

Fries Financial Services
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Happy Valentine's Day!

February 14, 2020

I hope this finds you doing well. In 2019 we celebrated a milestone anniversary as Fries Financial Services turned 35. I remember the early days when I was the only employee and everything was done through the mail, on a typewriter or handwritten on 3 x 5 cards. I dreamed of the day when my clients' assets would add up to \$1 Million... and now they exceed \$300,000,000 and we have a fabulous team of Advisors and Service Associates to keep everything running smoothly. And I am blessed to have my own daughter involved in this company which was built one happy client at a time.

As we enter the year 2020 I think of all the phrases that use "2020" in them. Of course they refer to **20/20 vision** - which means to see things clearly from 20 feet away. I feel like it's one of our jobs to help you **see** things clearly. We help you **look** into the future and how much it will cost for a child's or grandchild's college, and your own retirement and to **visualize** your monthly budget when you are out of debt. We have to help you **look** at things no one wants to **see**, like the impact of the cost of a significant period of disability. Occasionally, we have to point out things that you do not want to see because you are too close to it. A large part of what I do is try to **envision** what the far-off future holds, the "**20,000 foot view**" of how so many things work together to create the whole. I take into consideration the world financial markets, politics and the important trends that will impact our decisions as time goes by. We have to try to "**see around corners**" and anticipate problems before they happen. Back in the beginning of Fries Financial Services I couldn't have **foreseen** that we would one day have our own Chief Investment Strategist who studies every aspect of the markets and has created 100% Socially Responsible Portfolios which have consistently outperformed their "not so responsible" counterparts. These portfolios try to exclude investments in areas which could become problems. Avoiding problems is always better than recovering from them.

I've gotten to **witness** clients' children grow up and go to college and get married and now their children are our clients, as both their parents and grandparents save for their futures. I've also seen families face hard times and we have been there to see people through divorces and losing their spouses. I clearly see the comfort that can come through helping our clients **visualize** the future. We now have a Certified Divorce Financial Analyst who can help prevent unforeseen complications and unintended consequences at a very vulnerable time. Life is sometimes messy and we are here to help clear the path to a brighter tomorrow. "**20/20 Hindsight**" is the ease with which a clear answer can be seen only *after* something has happened. For you and your family everything may be the "first time"...first new house, first child, first period of unemployment, first inheritance, first retirement; but we have the **hindsight** of all of the "firsts" we've helped others through. Our job is to help you see things clearly and find a healthy **point of view**.

We are blessed to have each of you as our clients and while much has changed in the last 35 years the one **view** we will always share is that we honor you and respect you and we are thankful that you are our clients. Valentine's Day is a great day to remind you that **we look forward to seeing you**.

I may even **show** you one of my 20,000 pictures of my beautiful grandson Kyle when you come to see us!

Kindest Regards,

Denise Fries

Changes Made in 2019 to Reduce the Risk in Our Pentegra Model Portfolios



Mike Albert

As you know, we take the stewardship of your money very seriously and appreciate the trust you place in us to help you work toward your financial goals. Along these lines, we spent a lot of time this past year determining the best approach for positioning our Pentegra Model Portfolios as we head into the next few months given all of the uncertainty and risks that exist in the world economy. Based on our desire to protect the gains in our model portfolios given the very strong performance we had through the first three quarters of 2019 and to be positioned favorably for volatile conditions, we adjusted our model portfolios in September 2019 to be more defensive should situations like the trade negotiations with China, Brexit, or any of the other serious ongoing conditions worsen.

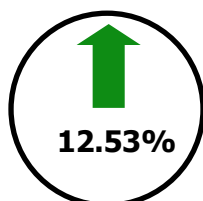
Mike Albert, CFP®, AAMS®, AWMA®, CRPC® is our Chief Investment Strategist, and he regularly repositions your Pentegra holdings to best align your funds with market conditions. There are more issues impacting the financial markets than is normally the case, and we wanted to remind you that we are here, we are acting on your behalf and we are working for the best possible outcome for you. If you have retirement money invested in Pentegra portfolios, the management of the holdings in your portfolio is covered by the fees you pay inside that portfolio. The goal is to have the performance and decreased risk eclipse the fee.

