

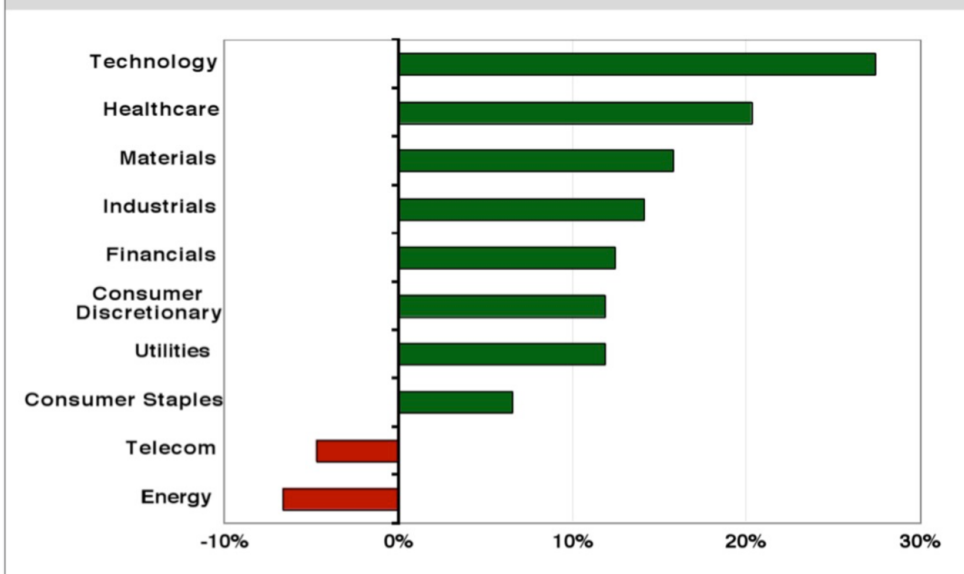


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# - CAPITOL CONNECTIONS -

## MARKET & ECONOMIC UPDATE

SECTOR PERFORMANCE (YEAR TO DATE)



U.S. equity markets have had a remarkably smooth journey so far this year, with the third quarter proving to be no exception. Those who thought it wise to “sell in May and go away” would have missed out on strong returns over the summer, with all 3 major US indices gaining at least 4% . In fact, investors waiting for a pullback to invest have had few opportunities this year with the biggest stumble in

US equities being a pullback of less than 3%. Year to date the US markets are still being led by the Technology and Health Care heavy Nasdaq with a gain of nearly 21%. The Dow and S&P 500 have both posted double digit year to date returns of 13% and 12% respectively. Stock market gains have been supported by solid corporate earnings. S&P 500 companies delivered 10.3% earnings growth in Q2, with 70% of companies beating their sales estimates, the highest percentage since 2011. With a weakening dollar, earnings are expected to get a further boost through year end and into 2018, with the S&P expected to grow earnings in the high single digits for the full year.

The U.S. economy continues to show steady growth with a final reading of 3.1% GDP for the second quarter. U.S. payrolls saw their first decline in seven years in September, most likely a result of the two major hurricanes that hit the mainland during the month. Despite the decline, the unemployment rate dropped yet again to 4.2%, and wage growth moved up to 2.9% year over year. The Fed held steady on rates at the latest meeting, with the expectation being one more rate increase in December and potentially three increases in 2018.

## Communication & Death

By James Steproe



In each edition of our newsletter, I intend to write a brief article sharing with the readers some of my thoughts and observations derived from several decades of experience as a financial advisor in both a fiduciary and non-fiduciary capacity. Today I want to bring to your attention something that I have witnessed repeatedly over the years - our failure to communicate.

For most of us our privacy is something we truly cherish. This may be even truer today in a society where, because of modern electronic databases and communications, our privacy is constantly under attack.

Combine our love of privacy with an unwillingness to discuss unpleasant matters such as death or disability and you have the main cause of problems that can bring serious financial difficulties to those we care about the most.

More specifically, I am referring to an all too common failure to share with anyone else specific information about our finances. Repeatedly, I have encountered situations where even a spouse has been kept in the dark as to what someone has and where it can be found. Whether it is the surviving spouse or members of the family, now responsible for the financial affairs of someone who has become mentally incompetent, trying to get a handle on what they have can be a nightmare. Remember, you really can't take with you and will not do your beneficiaries any good if they have no idea what it is or where it is. It astonishes me how many bank accounts escheat to the state when left unclaimed or insurance policy death benefits that remain unpaid because no claim has ever been made. By the way, all states require financial institutions, including brokerage firms, to report when personal property has been abandoned or unclaimed after a period specified by state law - often five years.

A friend recently had to assume responsibility for her ailing mother's finances, including paying mounting hospital bills. Her mother is a well-to-do woman, but her assets are scattered everywhere, with no apparent master list, and now she is barely able to speak. Her daughter has been discovering accounts as statements arrive in the mail. To this day, she has no idea what additional funds are out there and her mother's memory is rapidly fading. Sadly, she may never find them all. Unfortunately, my friend's experience is rather common.

One way of keeping our affairs private, but still providing for those who may someday need this information, is to keep an updated list of bank accounts, investment accounts, insurance policies, deeds, etc. in a secure location and then let someone know where they can find this list when the time comes. Whether you keep your money at five different financial institutions or in a fishing tackle box buried under a pile in the woodshed, be kind and tell someone else.