

Dear Clients,

We hope you have all had a great first half of 2019 and that you are looking forward to holidays this summer. We know many of you have exciting travel plans to all the world's continents. Our client base is very much on the move personally and professionally where we are seeing many of you changing jobs, several of you moving countries, a few retirements coming up and many of you seeing adult children going off to college, moving from home and a few new grandchildren arriving too. While many of you are experiencing a lot of happy changes, life of course brings its challenges too. We have had a few sad events too and while respecting everyone's privacy, our condolences and sympathy go out to the families of the clients we have lost this year. One of our dear long-term clients is also now at the top of the organ donation list for a new lung at the CHUV in Lausanne and when we recently met, he and his wife asked if I could share some information with you, which you will find below.

In this newsletter we will share information, analysis and opinions on a variety of subjects including world events, financial markets and some practical details that you may find useful. We have a very diverse client base in over 15 countries and over 2 dozen nationalities information and we try and choose topics of interest to a large part of our client base. If you have any topic that you would like to see us cover in the Newsletter, please don't hesitate to get in contact.

## **Organ Donation in Switzerland**

As of the writing of this newsletter, our client Mr. M. is patiently waiting for the call from the CHUV (hospital) in Lausanne that a healthy lung from a donor of the right blood type has become available. He is keeping busy reviewing the latest information on sports cars to buy after the surgery is successful and I do look forward to the moment he drives up with his broad smile to take me for a long drive. I cannot begin to contemplate the range of emotions he and his wife are going through and as all of their family and close friends want to help, at a certain point just being understanding and keeping a positive attitude is the best you can offer. When we had lunch earlier this month, I also asked if there is anything we could do to help. While they are super well organized, they did ask, as they have been doing themselves, to spread the word about organ donation in Switzerland and how things work and how you can sign up.

If you are a Swiss resident, as part of your own estate planning, you may want to consider becoming an organ donor, at any age. In Switzerland, like in many places, organ donation is an "opt in" system. If you want to have the highest likelihood of success in donating your organs, you need to make an entry into the Swiss National Organ Donation registry. This is of course a personal decision and something that should be considered with those who are closest to you as well as perhaps your doctor. For more information about organ donation and information on how to enter into the registry, please go to the [website of Swiss Transplant](#).

## Transferwise – Foreign Currency Payments & Transfers – Easier and Less Expensive...Mostly

Part of living, working and traveling overseas means making payments and transfers in different currencies. Exchanging money from one currency to another can be seamless and very inexpensive for some transactions (e.g. some US credit & debit cards) or very expensive and time consuming in others. It can be frustrating and rarely is the exchange rate you receive obvious. Many of you are sending money between the US and Europe or other countries and we have a suggestion that will save many of you time and money. There are many fintech companies worth considering such as [Transferwise](#), [Revolut](#), [OFX](#); we will feature Transferwise below:

Transferwise is a relatively new company, founded in 2011 and they have been one of the most successful FinTech companies of the 21<sup>st</sup> century. While several of you had mentioned the company before (thank you!) a few of us finally got around to setting up accounts (including myself after reading a recent article in the Economist) and using it to transfer money a few times between the US, Switzerland and the Netherlands. The account set-up process is easy (have a scanned copy of a government id handy as well as your bank account details); transferring money is easy and the cost of the exchange and transfer is crystal clear. You don't have to set-up a financial account with Transferwise, though they do offer this as an option (for US taxpayers, this would need to go on your FBARs and 8938s as the accounts are not US domiciled) and it does allow for certain additional features such as payments in the same currency and multi-currency cash accounts. Transferwise also allows business accounts too, which we set-up and again this was also very easy.

For those of you who send wire transfers out of your Schwab account, we see that Transferwise will save you money on transfers that are less than \$500,000 in value. Schwab charges a fixed fee of \$25 plus an approximate exchange fee of .70% for CHF transfers under \$500,000 (though this is not transparent, and the exchange fee differs per currency). For those of you sending money into your Schwab accounts, Schwab uses the same exchange rate and while this is more attractive than many banks (especially at lower amounts), Transferwise is again less expensive with fees ranging from about .65% for very small transfers to .26% for larger ones. Transferwise also does have a cap on transfer values, though this seems to be generally over the equivalent of \$1 million for all currencies we have explored.

When comparing exchange rate transfers out of some of the Swiss Banks, including Swissquote, we found that Transferwise was very competitive on transfers below 150,000 (CHF/USD), but less on transfers above ~150,000 CHF...though this really depends on the bank and your ability to negotiate rates. Without even setting up an account, you can go to the Transferwise [website](#) and see the exact rate and cost. This is radically more transparent than most financial institutions.

For those of you wanting to send money into and out of your Schwab brokerage accounts using Transferwise, you will have two options 1) If the Schwab checking account feature is on your account (this is free of charge) you will be using the routing number and 10 digit checking account number on the bottom of your checks (for both sending and receiving using Transferwise), not your 8 digit Schwab brokerage account number. Or, you can send an ACH transfer direct to your

Schwab account though in this case please contact us for instructions or review on the Schwab web site. During the coming weeks we will be developing a handout that explains many of the features of Transferwise and will be encouraging our clients to give it a try if we think it will be beneficial for their situation.

