

APRIL 2017

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*“For one of the wealthiest and most developed countries in the world, we can’t seem to figure out how to deliver healthcare services responsibly and reasonably.”*

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**Market Commentary**

The first quarter of 2017 came in like a lion, with all major markets showing gains and emerging markets leading the way. As the quarter waned, however, some of the bloom came off the rose when the Affordable Care Act revisions were never presented for a vote due to lack of support. This led investors to question the ability of the Trump presidency to secure support for his other initiatives including tax reform and infrastructure spending. Despite going “out like a lamb” the quarter still reflected positive returns for all areas of the US markets with technology and growth companies the early winners.

The question of healthcare reform may have been tabled for now, but the problem isn’t going away and it is a challenge of massive proportion. Medicaid was the fastest growing line item in the federal budget before the ACA was enacted. Today, of the estimated 19.2 million newly insured under this plan, more than 80% are receiving some form of subsidy to pay for their insurance under the Medicaid enrollment. Is it any wonder that there was no support for repealing the ACA with so many beneficiaries of the plan receiving healthcare for free or little cost? These subsidies are available to anyone enrolling and making less than a certain income and are greater for those closest to the poverty level. A quick look at the math reveals that – in the states of Arizona and Utah, at least – a couple making less than \$64,000 per year could expect some form of subsidy. But what about those making more?

What we saw happen in the fourth quarter of last year were insurance increases of more than 50% here in Arizona and the departure from the insurance “marketplace” of United Healthcare in all markets and Aetna in many markets, leaving some areas of the country with a single provider of healthcare insurance. With limited participation by the insurance companies, it is no wonder that health insurance costs skyrocketed in those states and counties with fewer players – it’s the old supply and demand equation. The bottom line is that for some families, health insurance has become the new mortgage.



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The implications of leaving healthcare on the current path are huge. Every dollar spent on insurance, or taxes for the insurance, or penalties because you don't have the insurance ... those are real dollars not buying homes or furniture or educations. And when you compare the amount we as Americans are spending on healthcare relative to the rest of the developed world, it is an even greater tragedy. For one of the wealthiest and most developed countries in the world, we can't seem to figure out how to deliver healthcare services responsibly and reasonably. This is a problem that needs solving before it does, in fact, implode upon itself, with greater consequences, both financial and moral.

Perhaps in recognition of how enormous this challenge, the stock market reacted only mildly disappointed when our politicians failed to find a new path forward. And as the second quarter got into swing, we already see focus changing to Trump's next target, namely infrastructure spending where he promises that the bill he is putting forth could be upward of \$1 Trillion in infrastructure projects. Between this and the hope that some tax reform follows quickly, markets have been fairly stable while waiting to see what comes next out of Washington and anticipating the next earnings season, which will soon be upon us.

Summer will be here soon enough, too, but we took a whole bunch of you out to the ballgames for the spring training season and it appears everyone enjoyed the outings very much! We will be hosting our annual client appreciation event in Utah this May with an outing to see the Real Salt Lake again and hope you can join us! For more details, see the end of this month's newsletter.

Lynda, Jake and Amy were also in Utah this month presenting at CollegeCon. CollegeCon is an expo that was hosted for more than 1,200 students and parents to come and get educated about going to college. If you think medical expenses are a shock to the pocketbook, college costs have outpaced the increases in medical expenses by almost double over the past several decades! We were there to help families understand all the tools available to help them pay for that education for their children. If we can help you, or a friend or family member, understand more about their higher education options please let us know.

Enjoy your spring weather!

**Special Bulletin!**

You will notice, as you log into your portal this month to view your reports that the look and name have changed! Interactive Advisory Software was acquired some time ago by Hanlon Advisory Software and the link to your portal reflects that change. Please note, only the name has changed – your login and password remain the same! As always, should you have any difficulty logging in, please contact our office and we will be happy to help you.





