

*Fries Financial Services*  
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*Happy Valentine's Day!*

*February 14, 2019*

I hope this finds you doing well. I used to think that Valentine's Day was my favorite day of the year. After all, we have been sending out our Valentine's Day Newsletter for 35 years as our way of thanking you for the trust and faith that you have put in us to help guide you through your financial lives. It's been a great day to share a kind word of appreciation for the people who mean so much to us, who we rely on, who we laugh with and occasionally cry with. Valentine's Day has been "the big one" for me for more than three decades. Until now. Until January 8<sup>th</sup>. No...it is not because on January 8, 1835 the U.S. Debt was \$0 for the first (and last!) time in our country's history. It's the day that my grandson, Kyle Robert Johnson, was born and while it was HIS birthday and the day my own daughter became a mother and her husband became a father... I became a grandmother! Don't get me wrong... I loved being a mother...but this is different...I was so "busy" then. And the time flew by. Anyone who knows me can tell you that I'm not one to sit around doing nothing. But I can sit and hold him for hours. And we have had some great "talks". I happily think of all of the things my husband Robert will teach him and how much fun we will all have together. Being a parent and now a grandparent makes you want to be a better person. It reinforces my belief that I should take good care of myself. It makes me even happier that I live in this great country where anything is possible. It makes me happy that we and many of our clients support so many great local charities that make our town a "hometown" and where people can get a hand up when there are bumps in the road. I think about charities like the Prenatal Clinic whose mission is to help mothers deliver healthy babies – it doesn't get any better than to help a baby get a good start in life.

Our viewpoint has always been that we see each client as a whole person with all the many roles they play in the world and all the thrills and challenges that life throws their way. We focus on helping you be "Healthy, Wealthy and Wise" because balance is the secret to a contented life. We want to help you pass on your "values" and not just your "valuables" as we discuss your financial planning.

I'm hoping to be a good role model to my grandson. I'd like him to see me treat people well, to be fair, to work hard and share the rewards. I'd like him to be proud of how we do things at Fries Financial Services because you can "do well" and "do good" at the same time. And while he may be way too young to understand "Socially Responsible Investing" philosophies, I'd like him to know that it's not ok to prosper at someone else's expense. I'd like him to see kindness and caring in the people he loves, to balance work and play and one day to hopefully work at a job that feels like it's not "work".

I welcome your advice on how to be a grandparent – or stories about your favorite grandparent! And I guess we'll stick with our "Valentine's Day Newsletters" instead of "Kyle's Birthday Newsletters" because I'll be too busy making mud pies to write it in January after all.

I hope you enjoy this year's Newsletter and that you find something in it to help you be even Healthier, Wealthier and Wiser.

*kindest Regards,*

*Denise Fries*

*www.friesfinancial.com*

## FFS Socially Aware Model Portfolios

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

We've all seen the news when a company is apologizing for some blunder. While some things are unfortunate accidents or poor conduct of one employee, others are systemic problems or outright fraudulent behavior. What you may not know is that the stocks of these companies usually take a beating and are often slow to recover. Can this be predicted?

We have incorporated **Socially Responsible Investing (SRI)** criteria into our investment analysis process which involves screening for companies that score well on a variety of different factors such as environmental, social and governance (**ESG**). We are using these SRI/ESG screens in addition to all of the other criteria we analyze before determining which investments are used in our model portfolios (e.g., risk-adjusted performance, manager tenure and track record, level of manager ownership, quality of parent company, cost).

Some examples of the ESG factors that we are evaluating companies on are:

**Environmental:** climate change and carbon emissions, air and water pollution, energy efficiency, waste management, water scarcity, biodiversity and deforestation.

**Social:** gender and diversity policies, human rights, labor standards, employee treatment, customer satisfaction, and community relations.

**Governance:** board compensation, executive compensation, audit committee structure, anti-bribery and anti-corruption policies, lobbying activities, and transparency of political contributions.

We are using Morningstar to ensure that we are evaluating companies on these ESG factors consistently and objectively, and we are reviewing the Morningstar Sustainability Rating for each mutual fund to see how the fund compares to its Morningstar category peers in terms of holding companies which score well on these ESG factors.