For those of you who are leaving Switzerland or another European country and are concerned about being able to make payments into Europe if your bank account is closed, Transferwise is another solution to make payments...but not yet perfect in terms of holding some currencies.

Like all services, Transferwise is not "the best". For transfers over \$150,000 or more you can still get better rates in some cases by negotiating with your bank before making a transfer. For transfers into and out of your Schwab accounts that are over \$500,000, Schwab may give better rates. In some cases, also, it seems that going through Transferwise, compared with a wire transfer, may take an extra day or two from what we have seen and heard. Finally, Charles Schwab does still have the best guarantee in the business in terms of losses from on-line fraud. While we have not had any clients lose money from internet fraud from any accounts we manage, on-line data and financial security will remain an issue so long as there is internet banking. Note that Transferwise does incorporate two-factor authentication with your mobile phone, while not fool-proof, as a money transfer service they do have to take online data privacy and financial security very seriously.

Again, Transferwise is not the only service out there that offers great savings and transparency. [Revolut](#), based in the UK, may be interesting for some of you though apparently US residents are currently prohibited from joining. This [link](#) has a comparison of Transferwise and Revolut. We like Transferwise but for your situation, other services may be even more beneficial.

In summary, we believe Transferwise or other similar companies can save you money and time for many of your foreign exchange transfers and payments. We also believe you will appreciate the transparency on the fees as well as the e-mail notifications that keep you informed on the status of your transfers. If you would like to discuss a transfer and what is best for your situation, please contact anyone on our team.

## White Lighthouse Information and News

In April of 2019 we welcomed Susan Hegarty to White Lighthouse. Susan is based in New Jersey and is working with Kathy in our back office. Susan has a bachelor's degree in Business from Fairleigh Dickinson University, Teaneck, New Jersey. She spent 26 years working for Mercedes Benz LLC, where she was a colleague of Kathy's for 14 years. During her time at Mercedes Susan held several positions within the accounts receivable department and was a team member for the billing system implementation and involved with several accounting system conversions and upgrades. Susan Lives in Wayne NJ with her husband and daughter.

You will start to see an upgrade of many of our communications. Michelle Barnhardt started working with us in April this year on a regular contract basis and while we remain in charge of all

the content, Michelle will be saving us a lot of time and making things look better than we can! Michelle is now responsible for maintaining and upgrading our website (coming soon) too.

On the evening of September 17<sup>th</sup>, Jonathan will be chairing a panel for American Citizens Abroad (ACA) at the Eglise réformée française (French Reformed Church) at Schanzengasse 25, in Zurich. Registration information will become available on the ACA [website](#) about a month before the event. We are expecting ACA Executive Director Mary-Louise Serrato to be present to give us an update on ACA and the status of the Legislation introduced by Congressman Holding in support of Residency Based Taxation. ACA is looking for a couple of professional volunteers and if you are interested, please contact Mary-Louise directly at [info@americansabroad.org](mailto:info@americansabroad.org).

Thank you to the many of you who wished me, Jonathan, a Happy 50<sup>th</sup> birthday this month! My AARP application showed up right on time in the mail, The Lexington Golf Club offered me the senior citizens discount on my previous round (reserved for 60+) which I am trying to be good spirited about and I have been complaining to anyone who will listen that I am not taking the jump into my 50s as gracefully as I would like. I have however taken some inspiration from Tiger Woods and I enjoyed watching him on TV as he went on to win the Masters Golf Tournament this year; an amazing comeback story after so many personal and physical challenges....so I am not giving up hope yet in achieving some of my personal goals! A big thank you to my family and colleagues, I will be treating myself to a vacation in South Africa later in the year in celebration. One of the best treats for my birthday a card designed by my 12-year old daughter Emma below:



## Interesting links from this newsletter:

[Click to visit Transferwise](#)



TransferWise



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Fires Warning  
Over Buy-to-Let  
Property  
Lending  
-Swissinfo.ch



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**Various and Sundry Topics: Swiss Tax Audits, The US Sharing financial information with non-US governments, Google Data Privacy, Claiming US Social Security from Europe, Resources for Teenage Investors, The Case Against Early Retirement and more...**

In the past year we have heard from several clients (and from Swiss tax advisors) about **audits of the wealth tax declarations in Switzerland**, especially Vaud, for tax years of 2015- 2017. In Vaud, the tax authorities were looking into the details of declarations about the value of cars, household goods and other sundry items that were customarily ignored in the past decades. It is very possible, as many high paying jobs have been exiting Vaud, that the tax authorities there are feeling a decline in revenue, and so are targeting people where they believe they can bring in some extra revenue more easily. If you receive a letter from the tax authorities, don't take it personally that you or your tax preparer have done anything out of the ordinary, there just seems to be a shift in focus...though it may end up costing you some extra time and taxes.