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**Market Metrics**

	Mar. 31	Feb. 28	1 Year Ago
Dow Jones Ind. Avg.	20,663	20,813	17,685
S&P 500	2,362	2,306	2,060
Nasdaq	5,912	5,825	4,870
The Russell 2000	1,386	1,378	1,114
Developed International Markets	62.29	60.34	57.16
MSCI Emerging Markets	394	380	343
Bond Index	108.5	108.8	110.8
10 Year US Treasury Yield	2.39	2.36%	1.91%
Gold (\$/oz)	\$1,245	\$1,253	\$1,237

**Graphic of the Month**

This graph just illustrates what many of us have sensed for a while: healthcare here isn't just expensive, it's more expensive than other countries. At some point, this becomes unsustainable and we sense that day is rapidly approaching where healthcare costs create a crisis for the middle class.

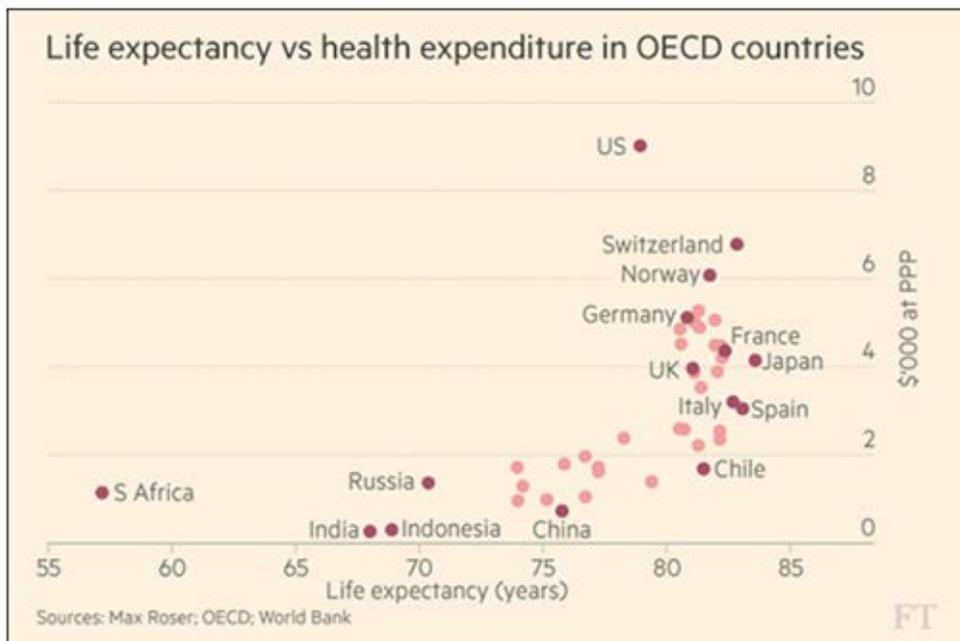


Image: [Financial Times](#)



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**Portfolio Spotlight**

This quarter marks a rather important adjustment in the way we are managing our Core Equity portfolios and you will see this reflected in your statements and confirmations shortly. Much like the 401K allocations that emphasize an overweight to those areas of the broader markets that are doing well – emerging and developed international markets replace some of the small and mid-cap stocks this month, for example – we will continue to pair those same choices in the stock portion of your portfolios here. But unlike the 401K plans, our choices can be made from the entire investment universe, so there will be a few new additions that fine-tune those choices even further, and this quarter we have added industrial materials and the technology sector as additional emphasis in the stock portfolio. These are trades that will rebalance quarterly, if necessary.

**Financial Planning Tip of the Month**

With tax season wrapping up, everyone is looking for last minute tax deductions. College students, recent grads, and parents who help with college expenses can pay less in taxes just by paying for school. All you have to do is claim one of these education tax credits or deductions on their federal income tax return.

**Tax Credit Options:** Tax credits increase your savings by decreasing the tax you owe the government, regardless of what you did or did not pay during the year through withholding or tax estimates. This includes the American Opportunity Tax Credit, and the Lifetime Learning Credit.