The Morningstar Sustainability Rating for a mutual fund is assigned on a scale of 1 globe to 5 globes with a higher number of globes indicating that a fund has a higher percentage of its assets in companies which score well on these ESG factors relative to its Morningstar category peers.

We believe that adding these SRI/ESG screens to our process will allow us to continue to deliver good performance as well as serving to lower the overall risk in our model portfolios by reducing the potential "headline" risk of companies which do not conduct themselves above reproach. In the past this type of extra scrutiny usually meant less return and/or higher fees. But it's logical that the return can actually be enhanced when large scandal related selloffs can be avoided, and there is no difference in fees at Fries Financial Services between traditional screening and enhanced screening. Proving, once again that you can do well by doing good.

## Over 70 ½? Qualified Charitable Distributions (QCDs) from Retirement Accounts

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



New tax laws which went into effect on 1/1/18 make it harder to get a tax deduction for charitable gifts because the standard deduction was raised to \$24,000 for a married couple. But if you are over age 70 ½ the next best tax strategy is having your charitable contribution sent directly from your IRA to your favorite charity.

When planning your IRA withdrawal strategy, you may want to consider making charitable donations through a QCD. A QCD is a direct transfer of funds from your IRA, payable directly to a qualified charity. QCDs can be counted toward satisfying your Required Minimum Distributions (RMDs) for the year, as long as certain rules are met.

In addition to the benefits of giving to charity, a QCD excludes the amount donated from your taxable income, which is unlike regular withdrawals from an IRA. Funds distributed directly to you, the IRA owner, and which you then give to charity do not qualify as a QCD. Keeping your taxable income lower may reduce the impact to certain tax credits and deductions, including Social Security and Medicare premiums.

While many IRAs are eligible for QCDs—Traditional, Rollover, Inherited, SEP (inactive plans only), and SIMPLE (inactive plans only)—there are requirements:

- You must be 70½ or older to be eligible to make a QCD.
- QCDs are limited to the amount that would otherwise be taxed as ordinary income. This excludes non-deductible contributions.
- The maximum annual amount that can qualify for a QCD is \$100,000. This applies to the sum of QCDs made to one or more charities in a calendar year. (If, however, you file taxes jointly, your spouse can also make a QCD from his or her own IRA within the same tax year for up to \$100,000.)
- For a QCD to count towards your current year's RMD, the funds must come out of your IRA by your RMD deadline, generally December 31.

Any amount donated above your RMD does not count toward satisfying a future year's RMD.

The charity must be a 501(c)(3) organization, eligible to receive tax-deductible contributions.

Itemization on your tax return is not required to make a QCD. While the QCD amount is not taxed, you may not also claim the distribution as a charitable tax deduction.

A QCD is not subject to withholding. State tax rules may vary, so for guidance, consult a tax advisor.

At Fries Financial Services we are happy to help you complete any paperwork to set up the distribution. To avoid stress let's get it done by December 1<sup>st</sup>. Contact us for more information.

A tax advisor can help you determine if both your IRA and charity qualify for QCDs.

**Call Mike at (979) 846-8395 to review your options.**



By Denise Fries

## Taylor Made Gluten Free Bakery Has a New "Mom"

In 2010 I opened Taylor Made Gluten Free Bakery, LLC because our daughter Taylor was diagnosed with Celiac disease and there were no good gluten free foods available in the grocery stores and restaurants. I had never planned on owning it "forever", as I hoped the gluten free market would grow and that we would get absorbed by a larger national brand. Over the 8 years this "labor of love" grew from having products in one grocery store to 596 grocery stores and 37 restaurants. It could no longer be cared for part-time and I knew it needed a "new mom" to love it and take it to the next level, and while there were some tears, I knew it was the right thing to do. Thank you for all your support over the years as I balanced my responsibilities among so many people and places. It was a priceless experience and I was blessed in so many ways from it.

## Please Welcome Our New Staff Members

We are pleased to introduce you to Carmen and Michelle.