The percentage in stocks was reduced in each of the model portfolios since stocks have historically been more volatile than other asset classes and would therefore be more likely to go down in value if economic conditions worsen. Also, in addition to reducing the percentage of stocks, the types of stocks owned in each of the model portfolios have been upgraded in quality which means that these stocks should be more likely to hold up better than the broader stock market based on their history if economic conditions worsen (increasing the percentage of dividend paying stocks, increasing the percentage of stocks which have more attractive valuations, and increasing the percentage of stocks in larger companies).

The percentage in fixed income (bonds and cash) was increased in each of the model portfolios since fixed income has historically been less volatile than other asset classes and would therefore be more likely to maintain and possibly increase in value if stocks go down in value. Also, in addition to increasing the percentage of fixed income, the types of fixed income in each of the model portfolios was increased which means that they should be more likely to hold up better than the broader fixed income market based on their history if economic conditions worsen (increasing the types of bonds that are owned to improve diversification, and increasing the percentage of cash).

The percentage and types of "Alternatives" (strategies that are designed to reduce downside risk if stocks go down in value, and to have very low correlation to the stock and bond markets) was increased in each of the model portfolios since these asset classes have historically held up better than the broader stock and bond markets in environments where both stocks and bonds are going down in value.

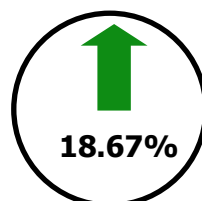
In 2019 these were the results for each Model Portfolio net of all fees and expenses:



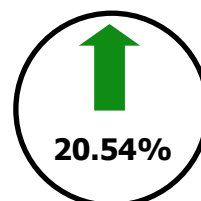
Current Income



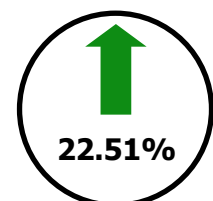
Balanced



Growth & Income



Growth



Maximum Growth

Please let us know:

Last year we began contacting everyone to see if you would be willing to receive a text to alert you that it was time to schedule an account review. This would replace the post card we had been mailing. Texting alerts allow us to reduce the environmental impact of mailing 1200 pieces of paper annually. 60% of you have let us know your preference. Please email us at admin@friesfinancial.com to update your preference and ensure we have your most recent cell number. You can continue to receive a post card if you prefer—we just want to know how you would like to be contacted.



REAL ID Act

Beginning Oct. 1, 2020 only state-issued drivers licenses and identification cards that are fully compliant with the REAL ID Act will be accepted for official federal government purposes, such as entering secure federal buildings or **boarding domestic flights**. Texas began issuing REAL ID compliant cards on Oct. 10, 2016 and these cards are marked with a gold circle with an inset star located in the upper right-hand corner.

If it does not have the star, you can continue to use the card after Oct. 1, 2020 but it will only be accepted for state-related purposes such as driving, banking, and voting. It will **not** be accepted as identification for federal purposes. Get a new card online or in person.



Beware! Write 2020, not '20

This year, instead of dating your signature with the last two digits of the year '20, use the full year 2020. This way it prevents fraudsters from changing the date to, for example, 2007 or 2021.



A Bridge Over Troubled Waters



Travis Vollmering, CDFA®

It is widely known that fights about finances are the number one cause of divorce. It is also the case that couples who use a financial planner are far less likely to divorce. Unfortunately, divorces do occur, and the process can create intense stress, frustration and confusion. Attorneys are trained in the law, but often are not equipped to advise on financial matters.

To help out during this vulnerable time Travis Vollmering has gone through intense training to become skilled in analyzing the financial matters and become a Certified Divorce Financial Analyst (CDFA). Understanding each asset, how to value it and the tax implications connected to it are vital for a fair settlement to avoid negative consequences. Placing a proper valuation on pensions like (TRS & ERS) are areas where we have seen significant errors.

