

Fries Financial Services

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Happy Valentine's Day

February 14, 2018

I hope this finds you doing well. For the last 34 years I have written the cover letter of our annual Valentine's Day Newsletter to let you know how much we value our relationship with you and how we hope that our services bring satisfaction and a sense of direction to your financial lives. Valentine's Day is our favorite time to do that and to fill you in on last year's financial news and things to watch for in the upcoming year.

There are a few companies I really admire and the folks who make KIND bars are one of them. Their advertising is honest and straight forward – something I also greatly appreciate. Their most famous ad says "People confuse NICE and KIND; but they are different. It's NICE to remove artificial ingredients. It's KIND to have never put them in there in the first place." At Fries Financial Services our whole 2017 was punctuated by frequent meetings about the pending Department of Labor (DOL) legislation that would impose a whole new way for the financial planning industry to conduct business. Apparently there were a lot of companies that were neither kind, nor nice and broad reaching legislation was proposed to make other companies do business more like we do it. Sometimes legislation makes sense (seatbelt laws, child labor laws...) and sometimes you have to wonder who would actually benefit from the outcome. The legislation made it the law for the financial advisor to be required to "act in the client's best interest". Who knew there needed to be legislation to require something that should be at the very basis of the whole relationship? But there were also some serious "attachments" that sadly created "unintended consequences" of the DOL legislation that has made it so costly to financial planning firms to take on "small clients" that many large brokerage firms will not take on accounts below a certain figure and they are also attempting to close "small" accounts. So consequently, and perhaps unintentionally, after this new legislation the beginning investor is left with fewer sources of financial advice, as businesses pull out of the market.

According to Investment News (Aug 8,2017) "The DOL new fiduciary standard for retirement accounts is creating tens of thousands of "orphaned" investment accounts and limiting consumers access to financial products and services, according to Insured Retirement Institute, a trade association that represents asset managers, insurance companies, broker dealers and 150,000 financial professionals."

To be clear, we have always and will always do what is in the clients' best interest. You are who we are here to serve. You are who I made the commitment to serve 34 years ago and our Associate Advisors Travis Vollmering, Bill Hoffman and Mike Albert join me in this mission. Perhaps I'm dumb but it never dawned on me to do anything except build this business one happy client at a time and your referrals to your family, friends and co-workers have spared us the expense from advertising so that those dollars could instead be donated to worthy local charities. We now enjoy the many families where we have 3 generations of clients. I didn't know I needed a convoluted law to tell me to be both NICE and KIND.

But even though we have always done it the right way, we still have all of the costly legislation to implement. We will do everything we can to decrease its impact on you. One thing we will never do is to turn away your friends and family because they are "too small". Our business has thrived on your referrals. We won't let regulations change who we are and we will continue to be both nice and kind; it's what we do. Thanks for being a part of it.

Kindest Regards,

Denise Fries

Help for our Veterans

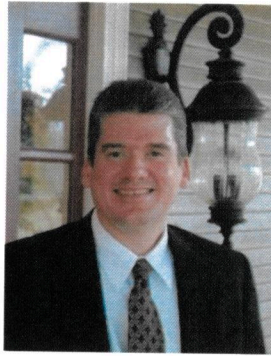


Denise Fries, Travis Vollmering, Bill Hoffman and Mike Albert attended the Securities America "Connect" National Conference in California where they were able to network with other Financial Advisors and expand their knowledge of the industry. While at the conference attendees were encouraged to support **The Fisher House**, a Foundation that provides housing for family members and veterans so they can stay close to their loved ones as they receive medical treatment at VA hospitals. Denise, an Army Veteran, challenged other attendees to give to the Fisher House Foundation by agreeing to match dollar for dollar all donations received up to \$5,000. It is so important to have a stress free, obligation free facility for these families during some of the most difficult times. The homes are normally located within walking distance of the treatment facility. There are 72 Fisher Houses located on 24 military installations and 29 VA Medical Centers; with the closest facility in Houston. Her challenge sparked a wave of generosity, pushing donations over the goal of \$50,000. If you are interested in donating to The Fisher House Foundation there are several ways you may do so; find out more at www.fisherhouse.org.



