emotions get raw, but this time of year, something changes. Reminders of our Savior and memories of happy times are all around. As a result, words get softer and consideration for other grows. It truly is the most wonderful time of the year. In the tax world, it's also the end of the calm before the storm. Rest assured, we have made the necessary preparations and are ready to put a bow on 2018 while looking forward to unwrapping 2019. We hope this season finds you and your family well, and we look forward to seeing in the Spring.

Check out our revamped website at:

www.nelsoncorp.com

'Tis the Season





Blue Jeans Friday

Every Friday, our advisors and staff can wear jeans and pay \$5. At the end of each month, the money collected is donated to a different charity chosen by an advisor or member of the staff. In addition to the money paid by the employees, the office also provides a matching donation. Since starting the promotion in 2013, we have donated nearly \$38,000 to local charitable organizations.



October—Clinton Community College Emergency Book Fund



November—Clinton High School Band Boosters

"4 Your Money"

Over the years, we have placed a strong emphasis on educating individuals on various financial topics through meetings, workshops and our weekly "Financial Focus" radio program. With an ever changing financial landscape and lack of knowledge, we strive to reinforce basic principals for everyone to consider. With this, we recently expanded our reach to television, as co-hosts of the weekly "4 Your Money" segment on CBS Local 4. The segment airs every Tuesday morning on the 6 AM and 6PM news on CBS Local 4, as well as the 8:00 AM news on the local FOX affiliate. Tune in, as we cover specific topics each week varying from the markets, to retirement planning, to charitable gifting, and much more.



Thank You Veterans

NelsonCorp Wealth Management was once again honored to volunteer and help serve breakfast to nearly 700 local Veterans and their families as part of Hy-Vee's free Veterans Day Breakfast. THANK YOU again to all the brave men and women who have or are currently protecting and serving our country!





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-  Recommend a friend schedule a complimentary initial meeting

**Help Us
Grow In
2019**

The greatest compliment you can give is to refer family and friends!

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