



COPPERWYND
FINANCIAL

NOVEMBER 2017

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“...markets have marched ever forward, ever higher, in anticipation of a nicely wrapped package under the tree come Christmastime.”

Market Commentary

Only 49 shopping days left until Christmas. Only 55 days left for Washington to pass any sort of meaningful legislation in 2017.

The 429 page tax bill proposal was unveiled on Thursday of this week but of course it remains to be seen how much of the current proposal gets into a final bill to be approved. Now begins the messy process of compromise in the effort to gather enough votes to see this through to approval before year-end. As of this writing, any number of analysts are dissecting the massive bill to figure out who are the winners and who are the losers. For a glimpse into the details, you can follow this link: [Evaluating The Proposed Individual Tax Reforms Under The House Republican Tax Plan](#). So markets have marched ever forward, ever higher, in anticipation of a nicely wrapped package under the tree come Christmastime.

Also providing a gentle tailwind, we have seen continued economic strength and just finished a respectable corporate earnings season. Employment numbers continue to be strong reflecting a tight labor market, which should be good news for employees looking for higher wages. Sales of newly-constructed homes surged last month to their highest pace in over ten years as demand continues to be strong across the country, which is good news for construction workers and retail sales as all those new homes need furnishing! And finally, durable goods orders – those goods expecting to last longer than 3 years – rose 2.2% last month, beating analysts’ expectations handily.

Of course there is, and should be, some caution to this story. Markets are expensive by any measure, as we have been saying for most of this year. We have weathered our share of storms from Mother Nature, Washington, and would-be terrorists yet with nary a blip on the stock ticker. What will it take to finally upset markets enough to result in some selling? We are watching two key areas right now: the Federal Reserve and the European Central Bank. The Federal Reserve here, as you may recall from prior conversations, just began the process of shrinking its balance sheet in October. Overseas, the European Central Bank has firmly stepped back from its printing press and will decrease the amount of their bond purchases (printing of money) by half. While this is still very accommodative, it does signal a change to their policy. Taken in tandem, we expect the results will eventually be reflected in the stock prices as this signals tighter monetary policy than we have seen in several years.



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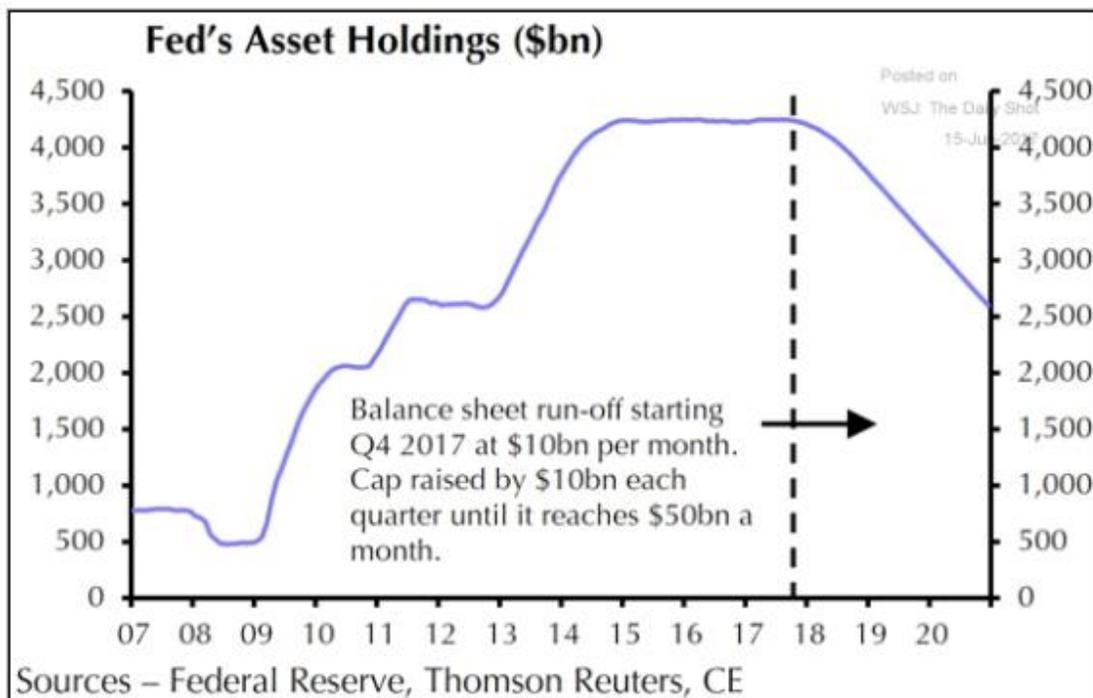