Model Portfolios

By Mike Albert CFP®, AAMS®, AWMA®, CRPC®

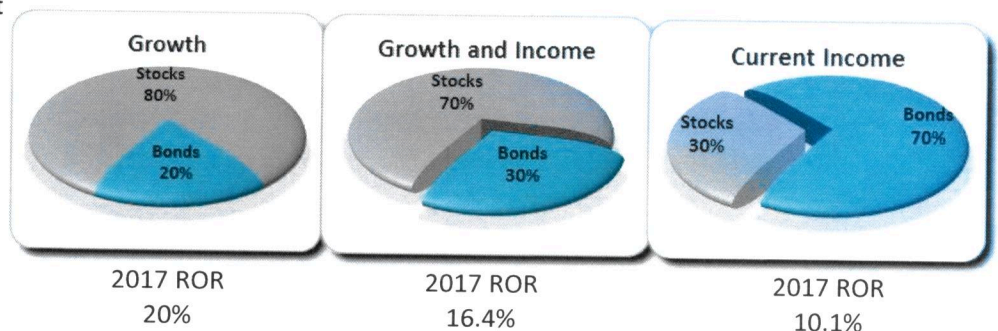


At Fries Financial Services we use model portfolios to provide investment options to our clients that align with their risk tolerance. We have options designed for clients with conservative risk tolerances all the way up to aggressive risk tolerances. All of our model portfolios are globally diversified to minimize volatility and to reduce risk and they are invested across many different asset classes such as domestic stocks, international stocks, domestic bonds, international bonds and cash, etc. Also, all of these portfolios are **actively managed** which means that we monitor them and make adjustments over time based on our current market outlook where we will increase the allocation to asset classes that we believe have a more favorable outlook and decrease the allocation to asset classes that we believe have a less favorable outlook.

During 2017, we also performed extensive research and analysis on the available investment options on the Pentegra platform which is used for Texas A&M **ORP** and **TSA** accounts as well as some **IRA** accounts. We also updated our model portfolios for all of the various risk tolerances even taking into consideration which type of investments would be likely to perform the best under the new administration. This included rebalancing all of the Pentegra accounts to these updated models and making sure that the **lowest cost** share class was used for each mutual fund which resulted in significant cost savings for our clients. Because of our vast **ORP** and **TSA** holdings, we were able to use share classes for our clients that are significantly cheaper than those which are typically offered to non-clients. As an example, we are able to access **institutional share** classes instead of investor share classes. This reduced your fees and thus increased your rate of return.

Also, during Q4 2017, we increased the number of holdings in our model portfolios that meet our **Socially Responsible Investing** criteria which includes screening for companies that score well on a variety of different factors such as environmental, social and corporate governance. We were able to do this in such a way that we believe will allow us to continue to deliver good performance as well as serving to lower the overall risk in our portfolios by reducing the potential "headline" risk of companies which do not conduct themselves above reproach.

As a result, we are very happy to report that all of our model portfolios performed well last year. These pie charts provide several examples of the performance of our model portfolios on the Pentegra platform.





Protecting Yourself from Flood Damaged Vehicles



With record amounts of flooding caused by Hurricane Harvey, hundreds of thousands cars and trucks were exposed to flood waters. The market for used cars will now be littered with these flood effected vehicles. The damage to these vehicles can manifest in anything from electronic malfunctions to the mechanical components seizing up. If you want to help protect yourself from purchasing one of these vehicles here are some tips:

- Pull back the carpeting when inspecting the vehicle. Mud and rust are dead giveaways, but also be wary of marks where you can see rust areas have been ground away.
- With the carpet pulled back, smell the underside for a mildew scent.
- If the vehicle is only showing history from another state, investigate through that state's registry. Many people will quickly register the damaged vehicles in another state with more lenient titling laws to avoid it reading as a salvage. No single state should be a red flag, but pay attention for sporadic movements in the registered state.
- Test all electronic components – AC, heat, locks, wipers, blinkers, hazards and each speaker in the vehicle.
- Buy from a trusted dealer and take advantage of any extended warranty offers. It gives you more time to see if any issues manifest without paying for repairs out-of-pocket.