Almost all of our clients come from referrals. We kept being so frustrated when we would get referred to someone who had just gone through a divorce to find out that it was too late for them to get an equitable settlement. If you know anyone going through a divorce please help us help them. Whether it is a friend or other family member we know the right type of assistance during a divorce can help them understand the financial aspects of the divorce. The fees for this type of service are often cheaper than learning the hard way after the settlement is signed! Contact Travis for a free consultation of how we can help - anywhere in the country, as the consultation can be over the phone.

Community Foundation of the Brazos Valley raises \$363,686 for 103 local Charities in "Brazos Valley Gives"

The CFBV is dedicated to improving the quality of life in the Brazos Valley by supporting the philanthropic goals of both donors and the charities that do so much good here at home.

By connecting interested donors with local charities they can create endowments to ensure the long term financial success of your favorite charity. Let us introduce you to CFBV to see how you can include them in your current giving— such as through a direct gift of your RMD out of your IRA; or as part of your Estate Planning.

Mark your calendar for April 28th for their annual luncheon which will honor local philanthropists including Denise Fries, for their work helping local charities.

403(b) and 401(k) Retirement Limits Have Increased Again in 2020

Plan Type	Amount
Traditional IRA - Under Age 50	\$6,000
Traditional IRA - Age 50 and Over	\$7,000
Roth IRA - Under Age 50	\$6,000
Roth IRA - Age 50 and Over	\$7,000
401(k)* - Under Age 50	\$19,500
401(k)* - Age 50 and Over	\$26,000
403(b)* - Under Age 50	\$19,500
403(b)* - Age 50 and Over	\$26,000

**indicates a change from 2019 tax year limits*

Texas A&M University employees will need to go into their Workday portal to make contribution changes. Please reach out to us if you need guidance on how to make changes to your retirement plan contributions.

Its Only 30 Days - By Bill Hoffman

Over the last 5 years or so, I noticed my weight slowly going in one direction ... UP! So, when a family member approached me to start Whole30 and explained to me that it is a "reset" of our eating habits and not a diet, I said "I'm in!" I thought to myself...it's only 30 days and maybe I can find one or two healthy meals I could enjoy after the 30 days is completed. The simple overview of Whole30:

- Eat meat, seafood, and eggs; vegetables and fruit; natural fats; and herbs, spices, and seasonings.
- Eat foods with a simple or recognizable list of ingredients, or no ingredients at all because they're whole and unprocessed.
- Do not consume added sugar, real or artificial.
- Do not consume alcohol, not even for cooking.
- Do not eat grains, legumes, or dairy.
- Do not consume carrageenan, MSG, or sulfites.
- Do not consume baked goods, junk foods, or treats.
- Do not step on the scale or take any body measurements for 30 days.

After my 30 days, I am 20 lbs. lighter, sleep better and have more energy throughout the day! I would say it was worth the effort.

Important Law Change ***Please Read***

On December 20, 2019, President Trump signed into law the SECURE Act. The new law is intended to expand opportunities for individuals to increase their retirement savings. But it has significant, serious tax consequences for those who inherit retirement accounts. Please read the Pros and Cons of the new law to understand its impact on you.

PROS:

- If you are over 70 ½ and want to continue to add to your retirement accounts you (and your spouse) can now do so as long as you or your spouse has earned income equal to or greater than the combined contributions.
- Required Minimum Distribution (RMD) Age Raised from 70 ½ to 72 – Effective January 1, 2020, an individual does not need to take a Required Minimum Distribution from a retirement plan until age 72. But if you have already started taking RMDs you cannot stop.
- Money from 529 Plans can be used to pay off a small portion of Student Loans. An individual can now pay off \$10,000 worth of student loans with funds held within a 529 account.