Carmen Sanchez

Carmen joined us in February 2018 and provides support to the whole team in her numerous tasks, including the new texting system to schedule client appointments. She and her husband own Anderson Meat Market. In her spare time Carmen likes to knit and paint and keep up with her farm menagerie which includes goats, chickens, geese, ducks, turkeys, pigs, cattle and donkeys!



Michelle Selter

Michelle is the assistant to Travis and Bill and helps process rollovers and other transactions to keep things going smoothly. In her spare time she is pursuing her degree in Finance.

Without our wonderful staff we would not be able to provide you with world class service. I am so appreciative of each team member's contributions.

## PROTECT YOUR HEARING

While a chore like mowing the lawn may seem common and harmless, the loud sounds produced by a lawn mower can be dangerous to your ears and should not be taken lightly.

Sound is measured in decibels. Anything over 85 dB (like heavy traffic) can cause damage after eight hours. Sounds over 100 dB (like a motorcycle or loud speakers) can cause damage after 15 minutes and sounds over 120 dB (a jackhammer) can cause immediate damage.

A gas-powered lawn mower clocks in around 100 dB. If you use this tool for longer than 15 minutes without any hearing protection, you could permanently damage your hearing.

It is important to wear ear protection. Inexpensive foam earplugs are available at drugstores and there are special earmuffs that are specifically for ear protection.

Don't wear ear buds. Since yard machinery is already loud, people tend to turn the volume all the way up. Earbuds feed noise directly into your sensitive ears which can cause serious hearing damage. Break up yard work into sessions to give your ears a break.

Children's ears are even more sensitive to extreme noises than adult ears, so don't forget ear protection if your child is outside while machinery is being operated. All gas mowers, trimmers and chainsaws are much louder than electric. If your equipment is old & you're looking to upgrade, consider buying electric instead of gas. You'll be saving your ears and the environment.

If you plan to keep up your curb appeal and mow your lawn regularly, be sure to protect your ears to ensure you hear every compliment your lawn attracts.



## We Can Now Text Account Review Notifications

Usually we send you a post card when it's time for your Fries Financial Services Account Review. The regulations have caught up with technology and we are now able to send you a text message reminder instead of a post card. Hopefully you will find this "greener" option to be more convenient for you.

Today 2:24 PM

Howdy! It is time to schedule your account review at Fries Financial Services. Email us at [Service@FriesFinancial.com](mailto:Service@FriesFinancial.com) or call us 979-846-8395 to schedule.

PLEASE DO NOT REPLY TO THIS TEXT. IT IS AN AUTOMATED REMINDER SERVICE.

-- <https://securitiesamerica.com/sms> --

If you haven't already, you will be sent an email to let you know what to expect and to give you the option to "opt out" if you prefer the post card method. You will be asked to reply to an email to confirm that we have the correct cell numbers.

### Some things you should know:

We will never text any account information. The texts are only to schedule appointments. We will clearly identify who we are in the text.

## BEWARE: Free Lunch Living Trust Seminars

You have seen the flyers in the newspapers and the post cards in the mail. They make dire statements about Probate and offer to "keep your affairs private and out of the courts." But sadly, the fact is that they are selling something only about 2% of Texans need and Living Trusts create unnecessary cost, stress and work for the 98% of people who don't need them but act out of fear and misinformation. *Before you do anything you'll regret, let's assess your options.*

## Remember....there is NO free lunch!

## 6 Foods to Naturally Help Reduce Anxiety

It's been estimated that **40%** of Americans suffer from anxiety. It can range from annoying to debilitating. These 6 foods contain nutrients that relieve tension and help to balance brain chemistry.

**Eggs** - They contain choline, a vitamin like nutrient that is needed for the production of Serotonin and Dopamine neurotransmission that regulate mood and calm anxiety. They also contain Vitamin D which helps ease depression.

**Chard** - Chard is high in Magnesium which helps moderate the release of stress hormones. Low levels of Magnesium affects probiotic balances in the gut.

