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IN THE NEWS THIS MONTH

Barbie Malibu Dreamhouse Available for Rent on Airbnb

Oct. 17 (UPI) -- A real-life Barbie Malibu Dreamhouse is being listed on Airbnb for a special once-only event in celebration of the fashion doll's 60th anniversary.

The Barbie Malibu Dreamhouse, listed for a single \$60 stay, includes several of the amenities from the smaller, plastic version, including a pink Jeep, a hot pink waterslide from a balcony to the pool and a closet filled with Barbie-inspired clothes.

Booking will be available Oct. 23 at 11 a.m. PDT for one fan and up to three friends to spend two nights, from Oct. 27 to Oct. 29, in the house.



The stay includes tributes to Barbie's many careers, including fencing lessons with champion Ibtihaj Muhammad, a guided tour of the Columbia Memorial Space Center from pilot and aerospace engineer Jill Meyers, meals and a cooking lesson from Malibu Seaside Chef founder Gina Clarke-Helm and a makeover from celebrity hair stylist Jen Atkin.

FINANCIAL TIPS

Balancing 401(k) and HSA Contributions

If you have the opportunity to contribute to both a 401(k) and a health savings account (HSA), you may wonder how best to take advantage of them. Determining how much to contribute to each type of plan will require some careful thought and strategic planning.

Understand the tax benefits

A traditional, non-Roth 401(k) allows you to save for retirement on a pre-tax basis, which means the money is deducted from your paycheck before taxes are assessed. The account then grows on a tax-deferred basis; you don't pay taxes on any contributions or earnings until you withdraw the money. Withdrawals are subject to ordinary income tax and a possible 10% penalty tax if made before you reach age 59½, unless an exception applies.

You can open and contribute to an HSA only if you are enrolled in a qualifying high-deductible health plan (HDHP), are not covered by someone else's plan, and cannot be claimed as a dependent by someone else. Although HDHP premiums are generally lower than other types of health insurance, the out-of-pocket costs could be much higher (until you reach the deductible). That's where HSAs come in. Similar to 401(k)s, they allow you to set aside money on a pre-tax or tax-deductible basis, and the money grows tax deferred.

However, HSAs offer an extra tax advantage: Funds used to pay qualified medical expenses can be withdrawn from the account tax-free. And you don't have to wait until a certain age to do so. That may be one reason why 68% of individuals in one survey viewed HSAs as a way to pay current medical bills rather than save for the future.¹ However, a closer look at HSAs reveals why they can add a new dimension to your retirement strategy.

HSAs: A deeper dive

Following are some of the reasons an HSA could be a good long-term, asset-building tool. With an HSA, there is no "use it or lose it" requirement, as there is with a flexible spending account (FSA); you can carry an HSA balance from one year to the next, allowing it to potentially grow over time.

HSAs are portable. If you leave your employer for any reason, you can roll the money into another HSA. You typically have the opportunity to invest your HSA money in a variety of asset classes, similar to a 401(k) plan. (According to the Plan Sponsor Council of America, most HSAs require you to have at least \$1,000 in the account before you can invest beyond cash alternatives.)

HSAs don't impose required minimum distributions at age 70½, unlike 401(k)s. You can use your HSA money to pay for certain health insurance costs in retirement, including Medicare premiums and copays, as well as long-term care insurance premiums (subject to certain limits).

Prior to age 65, withdrawals used for nonqualified expenses are subject to income tax and a 20% penalty tax; however, after age 65, money used for nonqualified expenses will not be subject to the penalty [i.e., HSA dollars used for nonqualified expenses after age 65 receive the same tax treatment as traditional 401(k) withdrawals].

The bottom line is that if you don't need all of your HSA money to cover immediate health-care costs, it may provide an ideal opportunity to build a separate nest egg for your retirement health-care expenses. (It might be wise to keep any money needed to cover immediate or short-term medical expenses in relatively conservative investments.)

