



MILLER ADVISORS

# MILLER ADVISORY

Personal financial services as individual as you are

THIRD QUARTER | 2019

## FINANCIAL UPDATE

Here are selected rate of return numbers for the last two years and year to date as of 6/30/2019\*

	2017 Return	2018 Return	2019 YTD Return
Dow Jones Industrials	+28.11%	-3.48%	+15.40%
S&P 500 Index	+21.83%	-4.38%	+18.54%
NASDAQ Composite	+29.64%	-2.84%	+21.33%
MSCI World (ex. U.S.) in U.S. dollars	+24.21%	-14.09%	+14.64%
Russell 2000	+14.65%	-11.01%	+16.98%
Russell 1000 Value Index	+13.66%	-8.27%	+16.24%
Russell 1000 Growth Index	+30.21%	-1.51%	+21.49%
Russell 3000 TR USD	+21.13%	-5.24%	+18.71%

### Major Bond Indexes

	2017 Return	2018 Return	2019 YTD Return
Barcap Intermediate Treasury	+1.14%	+0.01%	+3.99%
Barcap Aggregate	+3.54%	+1.41%	+6.11%

### Mutual Funds (Morningstar Categories)

	2017 Return	2018 Return	2019 YTD Return
Large-Cap Growth	+31.15%	+2.94%	+21.60%
Large-Cap Value	+15.09%	-5.90%	+13.75%
Small-Cap Growth	+23.77%	-5.67%	+22.38%
Small-Cap Value	+8.40%	-16.61%	+12.72%

(Source: Morningstar) \*Inclusion of these indexes is for illustrative purposes only. Keep in mind that individuals cannot invest directly in any index, and index performance does not include transaction costs or other fees, which will affect actual investment performance. Individual investor's results may vary. Past performance does not guarantee future results.



## WHAT'S NEW IN THE COLLEGE WORLD?

If you're the parent or grandparent of a current or prospective college student, you might be interested to learn what's new in the world of higher education.

### Higher college costs

For the 2018-2019 school year, average costs for tuition, fees, room, and board were:

- \$21,370 at public colleges (in-state)
- \$37,430 at public colleges (out-of-state)
- \$48,510 at private colleges

*"Talent may get you out on the field, but it's attitude and effort that will keep you there."*

- KEN GRIFFEY JR.



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The following table shows the average annual percent increase for tuition, fees, room, and board since 2015.<sup>1</sup> Despite steady cuts to their budgets from state legislatures, public colleges have been doing a better job of holding down cost increases than private colleges.

	Public In-State	Public Out-of-State	Private
2015-2016	3.3%	3.5%	3.5%
2016-2017	2.7%	3.4%	3.4%
2017-2018	3.1%	3.2%	3.5%
2018-2019	2.8%	2.6%	3.2%

Assuming a 3% across-the-board increase, average costs for 2019-2020 would be:

- \$22,011 at public colleges (in-state)
- \$38,552 at public colleges (out-of-state)
- \$49,965 at private colleges

Keep in mind that these figures are averages; many colleges cost substantially more. And these figures don't include costs for books, supplies, personal expenses, or transportation, which can add on a few thousand dollars. If you're a parent and cost is a factor when looking at colleges, you need to take the lead in the conversation because most 16-, 17-, and 18-year-olds are not financially savvy enough to drive a \$100,000 or \$200,000 decision.

### Higher Student Debt

Speaking of costs, about 65% of U.S. college seniors who

graduated in 2017 had student loan debt, owing an average of \$28,650.<sup>2</sup> And it's not just students who are borrowing. Parents are borrowing, too. There are approximately 15 million student loan borrowers age 40 and older, and this demographic accounts for almost 40% of all student loan debt.<sup>3</sup> Student loan debt is now the second-highest consumer debt category after mortgage debt, ahead of both credit cards and auto loans.<sup>4</sup>

### Reduced Asset Protection Allowance

Behind the scenes, a stealth change in the federal government's financial aid formula has been quietly (and negatively) impacting families. The asset protection allowance, which lets parents shield a certain amount of their non-retirement assets from consideration, has been steadily declining for years, resulting in a higher expected family contribution, or EFC. Ten years ago, in the 2008-2009 school year, the asset protection allowance for a 48-year-old married parent was \$46,700. In 2018-2019, that same allowance was \$21,300, resulting in a \$1,432 decrease in a student's aid eligibility ( $\$25,400 \times 5.64\%$ , the federal contribution percentage required from parental assets).<sup>5</sup>

### FAFSA Timeline

The FAFSA (Free Application for Federal Student Aid) for the 2020-2021 school year can be filed starting October 1, 2019, and relies on information in your 2018 federal income tax return.