**Sweet potatoes** - Rich in fiber and complex carbs, they help level out blood sugars for a steady mood.

**Kidney beans** - High in tryptophan, an amino acid that boosts serotonin and has a calming effect.

**Brown rice** - Contains numerous B Vitamins which are crucial for the production of Dopamine, Serotonin and neurotransmitters that regulate mood.

**Herbal tea** - Chamomile, Lemon Balm, Skullcap and Passion Flower are a great substitute for coffee and carbonated beverages. One study showed they were as effective as Oxazepam, a prescription anti-anxiety medication.

## Lowering Blood Pressure Reduces Risk of Mental Decline

Did you know that Lowering Blood Pressure reduces the risk of Alzheimer's, Dementia and other mental decline? Dr. Keith Fargo, director of scientific programs and operations at the Alzheimer's Association, and his colleague James Hendrix, director of global science initiatives at the Alzheimer's Association, said "We have always known that high blood pressure is bad for your heart. Now we're also learning it's bad for your brain." In these studies, people treated to reduce their top number to 120 instead of 140 were 19% less likely to develop mild cognitive impairment with fewer signs of damage on brain scans.

Researchers are advising you to see your doctor and know your numbers. Roughly half of adults in the United States have high blood pressure.

The American Heart Association recommends the following lifestyle changes to help manage blood pressure:

- Eat a well-balanced meal
- Eat a low-salt diet
- Limit alcohol intake
- Exercise regularly
- Manage stress
- Maintain a healthy weight
- Quit smoking

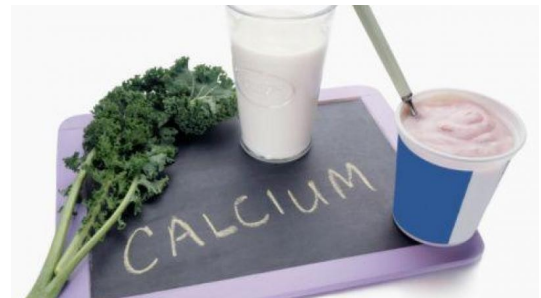


## Are You Taking Your Calcium Correctly?

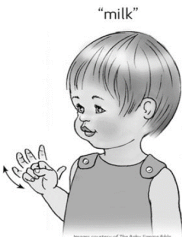
Many people take calcium to help reduce the threat of osteoporosis, but a major study showed that most people take it incorrectly which means it doesn't absorb properly.

If you eat, or take, too much calcium at once you cannot absorb it. And calcium **alone** won't help either – it needs zinc, magnesium and Vitamin D and the proper type of proteins simultaneously. It's been found to be best to get your "bone builders" from foods, not pills. Try these for good bone health:

- |                                    |                         |           |
|------------------------------------|-------------------------|-----------|
| • 85 grams of Lean Protein per day | • Cabbage               | • Milk    |
| • Beans                            | • Chard                 | • Onions  |
| • Bone Broth                       | • Cooked Collards       | • Parsley |
| • Broccoli                         | • Jell-O (for Collagen) | • Spinach |
|                                    | • Kale                  | • Yogurt  |



## Benefits of Baby Sign Language



Never again feel helpless at 2 a.m. trying to guess what your sobbing child or grandchild wants. Baby Sign Language lets babies, as young as six months old, communicate their needs and wants and takes stress off both the adult and child. In one word motions, babies can tell you if they are hungry, sleepy, want more milk or need a diaper change.

Baby Sign Language has many developmental benefits including speaking earlier and with a larger vocabulary, a 12 point higher IQ advantage over peers and eventually earning better grades in school and greater emotional stability throughout their life.

To learn more visit [www.babysignlanguage.com](http://www.babysignlanguage.com)

## Kale, Kale The Gangs All Here!

Are you eating kale to get its health benefits? It turns out that the vitamin A, C and iron in kale are not very "bioavailable" in raw kale. The cell wall is too tough to let it out so the body can absorb it. But here is a quick fix that makes it perfect in salads and smoothies:

- Tear up the Kale into bite size portions
- Completely submerge in very hot (not boiling) water for 10 minutes
- Dry off and use as you wish.