SilverSneakers Fitness Program

Texas A&M University System now offers a fitness program for retirees age 65 and older. The SilverSneakers Fitness program is the nation's leading fitness program designed exclusively for older adults. This program will provide a free, basic fitness membership with access to 15,000 classes in 13,000 locations nationwide. Area fitness centers such as Gold's Gym, Anytime Fitness, TruFit and St. Joseph Maturewell Lifestyle Center all participate in this program.

Stay active by working out indoors or experience SilverSneakers FLEX classes. Connect online to learn about meal plans, healthy recipes, and inspirational articles or even interact with the SilverSneakers community.

• **TAMU System Eligibility?**

SilverSneakers is available to retirees age 65 and older who are enrolled in the A&M Care or 65 Plus plans and their spouses age 65 and older who are enrolled as a dependent.

• **How do I enroll in SilverSneakers?**

GOOD NEWS!! Retirees and their spouses who are eligible by way of the above plans are automatically enrolled. SilverSneakers will send information via mail to the eligible participants that will include participating locations, an ID card, a phone number and a website.

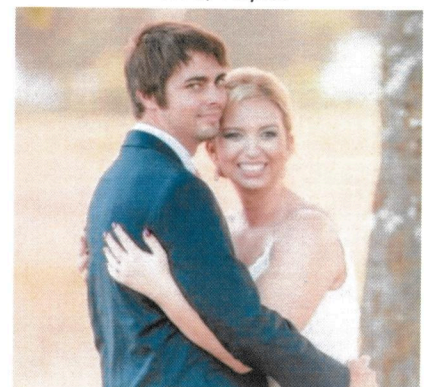
For more information on fitness locations, SilverSneakers FLEX classes and other details, visit silversneakers.com or call 1-888-423-4632, Monday through Friday, 8 a.m. to 8 p.m. EST.



Taylor's Column

Happy Valentine's Day! I got married on May 27th, 2017 to my high school sweetheart Zachary Johnson! Zach graduated from TAMU in 2014 with a Construction Science degree and has worked for Schaefer Custom Homes for three years. My mom and I spent the year prior planning the wedding and it turned out to be more than I ever could have hoped for, thanks to the help of so many friends and family. Zach and I have spent this past year remodeling our home, traveling and playing with our dog Reagan. I am delighted to still work as a Realtor for Cortiers Real Estate and for Fries Financial Services in many capacities. I have enjoyed being in on client appointments with many of you and I look forward to meeting all of you in the years to come. Happy Valentine's Day!

Love, Taylor



Upcoming Sales Tax Holidays

There are two opportunities coming up to make purchases tax free, which saves you over 8%.

One is the **Emergency Preparation Supplies Sales Tax Holiday** from April 28 to 30, 2018. Just in time for spring storms and the beginning of hurricane season in June, there is no limit on the number of qualifying items you can purchase. Just go to the internet and search for *2018 Emergency Preparation Supplies Sales Tax Holiday – Texas Comptroller* for a list of qualifying items, such as:

- Portable generators
- Batteries
- Fire extinguishers
- First aid kits
- Mobile telephone batteries & chargers

The second is a Two Sales Tax Holiday - the **Energy Star and Water-Efficient Products Sales Tax Holiday** both begin May 26 through Monday, May 28th (Memorial Day). What better way to stock up on water saving products before the hot, dry summer begins? There is no limit on the number of qualifying items you can buy.

Just go to the internet and search *Publication 98-1018* for more information.

Some items which display the Energy Star logo are:

- Air conditioners (\$6000 or less)
- refrigerators (\$2000 or less)
- Incandescent/fluorescent light bulbs
- Washers/Dryers
- Ceiling Fans

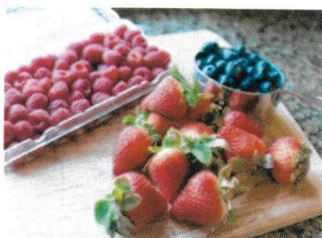
Water Sense logo products include: Sink faucets, high-efficiency toilets and showerheads.