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## Proposed 529 Plan Changes

In April 2019, the House Ways and Means Committee passed the Setting Every Community Up for Retirement Enhancement (SECURE) Act, which focuses primarily on changes to retirement plans but also includes the expansion of 529 plans.<sup>6</sup> Under the proposed legislation, 529 plan qualified expenses would be expanded to include:

- Apprenticeship programs
- Up to \$10,000 (lifetime cap) toward student loan repayment

The legislation has broad bipartisan support, so look for progress in 2019.



## Recent College Admissions Scandal

Finally, a little perspective. The recent college admissions scandal has put a spotlight on the frenzy surrounding elite college admissions and perpetuates the notion that a child's attendance at a particular school is a make-or-break, life-defining moment. But families shouldn't buy into this narrative.

Reach for the best schools? Sure, if that's important to you and your child. Think your child's life is over if he or she doesn't get into one of these schools? No. Many colleges provide an excellent education, and it's up to students to make the most of the opportunities available wherever they land.

<sup>1</sup> College Board, Trends in College Pricing, 2015-2018

<sup>2</sup> The Institute for College Access and Success, Student Debt and the Class of 2017, September 2018

<sup>3</sup> Federal Reserve Bank of New York, Student Loan Data and Demographics, September 2018

<sup>4</sup> Federal Reserve Bank of New York, Quarterly Report on Household Debt and Credit, August 2018

<sup>5</sup> U.S. Department of Education, EFC Formula, 2008-2009, 2018-2019

<sup>6</sup> savingsforcollege.com, April 12, 2019

Source: Raymond James

Photo: iStock

## HAVE YOU CHECKED YOUR TAX WITHHOLDING LATELY?

If you were unpleasantly surprised by the amount of tax you owed or the amount of your tax refund when you filed your 2018 tax return, it may be time to check your withholding.

It may also be time if there are changes in your life or financial situation that affect your tax liability. For example, have you recently married, divorced, had a child, purchased a new home, changed jobs, or had a change in the amount of your taxable income not subject to withholding (e.g., capital gains)?



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You can generally change the amount of federal tax you have withheld from your paycheck by giving a new Form W-4 to your employer. You can use a number of worksheets for the Form W-4 or the IRS Withholding Calculator (available at [irs.gov](http://irs.gov)) to help you plan your tax withholding strategy.



If changes reduce the number of allowances you are permitted to claim or your marital status changes from married to single, you must give your employer a new Form W-4 within 10 days. You can generally submit a new Form W-4 whenever you wish to change your withholding allowances for any other reason.

In general, you can claim various withholding allowances on the Form W-4 based on your tax filing status and the tax credits, itemized deductions (or any additional standard deduction for age or blindness), and adjustments to income that you expect to claim. You might increase the tax withheld or claim fewer allowances if you have a large amount of nonwage income.

(If you have a significant amount of nonwage income, you might also consider making estimated tax payments using IRS Form 1040-ES.) The amount withheld can also be adjusted to reflect that you have more than one job at a time and whether you and your spouse both work. You might reduce the amount of tax withheld by increasing the amount of allowances you claim (to the extent permissible) on the Form W-4.

You can claim exemption from withholding for the current year if: (1) for the prior year, you were entitled to a refund of all federal income tax withheld because you had no tax liability; and (2) for the current year, you expect a refund of all federal income tax withheld because you expect to have no tax liability.

Source: Raymond James

Photo: iStock

## BY THE NUMBERS

**SHRINKING INDUSTRY** There were 457,800 workers in the newspaper industry in June 1990, a total that has fallen to 139,900 by December 2018 (source: Bureau of Labor Statistics).