**Tax Deduction Options:** Tax deductions increase your savings by decreasing the income that the government taxes you on. Students and their parents have two tax deductions available to them. The first is the tuition and fees deduction where qualified expenses up to \$4,000 can be deducted. And the student loan interest deduction, where any taxpayer who paid interest during the year on a qualified student loan can deduct up to \$2,500.

Consult your tax advisor to see if you are able to deduct any of these items on your tax return.



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**Your 401k Allocation**

Failure to pass the president's first major bill on healthcare reform has the markets unsettled, with some of the "Trump Trade" favorites weakening over the course of the quarter. This weakness has spurred some changes to the weighting in mid and small cap stocks, with the momentum win going to developed and emerging markets this month. Bonds remain in a narrow range and in the employer retirement plans, provide few options for growth right now but still provide ballast when the markets get bumpy. Don't surrender your risk tolerance objective just because bonds have not kept up with stocks thus far – they aren't supposed to! Many 401K plans may not include a choice for emerging market stocks. In that event, you can add the balance to developed international for now and, as always, should you have any questions or need some assistance, don't hesitate to call and we can walk you through the changes!

April 2017		Agg. Growth	Growth	Moderate	Conservative
<b>Bonds / Cash</b>		<b>10%</b>	<b>15%</b>	<b>35%</b>	<b>70%</b>
	<b>Stable Asset - OR - Short Term Bond</b>	<b>10%</b>	<b>15%</b>	<b>35%</b>	<b>65%</b>
	<b>Total Return</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>
	<b>World Bond</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>
	<b>Inflation Protected Bond</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>
<b>Large Cap:</b>		<b>45%</b>	<b>45%</b>	<b>40%</b>	<b>18%</b>
	<b>Large Cap Growth</b>	<b>28%</b>	<b>26%</b>	<b>22%</b>	<b>12%</b>
	<b>Large Cap Value</b>	<b>17%</b>	<b>19%</b>	<b>18%</b>	<b>6%</b>
<b>Mid Cap:</b>		<b>20%</b>	<b>15%</b>	<b>10%</b>	<b>7%</b>
	<b>Mid Cap Growth</b>	<b>14%</b>	<b>10%</b>	<b>10%</b>	<b>7%</b>
	<b>Mid Cap Value</b>	<b>6%</b>	<b>5%</b>	<b>0%</b>	<b>0%</b>
<b>Small Cap:</b>		<b>5%</b>	<b>5%</b>	<b>0%</b>	<b>0%</b>
	<b>Small Cap Growth</b>	<b>5%</b>	<b>5%</b>	<b>0%</b>	<b>0%</b>
	<b>Small Cap Value</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>
<b>International:</b>		<b>20%</b>	<b>20%</b>	<b>15%</b>	<b>5%</b>
	<b>Developed International</b>	<b>5%</b>	<b>5%</b>	<b>5%</b>	<b>0%</b>
	<b>Emerging Markets</b>	<b>15%</b>	<b>15%</b>	<b>10%</b>	<b>5%</b>



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**New and Noteworthy**

- Thank you everyone who attended the baseball games with us! Here are a few pictures from the event!



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- Also A few pictures from our participation in CollegeCon!



- Copperwynd is excited to announce the Utah Client Appreciation soccer game that we will be hosting this year in Salt Lake City, Utah!
  - **May 17<sup>th</sup>, 2017 – Real Salt Lake vs. New York FC @ 7:00 PM at Rio Tinto Stadium.**

More information will be forthcoming in an email to our Utah clients, but any client that will be in the area and like to attend this game with us, give us a call at 480-348-2100, and we will get you on the reservation list!

- **1099 information:**

If you are looking for your 2016 TD Ameritrade 1099's for the 2016 tax season please click the following link to see information on when they will be mailed out.

<http://www.copperwyndfinancial.com/FAQand39s.12.htm>