Scooters for Schoolkids

We all watched the heartbreaking devastation that Hurricane Harvey brought to so many people. At Fries Financial Services we are acutely aware of the disruption this causes in young children's lives. We, along with several of our clients and fellow financial advisors, have "adopted" the 282 K-2 students who formerly went to Juan Seguin Elementary School in Houston, whose school was destroyed. Most of their homes, possessions and sense of security were washed away in the storm. For Christmas we donated 282 scooters to these delightful children. (For pictures visit www.facebook.com/friesfinancial) Here is one of the many thank you cards we received. If you would like to help us with future gifts for the children please let us know, as we hope to surprise their teachers again with another visit soon.



Protect Your Health and Your Wallet



My mother's good friend ended up in the hospital after eating fresh fruit. Unfortunately it carried some unhealthy tagalongs. Her doctor recommended that she always wash her fruits and vegetables in a mixture of vinegar and water. This not only sanitizes disease causing fungi and bacteria, but also helps the food last longer. Use any type of vinegar.

Use ½ cup of vinegar to 2 cups cold water and soak for 10 minutes. Spread out on a clean towel to dry.



Traveling Aggies

Are you looking for a fun Get-Away? How about joining the Traveling Aggies? They offer former students, their families and any friend of A&M the chance to travel among the camaraderie of fellow Aggies while experiencing local customs, lifestyles and educational opportunities. Bring family and friends or join the group solo. They make it easy for you. The details of the trip such as planning the itinerary, booking a hotel or planning transportation are all taken care of when you sign up. With almost 70 trips planned every year, they've got something for all interests and budgets. Here are just a few of their upcoming expeditions for 2018:

- Pure Polynesia - 3/7 to 3/19 - \$4,799 (Air Included)
- Exploring Australia & New Zealand – 3/24 to 4/14 - \$9,084 (Air Included) 3 weeks!
- Discovering Eastern Europe - 4/12 to 4/28- \$4,897 (Air Included)
- Cottages, Coves & Coasts-Canada - 7/25 to 8/4 - \$1,799 (Air Included)
- Classic China and the Yangtze – 10/3 to 10/16 - \$5,184 (Air Included)

For more details on these trips listed or to see a list of their upcoming trips, dates and pricing visit AggieNetwork.com or contact them at (979)845-7514 to request the 2018 Travel Catalog.

Bryan Residents: Want Free Money for Home or Business Upgrades?



Looking to make some upgrades in your home or office and save money at the same time? How about making some energy efficient upgrades that can save you on utility costs and letting Bryan Texas Utilities reimburse you for a portion of the cost? Sounds like a win-win to me! Introduced in 2012, Smart Home rewards Bryan homeowners for upgrading to be more efficient by providing a rebate for projects completed within the fiscal year of Oct.1st to Sept.30th. The idea of the program is to reduce energy demands by installing energy efficient materials into homes. The three categories that qualify for incentives are insulation, solar screen installation and Energy Star efficient windows. Up to 25 % of the project cost can be reimbursed. You just fill out the application online, take before and after pictures and provide invoices for any material or labor used to complete the project. It will take about four weeks to be fully processed and for any rebates to be decided and distributed. For more information on these programs visit btutilities.com. For questions contact Meagan Brown at (979) 821-5859 or smarthome@btutilities.com. If you are looking to make the upgrades for your business they also have a plan called Smart Business. It also covers costs for Air Conditioners and lighting replacements up to 20%. Contact Mike Connor at mconnor@btutilities.com or (979) 821-5830.

New Tax Law

The recently passed tax changes are likely to affect individual taxpayers and take effect in 2018. The maximum federal estate tax exemption will increase to \$11.2 million. With the help of the "portability" provision, a married couple can effectively shelter up to \$22.4 million of assets from estate tax.

Families can now use qualified education assets in tax-advantaged **529 savings accounts** to pay for elementary or secondary private school tuition. The new tax code allows taxpayers to pay up to \$10,000 per student per year in private K-12 tuition.

For 2018, the reform bill doubles the amount of the Child Tax Credit (CTC) from \$1,000 to \$2,000 per qualifying child. It's also important to emphasize that this is a credit, not a tax deduction.

