Calvert Wealth Management, Inc.

Quarterly Newsletter

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Dear Valued Clients,

The New Year is starting out with many new headlines and several scenarios we need to keep on our radar. The new Trump administration should be taking shape as you receive this newsletter and the equity markets have reacted positively to date, but that could change as political uncertainty settles in. We will be using the consumer confidence gauge as an indicator that things could be changing with the consumer, which could have an impact on future economic growth.

On the foreign front, sometime this Spring, Britain will officially notify the European Union of its plan for leaving the Union. The long-term impact of this decision is very hard to measure. We have the opinion that it will not bode well for British companies, as they could have limited access to the European markets. However, in the end, this could benefit the rest of Europe.

Also of concern, is Russian involvement in our election cycle. There is quite a bit of data to keep track of regarding this issue and our continuing relationship with Europe as a whole. Politics are a separate issue from economics and consumer behavior, yet, as we have noted, if the consumer starts to feel uneasy that could be a signal that economy may not perform to expectations.

On a more positive note, recent projections from Standard and Poor's Index is showing continuing earnings growth for 2017. This should lead to a very positive year for our equity markets. On the fixed income side, we did see some interest rate movement at the end of 2016. However, so far this year, our bond portfolios are behaving as we thought they might with Emerging Market Bonds leading the charge followed by High Yield Bonds and Inflation Protected Bonds.

As you continue to read our various articles, please always keep in mind that should you have questions about any of our topics we encourage you to call and talk with us about your questions or concerns.

Economic Commentary

As the markets expected, the Federal Reserve raised their benchmark interest rate a quarter of a percent, citing improving economic conditions and an improved outlook moving forward. Indeed, over the last several months, we have seen improving economic data reach highs not previously seen in quite a few years. In addition, inflation and wages appear to be growing at a faster pace than throughout 2015 and 2016. Earnings estimates for this most recent quarter show that we have the potential for year-over-year growth two quarters in a row for the first time since early 2015. Moving forward, earnings are expected to continue to improve throughout 2017. Our latest GDP readings for the third quarter of 2016 show the economy growing at 3.5%, and initial fourth quarter numbers came in at a growth rate of 1.9%. Additionally, OPEC has maintained their stance of reducing production, and we have seen oil maintain a price at, or above, what we had projected from our last newsletter.

As predicted, market volatility increased leading up to this election cycle, and subsided as investors have reacted to Donald Trump's victory. Moving forward, we remain optimistic for 2017, as plans of this new administration unfold. We believe the recent changes made to our portfolios will properly position clients during the near-term.

Planning Issues

The IRS has maintained the same retirement plan contributions for 2017. The salary deferral limits for 401(k) and 403(b) plans are $18,000, with an additional $6,000 for catch-up if you reach the age of 50 this year. For those of you not eligible for company sponsored retirement plans, you can still contribute to an IRA. This year's limit remains $5,500 with an additional $1,000 for catch-up. For additional tax benefits, contributing to an HSA, as long as you are covered under a High Deductible Health Plan (HDHP), should be considered. Amounts contributed to an HSA plan are classified the same as contributions to an IRA or 401(k) – tax qualified. The maximum amount you can contribute in 2017 to an HSA increased to $3,400 for self-only coverage, $6,750 for family coverage, and both will still have a $1,000 catch-up.

If you are going to max out your 401(k) or 403(b) but still have funds you want to set aside for the future, this would be the best time to implement, or add, money to your ROTH IRA, if you are eligible. Check with your tax advisor on this issue. As a reminder, contributions for 2016 to Traditional, ROTH, and SEP IRAs can be made by the tax filing deadline. Regarding your annual investment related tax documents, investment custodians should be sending these out sometime in February. In years past, due to various tax law changes, custodians, or investment sponsors were granted extensions in providing these documents to you; this may continue into this year.

Automatic contribution plans may encourage you to save more and improve your financial situation moving forward, rather than one-time deposits. We would be happy to discuss this with you and show you how easily we can set up that kind of arrangement.

Should you have any questions regarding these topics or any financial matter, please do not hesitate to contact us.

Market Data for 2016[1] (1/30/2017)	
S&P 500 (Large cap)	24.56%
Russell 2000 (Small Cap)	38.78%
Total Bond Market Index	1.66%
Foreign Equity Index	13.07%
Emerging Markets Index	30.40%

Interest Rates (1/30/2017)	
30 Year Bond Yield	3.08%
10 Year Bond Yield	2.51%
5 Year Bond Yield	1.95%
2 Year Bond Yield	1.21%
6 Month "T" Bill	0.62%
3 Month "T" Bill	0.51%

[1]Trailing 1 Year Returns
http://us.ishares.com/tools/index_tracker.htm

CALVERT WEALTH NEWS

We had the profound honor of donating 228 toys to the Toys for Tots organization this past December, and we would like to thank you for your support to this great cause. To those of you who were able to come to our Holiday Happy Hour, thank you! We truly loved getting the opportunity to visit with you in a relaxed and celebratory way. To those of who were unable to attend, we hope your Holiday season was full of joy, family, and friends. We look forward to hearing what 2017 has to bring for each of you, with wishes of a happy, healthy, and prosperous New Year.

Kindest Regards,

THE CALVERT WEALTH MANAGEMENT TEAM