Additional points to consider

If you have the option to save in both a 401(k) and an HSA, ideally you would set aside the maximum amount in each type of account: in 2019, the limits are \$19,000 (plus an additional \$6,000 if you're 50 or older) in your 401(k) plan; \$3,500 for individual coverage (or \$7,000 for families, plus an additional \$1,000 if you're 55 or older) in your HSA. Realistically, however, those amounts may be unattainable. So here are some important points to consider.

1. Estimate how much you spend out of pocket on your family's health care annually and set aside at least that much in your HSA.
2. If either your 401(k) or HSA — or both — offers an employer match, try to contribute at least enough to take full advantage of it. Not doing so is turning down free money.
3. Understand all HSA rules, both now and down the road. For example, you'll need to save receipts for all your medical expenses. And once you're enrolled in Medicare, you can no longer contribute to an HSA. Nor can you pay Medigap premiums with HSA dollars.
4. Compare investment options in both types of accounts. Examine the objectives, risk/return potential, and fees and expenses of all options before determining amounts to invest.
5. If your 401(k) offers a Roth account, you may want to factor its pros and cons into the equation as well.



TURNING BACK THE CLOCK TO 1999

November 13, 1999: “Toy Story 2”, directed by John Lasseter, starring Tom Hanks and Tim Allen, premieres in the US.

MARKETS AND INVESTING

Despite Geopolitical Woes, Stocks Pushed Higher in October

As expected, the Federal Reserve (Fed) cut short-term interest rates 25 basis points (bps) on Wednesday, following similar cuts in July and September, putting the federal funds target range at 1.50%-1.75%. In his post-meeting press conference, Chair Jerome Powell said officials “believe that monetary policy is in a good place,” suggesting that further cuts are unlikely. However, he added that “if developments emerge that cause a material reassessment of our outlook, we would respond accordingly.”

Raymond James Washington Policy Analyst Ed Mills continues to follow the ongoing China trade negotiations and impeachment proceedings that present risks and opportunities for the market. Impeachment investigations are expected to begin a more public-facing phase around mid-November, while discussions toward a limited “phase one” U.S.-China trade deal are reportedly progressing positively, he notes. A deal is likely to outline common ground on agricultural purchases, currency stability, market access for financial services, and initial steps on intellectual property rights protections.

	12/31/18 Close	10/31/19 Close	Change Year to Date	% Gain/Loss Year to Date
DJIA	23,327.46	27,046.23	+3,718.77	+15.94%
NASDAQ	6,635.28	8,292.36	+1,657.08	+24.97%
S&P 500	2,506.85	3,037.56	+530.71	+21.17%
MSCI EAFE	1,719.94	1,954.10	+234.16	+13.61%
Russell 2000	1,348.56	1,562.45	+213.89	+15.86%
Bloomberg Barclays Aggregate Bond	2,046.60	2,215.86	+169.26	+8.27%

Performance reflects price returns as of 4 p.m. ET on October 31, 2019

The month of October also harbored potentially impactful news about: Brexit negotiations, global accommodative monetary policy, short-term funding, Hong Kong protests, a global manufacturing recession, China and European growth concerns, and upcoming U.S. elections. Yet the markets displayed a risk-on sentiment, which Chief Investment Officer Larry Adam attributes to reduced recessionary fears, increased optimism surrounding U.S.-China trade negotiations, continued easing by the Fed and a better than expected earnings season. That, in conjunction with positive seasonal trends, propelled the S&P 500 to rally to a new all-time high for the fourth time in five months, Adam reports.

The month ended positively for the S&P 500 (2.04%), Dow Jones Industrial Average (0.48%), NASDAQ (3.66%) and the Russell 2000 Index (2.57%).

The financial markets and our office will be closed on November 28. Our office will also be closed on Friday, November 29 so our staff can spend time with family. As always, you may access your account(s) using Raymond James Client Access at any time, year-round. We hope you have a wonderful Thanksgiving.

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