For now, we remain fully invested in all our portfolios and wait for our models to signal any change of direction. Should Washington disappoint us on the policy side, we may see coal in our stockings, but for now the start of the fourth quarter looks more like a Santa Claus rally!

Hard to believe, but we are now into the holiday season and we wish to take this opportunity to thank you all for your continued confidence in Copperwynd to help guide you in your financial plans. It is a distinct honor to be able to serve you and your families and we wish you a very safe and fulfilling Thanksgiving this month.

Graphic of the Month

Below we show the Federal Reserves planned decrease of their balance sheet. As bonds mature and mortgages are paid off, they will not reinvest those dollars into new bonds or mortgages as they have been the past three years. The idea is to allow the balance sheet to gradually and naturally decline over time, hopefully allowing the markets to absorb these changes with as little disruption as possible. And although this is considered "monetary tightening", the Federal Reserve board does allow that they will maintain a much higher balance than they would have prior to 2008. Will they be able to accomplish this without upsetting markets? Only time will tell!



Source: Capital Economics



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Market Metrics

	Oct 31	Sept 30	1 Year Ago
Dow Jones Ind. Avg.	23,337	22,405	18,142
S&P 500	2,575	2,519	2,126
Nasdaq	6,728	6,496	5,189
The Russell 2000	1,503	1,491	1,191
Developed International Markets	69.63	68.27	57.82
MSCI Emerging Markets	466	448	371
Bond Index	109.47	109.4	111.3
10 Year US Treasury Yield	2.38%	2.34%	1.83%
Gold (\$/oz75)	\$1,276	\$1,278	\$1,305

College Planning Tip of the Month

While many of us will spend the next two months enjoying time with family and friends, we also need to remember that once the holidays are over tax season will be just around the corner. Here are some tips for parents and grandparents saving for college that will help maximize any tax benefits they may be eligible for:

1. Take advantage of large, gift-tax free deposits

Contributions to a 529 plan are considered gifts for tax purposes, which means up to \$14,000 per year per individual will qualify for the annual gift tax exclusion.

2. Claim a state tax deduction (if applicable)

In addition to federal tax benefits, over thirty offer a state tax credit or deduction for 529 plan contributions. In order to receive these benefits, most states require you to use your home state's plan.

3. Open a 529 plan (if you haven't already)

If you're saving for a child or grandchild's college education, the end of the year can be a great time to consider a 529 plan. Most states that offer a tax deduction have a contribution deadline of December 31st.



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Financial Planning Tip of the Month

With the holiday season upon us, it can be tough to find the time to organize your financial life. While it may seem easier to simply push off your financial planning until next year and bundle it together with all of your other New Year's resolutions, there are a number of financial moves you can consider making before the end of the year.

1. Max out company retirement plan contributions.
2. Reduce taxable income by offsetting realized gains and losses up to \$3,000.
3. Review required minimum distributions and Roth Conversion opportunities
4. Defer and accelerate business expenses
5. Review estate plans and beneficiaries for any changes
6. Prepare charitable donations and planned giving before December 31st
7. Review health insurance and your health savings account, and your flex spending balances
8. Make any 529 contributions

It's never too soon to start thinking about next year! Review what worked for your financial plan in 2017, and what you can improve on in 2018. If you have questions on if you benefit from any of these tips, please give us a call! Also, if you live in Arizona, there are many state-specific tax credits which we have detailed below. As with any charitable contributions, all of these elections must be completed by December 31st of this year.