While a deduction reduces the amount of your income that is subject to tax, a credit reduces your tax bill dollar-for-dollar. If you owe the IRS \$5,000 for the year and have a \$2,000 tax credit, your tax bill drops to \$3,000. The tax reform also includes a nonrefundable \$500 "family credit" for taxpayers who don't claim a CTC. Examples might include an aging parent who depends on you for care or a child whose support you provide, but is 17 years old or older.

There are other modifications for "Standard Deductions" versus "Itemized Deductions", Kiddie tax, alternative minimum tax, moving expenses, and alimony deductions. The individual insurance mandate required by the Affordable Care Act is abolished (Effective 2019). For further details, we encourage you to consult your personal tax advisor.

Please Email us your Trusted Contact Info:

Securities America now encourages us to keep the information of another person on file to contact in case we cannot reach you for more than 60 days. This person would help us confirm specifics of your current contact information, health status, and the identity of any legal guardian, executor, trustee, or holder of Power of Attorney. To take advantage of this added level of protection please provide us with the following information to designate your **Trusted Contact**:

•Full Name •Phone Number •Address

•Relationship to Account Owner

Please contact us at Service@FriesFinancial.com to request the form to add a Trusted Contact to your accounts.

Bank Small to Win Big

In the wake of the Wells Fargo scandal, which cost customers not only money but also their credit score through no fault of their own, clients often ask us where is a safe place to bank. Our stance has always been and will remain: stay local and bank at a community bank. Below are our reasons why:

- **Local banks support our community through charities and sponsoring local events.**
- **Banking locally boosts our community's economy**
- **Community banks have many of the same services as megabanks but are significantly cheaper**
- **Face-to-face interaction with bankers and no wasted time being on hold**

New Tax Rates: Taxable Income		
Rate	Single	Married
10%	\$0 - \$9,525	\$0 - \$19,050
12%	\$9,526 - \$38,700	\$19,051 - \$77,400
22%	\$38,701 - \$82,500	\$77,401 - \$165,000
24%	\$82,501 - \$157,500	\$165,001 - \$315,000
32%	\$157,500 - \$200,000	\$315,001 - \$400,000
35%	\$200,001 - \$500,000	\$400,001 - \$600,000
37%	Over \$500,000	Over \$600,000

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Happy Valentine's Day

POSTMASTER: PLEASE DELIVER ON OR BETWEEN DATES FEBRUARY 8-14, 2018

Equifax Data Breach

In September 2017, Equifax Inc. announced a cybersecurity incident potentially affecting approximately 143 million U.S. consumers. Criminals exploited a U.S. website application vulnerability to gain access to certain files. Unauthorized access occurred from mid-May through July 2017. The company has found no evidence of unauthorized activity on Equifax's core consumer or commercial credit reporting databases. You can use the resources below to determine if you are impacted and to learn about steps you can take to reduce your chances of becoming a victim of identity theft.

- Determining who is impacted (<https://www.equifaxsecurity2017.com/am-i-impacted/>)
- Press releases regarding the incident and forensic investigation (<https://www.equifaxsecurity2017.com/>)
- How to enroll in credit monitoring (<https://www.equifaxsecurity2017.com/what-can-i-do/>)
- How to contact Equifax (<https://www.equifaxsecurity2017.com/contact-us/>)

For example, one step that you can take is to freeze your credit by contacting all three nationwide consumer reporting agencies (Equifax, Experian and TransUnion). Freezing your credit means that no one (including yourself) can have credit extended in your name (e.g., opening a credit card or getting any type of loan). To reactivate, you would have to contact the consumer reporting agencies to remove the freeze, and then you could elect to freeze your credit again after the credit has been extended.

TAMU employees and retirees are being offered identity protection services free of charge. These services are provided through Experian as long as you remain employed by or retired from the A&M System and you are enrolled in the A&M Care Plans through BlueCross BlueShield of Texas. **Please note you are not automatically enrolled.** For further plan information and enrollment instructions, please visit www.tamus.edu/business/benefits-administration/employee/retiree-benefits/id-protection.

Disclosures:

The opinions and forecasts expressed are those of the author, and may not actually come to pass. This information is subject to change at any time, based on market and other conditions and should not be construed as a recommendation of any specific security or investment plan. Past performance does not guarantee future results.

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