## Tumultuous Stock Market in 2018

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

As I am sure you noticed, 2018 was a tumultuous year for the stock market which saw increased volatility compared to previous years and a lot of ups and downs throughout the year which ultimately led to all of the major stock market averages posting negative returns for 2018 after the final market pullback which occurred in December. For example, domestic large cap stocks were down 4.4%, domestic mid cap stocks were down 9.1%, domestic small cap stocks were down 11.0%, international developed stocks were down 13.8%, and emerging market stocks were down 14.5%. We believe this is a temporary setback that will end soon and that this is normal stock market activity and not the start of a bear market. The reason is that the economic fundamentals remain in good shape, and we do not see any signs of the U.S. economy going into a recession during 2019. It is important to note that the U.S. unemployment rate, interest rates, and inflation are all at very low levels by historical standards. This has allowed the U.S. consumer to continue spending money, and consumption drives approximately 2/3rds of our economy.

Looking back through stock market history, it is very rare to have a bear market begin when it is not accompanied with an economic recession, which is why we believe this is just a normal "correction". Also, as a result of this correction, many stocks are now trading at attractive valuations compared to historical standards which also provides a healthy backdrop for stock prices to continue to rebound. It is also important to note that the model portfolios which we create and actively manage for many of our clients are globally diversified to minimize volatility and to reduce risk by investing across many different asset classes such as both domestic and international stocks, domestic and international bonds and cash. This allowed our model portfolios to hold up well in 2018, all things considered, and to preserve many of the significant gains that were earned in previous years. They are also off to a great start in 2019 as the markets have started to recover in January. We are actively watching the markets and will take actions as necessary. As always, we are here for you.

### "You're The Tops" Luncheon Benefitting The Prenatal Clinic

Denise Fries is being recognized for her support of B/CS Charities at the "You're The Tops" Luncheon benefitting The Prenatal Clinic. The Luncheon, which is a milestone 25<sup>th</sup> Celebration, will take place at the College Station Hilton on Saturday, April 27, 2019 at 11:30. The goal is to raise \$85,000 to provide funds for prenatal care and health education to improve pregnancy outcomes for women in the Brazos Valley. Join us as The Prenatal Clinic strives to build the foundation of a healthy pregnancy, a safe birth, a nurturing family and a viable community. To date, over 20,750 women have been served. Individual tickets are available for purchase for \$50. We would love for you to join us as we celebrate Denise and the other honorees.

To purchase a ticket or  
make a donation in Denise's honor  
please call 979-595-1780  
or visit [www.bcpsprenatal.org](http://www.bcpsprenatal.org)  
and click on **Give**.

### SIGN UP FOR "REVERSE 911" FOR COMMUNITY EMERGENCY ALERTS

In the event of an emergency, local officials in many communities can send warning messages and instructions to you in an at-risk area through a "Reverse 911® system". Most systems include landline phone numbers, but some also allow for messages to mobile phones, which is available in Brazos County. If there is severe weather, a dangerous person on the loose in your area or some other serious threat, you will receive a call or text to alert you. To find out what alerts are available in your area, you can do an Internet search with your town, city, or county name and the word "alerts"; you can go to the website for your local emergency management or public safety office; or you can contact these offices by telephone.

For the Brazos Valley, please visit:  
[brazosceoc.org/register-for-emergency-alerts](http://brazosceoc.org/register-for-emergency-alerts)  
to learn more and/or to register.



### Taylor's Column...Kyle's Corner

Twenty-five years ago my mom, Denise, included my picture in the Valentine's Day Newsletter and "Taylor's Column" began. I am grateful that many of you have celebrated milestones with me throughout the years. This year we are thrilled to announce a rebranding of the column. On January 8, 2019 my husband and I welcomed our son Kyle Robert Johnson into the world. Kyle weighed 7 lbs and 6 oz and was 19.5 inches long and is the most loved little boy ever. At one month old, Kyle's favorite activities include staring at the ceiling fan, watching Sports Center at 3 am with his dad and snuggles with mommy.



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## *Happy Valentine's Day!*

POSTMASTER: PLEASE DELIVER ON OR BETWEEN DATES FEBRUARY 8-14, 2019

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### **Disclosures:**

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