**RESULTING FROM OUR TRADE WAR** When comparing the first 5 months of 2019 to the first 5 months of 2018, Chinese exports to the United States have fallen 12% while American exports to China have fallen 19% (source: Commerce Department).



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**WORLD'S BIGGEST** As of 3/31/19, the US economy was \$21 trillion in size. As of 3/31/69, i.e., 50 years ago, the US economy was \$1 trillion in size (source: Commerce Department).

**SIMPLER RETURN** An estimated 18 million taxpayers completed Schedule A ("Itemized Deductions") as part of their 2018 tax return, down 61% in just 1 year (from 46.5 million itemizers in 2017). The reduction in the use of Schedule A was largely a function of the increased standard deduction created by the "Tax Cuts and Jobs Act of 2017" (source: Joint Committee on Taxation).

## MARK YOUR CALENDAR

**Chocolate Chip Cookie Day is August 4th** — The chocolate chip cookie was invented by Ruth Graves Wakefield from Massachusetts, in 1938. Her husband ran the Toll House Inn, resulting in her cookies being called "Toll House" cookies.

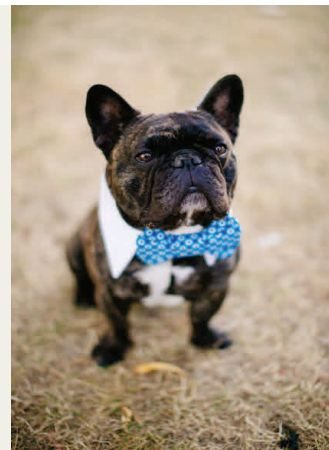
**National Eat Outside Day is August 31st** — People have been eating outdoors since the days of the caveman. Nowadays, eating outdoors has become more of a special event, than a regular occurrence. Find a picnic table, a park bench, an outdoor restaurant, or just spread a blanket out on the lawn and enjoy the sunshine!

**Labor Day is September 2nd** — The first Labor Day was held in New York City on September 5, 1882 and was started by the Central Labor Union in New York City. Two years later it was moved to the first Monday in September and on June 28, 1894, the U.S. congress voted it a national holiday. Labor Day is also viewed as the official end of summer.

Source: [www.holidayinsights.com](http://www.holidayinsights.com)

## MARCEL'S MASTERMIND

*"Take time to  
smell the roses—  
or in my case  
other dogs."*



## STAFF NEWS

Nik Weiler recently left our firm in May to move he and his family back to Spokane. He will be taking time off to care for a close friend who was recently diagnosed with Lou Gehrig's disease (ALS). We wish him and his family the very best!



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We are excited to welcome Sharon Littell as the newest member of our Miller Advisors Team! Sharon joined us at the end of April as our Client Service Associate. She has worked in the Financial Services

industry for 14 years. Starting out as a Personal Banker and then moving to Financial Investments in 2010. She obtained her Insurance License and Series 65 Securities License during that time. Since moving to Financial Investments, she has supported several Advisors and served hundreds of clients. Sharon says: "In her career, she has discovered that her true passion is connecting with clients and showing an unwavering commitment to serving them." She has extensive knowledge of the paperwork to complete service requests and understands the client's need for security of their hard earned assets and personal identity. Sharon, as we all do at Miller Advisors, values the trust our clients place in us and approaches her work accordingly. In addition to managing client transactions and service needs, she will oversee our marketing mailings, organize client events and provide general office support.

Sharon considers herself a native of Washington and has lived in Kirkland for 36 years with her husband. In her time away from the office, she enjoys spending time with her 3 little grandchildren, ages 7, 4 and 2. They are her delight and keep her very busy! We are excited to have her on our team and are confident you will be too. Please drop in the office and say Hello!

## CONTACT INFORMATION & DISCLOSURES

We would like to remind you that in the event you are unable to speak with someone at our office, you can contact Raymond James Client Services directly for assistance with your accounts at (800) 647-7378. We would like to thank those of you who have referred your associates, clients, family members and friends to us. Your referrals are personally and professionally the most satisfying way for our practice to grow. If you have any questions or feedback regarding the newsletter, please contact the office and let us know how we can improve our communication with you.

Please contact us at (425) 822-8122 or by email. Be sure to include more than one email address to ensure a prompt response.

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