- AZ Military Family Relief Fund
<https://dvs.az.gov/military-family-relief-fund-2017>
- Qualifying Charitable Organizations (use to be Working Poor)
<https://www.azdor.gov/TaxCredits/QualifyingCharitableOrganizations.aspx>
- Qualifying Foster Care Charitable Organization (use to be rolled up with Qualifying Charitable Organizations, separate since 2015)
<https://www.azdor.gov/TaxCredits/QualifyingCharitableOrganizations.aspx>
- School Tax Credits
<https://www.azdor.gov/TaxCredits/SchoolTaxCreditsforIndividuals.aspx>
- School Tuition Organization for Scholarships to Private schools.
<https://www.azdor.gov/TaxCredits/QualifyingCharitableOrganizations.aspx>



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Your 401k Allocation

Weakness last month in developed international markets had several causes, but the most prominent headline revolved around the Catalonian vote as they went to the polls to determine whether they should be independent of Spain. This action is reminiscent of similar election campaigns by the Scots (who voted not to leave the UK several years back) and Brexit (who did vote to leave the European Union). Mix in a stronger dollar and the potential – realized just this week – of an interest rate increase in the UK for the first time in 10 years, and it is understandable that European markets took a bit of a breather after having a pretty strong year thus far. No different than last month when technology stocks sold off a bit in what was likely some profit-taking, we see these ebbs and flows in a normal market. Sometimes we find this to be a short-term adjustment and other times it works itself into a long-term trend and the goal in these allocations is to dip our toes into the water and then jump further in as we see the trend persist.

This month finds us thinning our developed international holdings for the very reasons mentioned – and throwing our lot back in with US Large Cap Growth (which is dominated by the tech sector this year) as the technology sell-off turned out to be short-lived. We may find that the weakness in international follows that same path, though only time will tell. For now, we’re thinning out the position but continuing to stay fully invested on the stock side of the portfolios.

November 2017					
		Agg. Growth	Growth	Moderate	Conservative
Bonds / Cash		10%	15%	35%	65%
	Stable Asset - OR - Short Term Bond	10%	15%	35%	35%
	Total Return	0%	0%	0%	30%
	World Bond	0%	0%	0%	0%
	Inflation Protected Bond	0%	0%	0%	0%
Large Cap:		45%	45%	38%	20%
	Large Cap Growth	38%	38%	33%	16%
	Large Cap Value	7%	7%	5%	4%
Mid Cap:		15%	12%	7%	5%
	Mid Cap Growth	10%	10%	7%	5%
	Mid Cap Value	5%	2%	0%	0%
Small Cap:		10%	10%	8%	5%
	Small Cap Growth	5%	5%	4%	3%
	Small Cap Value	5%	5%	4%	2%
International:		20%	18%	12%	5%
	Developed International	7%	7%	7%	0%
	Emerging Markets	13%	11%	5%	5%



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New and Noteworthy

- **November 9th, 2017: Women's Lunch and Learn – Retirement Planning– Gardner Village, West Jordan, Utah 12:00pm**

We invite you to join us for a continuation of our Women And Finances series as we introduce you to Retirement Planning basics. Please join us for lunch and feel free to invite a guest. If you would like to attend, please RSVP to Amy Diamond by email at adiamond@copperwyndfinancial.com or by calling us at the office, and we look forward to seeing you there!

- **November 10th – Utah Medicare Lunch and Learn Seminar – Gardner Village, West Jordan, Utah 12:00 pm**

We would like to invite you to an upcoming informational Lunch and Learn to hear more about Medicare and supplement options. The seminar will be presented by Tracy Weir, an independent agent and consultant specializing in Medicare Options. Lunch will be provided and you are welcome to bring a friend who may also need some help with Medicare options, but seating is limited, so please call the office to reserve your spot today!

- **Beat the Rush!**

In the next few weeks we will be starting our year end planning including RMD processing and charitable donations. If you need one of these taken care of before December 31st, and would like priority processing, give us a call today!

