



Our core purpose, our passion, is to make a positive and profound difference in the lives of our clients and in the communities we serve.
~Hudock Capital

Quarterly Tax Tip:

Roth IRA Conversations for Tax Planning

One strategy that is worth evaluating with your tax accountant and Hudock Capital relationship manager is a Roth IRA conversion. The process is as simple as moving funds from a Traditional IRA to a Roth IRA. This will likely create a taxable liability for this transaction. Why would you want to pay taxes earlier than you have to? With the current tax rates below historical averages and a high federal deficit, one can theorize tax rates have only one way to go. This strategy may be particularly valuable for a retiree before required minimum distributions begin. Or someone who expects below average income or tax liability in a given year. These scenarios may give you a unique opportunity to pay the inevitable taxes now at lower rates and convert the funds into a tax-free asset.

Reference: <https://www.cnbc.com/2019/11/07/here-are-the-hidden-benefits-of-a-roth-ira-conversion.html>

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Important Tax Information

Pershing Advisor Solutions

- Dates of mailing for tax documents: Initial is January 31st, 2020 and will go as late as March 15th, 2020.

Fidelity

- Dates of mailing for tax documents: Initial is January 25th, 2020 and will go as late as March 6th, 2020.

FYI's

- All tax documents from Pershing, Fidelity or any other custodian should be held for your accountant. Additionally, Ki's that you receive should be held for your accountant.
- As in the past years, when your accountant calls us requesting information or personal data, we are required, unless we already have your permission on file, to call you to get permission to speak with them.

Economic Commentary

2019 In Summary

Let's start by rewinding the clock. Exiting 2018, the Fed had just completed its fourth rate hike and promised at least three more in 2019, even amid the backdrop of a risk-asset selloff (stocks off nearly -20% in three months). Global growth and consumer confidence were rolling over and a classic Fed-induced recession seemed at hand. Instead of a recession and market disaster, 2019 turned in one of the most remarkable asset price rebounds in modern history. Explaining this performance is not obvious from the raw economic fundamentals. Global growth did sag everywhere to near 10 year lows. Meanwhile, the trade war between the US and China drug on throughout the year until a final truce was declared until December. So why then did asset markets have such a good year? You can thank the Fed.

2020 Outlook

We believe the odds are that 2020 is likely to be a watered down version of 2019. Why optimistic? Because downturns have historically been caused by the Fed raising rates (whereas now they are cutting rates) and unintentionally setting off a chain reaction where businesses and consumers both slow spending. Of course, other "accidents" like financial or credit bubbles popping can trigger a slowdown too. But, presently, there are no obvious or imminent bubbles at work. Instead, governments around the world (including the US with a trillion dollar deficit) are gearing up for new deficit spending in 2020 to combat the sag in growth. As famed investor and trader Stanley Druckenmiller recently noted in an interview, "It's hard to have anything other than a constructive view on the market's risk and the economy, intermediate term".

While growth may well improve in 2020, it is important to note that a vigorous recovery is highly unlikely. The same forces that are holding inflation in check and making deflation a concern (i.e. weak demographics, weak productivity growth, and high levels of debt) are the same factors serving as headwinds to growth.

Reference: Economic Commentary with permission from Almanack, January 21, 2020. Redistribution is prohibited.

Five Things you should know about Q4 2019

1. US—China Trade War Truce

The trade dispute between US and China experienced relief in October when details of a "phase one" deal were announced which would suspend planned tariff increases effective in December.

2. Global Markets Surge

Equity markets around the globe posted positive returns in the fourth quarter, with Emerging markets leading the way...driven by additional rate cuts, decreased trade uncertainty, and improved outlook.

3. US Consumer Stays Resilient

Fading recession fears helped stoke the fire of rising consumer confidence as a strong holiday shopping season and decade high new construction permits demonstrated the strength of the US consumer.

4. Corporate Earnings Decline

Overall earnings for the S&P 500 declined marginally for the third consecutive quarter with slightly more companies topping analysts' consensus estimates. Analysts are currently calling for +15% EPS growth in 2020.

5. Fed Cuts Rates Again

For the 3rd and final time in 2019, the Federal Reserve cut short-term interest rates by 0.25%, reducing the target to 1.75%. Following the October meeting, Fed Chairman Powell stated that the committee will be taking a "wait and see" approach going forward.

Hudock Happenings



Healthy and happy baby boy, Carson Charles Menges, born on Monday, October 28, 2019.

This is the third child of Patrick & Kristen Menges. He loves listening and watching his two older brothers.

Amanda West and her husband, Bill Phillips, will be celebrating their one year wedding anniversary on 02/15/2020. In addition, they are enjoying his recent homecoming from his ten month deployment!

We had TWO wedding engagements at the end of 2019!
CONGRATULATIONS to Carissa Kurtz,
Amber Wright and their future husbands!

New Face of HCG



Welcome Amber Wright!!