CONS:

- A significant NEGATIVE impact of the new law is that your children (or other non-spouse beneficiaries) can no longer stretch distributions from the inherited IRA over their or the deceased person's life time. Previously this significantly reduced the income tax consequences of the distributions. Now recipients are required to withdraw 100% of the account balance sometime within 10 years of the inheritance. This could be really problematic for required withdrawals if an heir is in their peak earning years. **We will need to discuss this with you as more clarification on the new law is available.**

Mark your calendar for the 45th Annual Garage Sale for The Settlement Home for Children

November 6-8, 2020

By Taylor Johnson

My mom and I were in Austin on a business trip watching the news one morning. Being avid bargain hunters, the anchor caught our attention when they presented a story on "The Largest Garage Sale in Texas" and it happened to be that morning! We went and it turned into one of our favorite family traditions and I wanted to share that with you. The sale takes place at the Palmer Event Center in Austin and it takes up 125,000 square feet indoors (Yeah air conditioning!) and is the most well-run, organized event benefiting a wonderful charity. Volunteers take donations all year-round and every item is washed, making the inventory spotlessly clean. Last year the sale raised over \$1,000,000. That shows you just how BIG this thing is! The Settlement Home for Children is a licensed nonprofit organization that serves individuals who have experienced severe emotional trauma, abuse and neglect. The Home provides 24-hour care to help children in foster care access the materials and support they need to restore and preserve a permanent sense of well-being.

If you enjoy a great bargain while helping a great cause, this might be a fun event for you!



Sleeping with the TV on May Make You Gain Weight

Did you know that dozing off to late-night TV or sleeping with other lights on might be causing you to gain weight? The National Institutes of Health study published June 10, 2019 isn't proof, but it bolsters evidence suggesting that too much exposure to light at night could pose health risks. "Evolutionarily we are supposed to be sleeping at night, in a dark place," said lead author Dale Sandler, a scientist with the National Institute of Environmental Health Science, a division of the National Institutes of Health. "It's much more important than people realize for a whole variety of health reasons."



Daily exposure to light and darkness helps maintain our 24-hour body clock, which regulates metabolism, blood pressure and other bodily functions. An irregular sleep-wake cycle may contribute to poor health, increasing risks for high blood pressure, diabetes, depression and obesity.

The next time you decide you are going to binge watch several episodes of your favorite show late at night, the first time your eyes go to doze, just go ahead and turn off that TV and go to bed.

Many TV's now have a timer so you can be sure it doesn't stay on all night. If you miss the "noise" of a TV while you sleep get a sound machine and ditch the flickering TV lights.

Taylor's Column...Kyle's Corner



Kyle & Taylor Johnson

Happy Valentine's Day! It is hard to believe that last time we spoke I was only one month old! I am now 13 months old and full of spunk. I learned how to walk right before Christmas and have kept Mom and Dad on their toes ever since. My first word was "boots" and now I have a small vocabulary including some sign language but mainly I prefer funny growling like my dog-sister Reagan. When Mommy is working at Fries Financial Services, I like to spend time with Grandmommy and Pops doing lots of fun things like going to the park and eating adventurous foods. My favorite thing I did this year was travel to Seattle for the Securities America National Conference. Mommy, Daddy, Grandmommy and I hiked around Mt. Rainier in the snow. It was awesome! Until next year! - Kyle



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Happy Valentine's Day!

POSTMASTER: PLEASE DELIVER ON OR BETWEEN DATES FEBRUARY 1st-14th, 2020

Military Holidays Explained

Memorial Day is a day of remembrance for those who have died in service to our country. It is observed on the last Monday of May every year. We celebrate Memorial Day by visiting cemeteries or memorials, holding family gatherings and participating in local or national parades. As it is a day of mourning and remembrance, it would not be customary to say, "Happy Memorial Day."



Veterans Day, originally known as Armistice Day, is a federal holiday that honors those who previously served in the US Armed Forces and are still living. The holiday falls annually on Nov. 11th, commemorating the anniversary of the end of World War I on Nov. 11, 1918. Veterans Day is celebrated with parades and community gatherings. Be sure to say "Thank you" or "Happy Veterans Day" to those who have or still are serving.

Armed Forces Day is not a federal holiday but is observed every third Saturday in May to honor active duty (current) service members. Armed Forces Day was created in 1949 to replace separate Army, Navy and Air Force Days. This day is for those who currently wear the uniform and serve the country. Armed Forces Day falls during Military Appreciation Month, joining Memorial Day and Military Spouse Appreciation Day- which is the Friday before Mother's Day.

Disclosures:

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