Amber started her career with Hudock Capital Group in September 2019. Prior to joining HCG, she worked as a Mortgage Loan Closer and Staff Accountant. She earned a Bachelor of Arts degree in Accounting and Finance

with a minor in Economics from Lycoming College in 2014. In her spare time, she enjoys spending time with family and friends, traveling and reading.

In the News:

***Forbes's* Ranks Barbara Hudock among Top Financial Advisors**

Forbes recently released its 2020 Best-In-State Wealth Advisor Rankings and has named Barbara B. Hudock, CEO and Founding Partner of Hudock Capital Group, as one of the Best-In-State Wealth Advisors in Pennsylvania.

Barbara is the third highest-ranked woman wealth advisor, and is ranked #22 among all advisors, included in *Forbes* 2020 Pennsylvania Best-In-State Wealth Advisor Rankings.¹

Forbes rankings are developed by SHOOK Research and chosen based upon an in person interview, industry experience, compliance records, revenue produced and assets under management.

Barbara, who holds both the Certified Investment Management Analyst (CIMA) and Certified Portfolio Manager (CPM) professional designations, has more than four decades of experience in the wealth management industry.

Barbara said, "I'm deeply humbled to be recognized by *Forbes*. It is a testament to the hard work our entire team of dedicated professionals devote to helping our clients realize their dreams and live the lives they've imagined. That's the true reward. After all, it's why we do what we do."

In addition to personally focusing on the needs of high-net-worth individuals and families, Barbara's philosophy of strategic philanthropic community support is a core value of the firm. Embraced by the entire team and reflecting the same philosophy of the majority of the firm's clients, Barbara and her team consistently support a variety of arts, health and education non-profit organizations throughout the region.

1. *Forbes* Best-In-State Wealth Advisors, January 16, 2020, <https://www.forbes.com/best-in-state-wealth-advisors/#5c7db66291d1>



Dodge the 9 Top Elder Frauds

You've saved money all your life. Or, maybe you sold your business after investing years of hard work. You've chosen the smart path and have a comfortable nest egg as you set sail into retirement.

But always be on guard! Criminals seek to trick you into willingly handing over your hard-earning savings.

Specifically, these activities originated from unknown scammers, family members, caregivers, or someone in a nursing home. They involved more than \$6 billion, with an average loss of \$34,200. But in 7% of these instances, losses exceeded \$100,000.

If you're thinking, "This can't happen to me," think again. The best and brightest can fall victim to a seasoned swindler.

Included are the top nine scams. Please familiarize yourself with this list. If you have any questions, we would be happy to talk with you.

1. IRS impersonation scams
2. Robocalls and unsolicited phone calls
3. Sweepstakes scams/Jamaican lottery scam
4. 'Can you hear me?' 'Are you there?' scams
5. Grandparent scams
6. Computer tech support scam
7. Romance scams
8. Identity theft
9. Government grant scams

Sometimes, a good defense is the best offense. It's heartbreaking to hear stories of theft. We don't want you to become a victim and another government statistic.

If you suspect elder financial abuse, the American Bankers Association suggests the following steps:

- * Talk to elderly friends or loved ones
- * Report the elder financial abuse to their bank
- * Contact Adult Protective Services in your town or state for help

Reference: <https://www.horsemouth.com/create-an-august-letter-for-clients-dodge-the-9-top-elder-frauds>

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Dream. Plan. Live.

If you have any suggested topics or feedback about the Hudock Capital Newsletter, please feel free to call us and share!

After the Closing Bell:

A Message from Jane Hawkins' Family



To all of the wonderful clients of Hudock Capital Group and to the amazing Hudock team, we would like to send a very special heartfelt thank you for your prayers and kind wishes through all of the cards sent to our dear mom, Jane, as well as the precious words so many of you expressed to Barbara, which she conveyed to Jane during her illness.

During such a difficult time, especially over the holidays, we all felt blanketed in the warmth of the comfort in your expressions of gratitude and inspirational words to Jane.

We are also grateful to Barbara and Michael for giving Jane the opportunity to be part of such a special team. Whenever we would ask Jane when she was going to retire, she simply said, "next year; or, this is my retirement." Obviously, she cherished her colleagues and all of you!

As my brother and I express gratitude and blessings in having Jane as our incredibly dear and inspirational role model, we thank all of you for supporting her during her incredible run! For Jane, and for all of us whose lives she touched, it truly was A WONDERFUL LIFE.

Much love and blessings to you all,
Jack and Jahna Hawkins

Looking Ahead . . .

2020 Holiday Events

The Club at Shepard Hills
Tuesday, December 8th
11:00 am — 2:00 pm

Williamsport Country Club
Friday, December 11th
11:00 am — 2:00 pm

Williamsport Country Club
Saturday, December 12th
11:00 am — 2:00 pm



Visit our website for up to date news & events at:
www.hudockcapital.com