Thanks to Marina to pointing out this [article](#) where the **US courts have allowed the IRS to serve a John Doe summons on several US financial institutions on behalf of the Finnish government**. It is suspected that some Finnish residents may not be reporting all their income and assets in accounts in the United States. Why are we sharing this with you? After the FATCA legislation the world's financial institutions started becoming a branch of the IRS and started sharing information with the US about US taxpayers. With the introduction of CRS (Common Reporting Standard for the Automatic Exchange of Information) that most OECD governments automatically share financial information with each other about their taxpayers, with the US being the major exception. The US government has shown some reluctance to reciprocate on sharing information under FATCA and CRS but now perhaps the tide is starting to change? So, if you have an account in the US that you may have forgotten to report on your tax return and are not a US taxpayer, you may want to take note. We always encourage our clients to report their income on tax returns where-ever they are required, if you need any help or advice from us, please don't hesitate to let us know.

We have written a lot of about **data privacy** in the past...something that is becoming more and more difficult as Alexa, Siri, Google, Facebook, the Phone Company, Governments and thousands of other firms and organizations scoop up digital data in so many formats. This [article](#) shows how Google has now made it a little easier to have your information stored for a much shorter period of time, just the last 3 months if you would like. This is something you must actively choose, and the article gives you step by step instructions. Privacy will likely become a larger theme as time goes on. Perhaps one of the next big companies will make it easy for individuals to be "forgotten" or to just stay more discrete on-line; across all platforms.

We are hearing from a few people that claiming **US Social Security** is becoming more challenging from outside the US and the government has scaled back its resources at various Embassy and Consulate locations. If you have any stories or tips to share, we would be happy to share them. One thing that I can report anonymously from a member of the Federal Benefits Unit is that if you are trying to set-up an account [on-line](#) with the US Social Security Administration, and had lived in the US before [Meaning you have some US indicia that can be used to pass their identifying security questions] , that you may want to access the website with a VPN (Virtual Private Network) that gives you a US rather than a foreign IPS address. This will at least allow you to try and establish an account on-line if you have not done so already. Or, you can try and do this the next time you visit the US. For all clients who have a record with US social security, we do recommend keeping on hand a recent statement and establishing an account on-line in order to ease the claim of future benefits.

Many of our clients ask us questions on how they can help **educate their teenage or young adult children on personal financial matters**. I am a big fan of learning by doing and so for my own children (the older 3 between 9-14) they occasionally will have a look at their modest investment accounts, ask questions and choose stocks to invest in. My oldest Julian, through his school, has been playing the [Stock Market Game](#) which has been a great educational resource. [TeenInvestor](#) is another website you can pass along to your teenagers who may want to learn more about investing. As your children get old enough, learning to work with money whether it is an allowance, getting a part time job, learning to save, invest, donate, earn and spend wisely are all important components of a financial education. Learning by doing is one of the best methods and if you would like to discuss this topic in more detail, please get in touch.

We love to receive articles, book suggestions and information from our clients and one of my favorites from this quarter was a [Wall Street Journal article](#) on the **case against early retirement**. While many employees dream of the days of not having to go to the office as a reward for decades of hard work, it turns out that retirement is not healthy for many people. In addition to picking up bad habits such as being too sedentary, or eating or drinking too much, in retirement many people lose a lot of the intellectual stimulation and social interaction that the workplace can deliver. So far, if I look at the sample of White Lighthouse clients who have recently retired, I would give you high marks for enjoying travel, visiting with family and friends and keeping active socially and physically fit! Personally, I am planning to work well into my 70s' health permitting, as our clients have helped to make this profession so enjoyable!

If you are a US taxpayer and find yourself in the very unfortunate situation of having your **passport revoked or a passport renewal denied for tax reasons**, the IRS has announced an expediated process which would enable the State Department to process a decertification within 24-48 hours. ACA had originally worked on this issue helping to get the 30-day time period for the IRS to decertify a delinquent taxpayer (the original legislation did not compel them to any time period) and we are all happy to know that this process can now be moved along much more quickly. Glen Frost, assistant legal counsel at ACA has more information about the subject [here](#).

Before anyone asks, yes, I have seen that **Bitcoin** was recently back over \$13,000 from a low of around \$3000 last year and no we don't recommend buying any unless you do so for the entertainment value. I still don't think the long-term value is worth much more than the heat and CO2 that was used to mine each one. Facebook, one my least favorite investments in the "technology" sector and suffering from reputational challenges, has announced they will try and lead a consortium and create a cryptocurrency and payment system, Libra. They have an impressive line-up of founding members signing up such as Visa, Mastercard, Vodafone, Paypal and Andreessen Horowitz to name a few. Financial systems in general and financial payments (think credit card fees and currency exchange) are certainly ripe for disruption or at least lower

costs and higher efficiency. Whether there will be a crypto or other electronic currency of any significance that supplants government run monetary systems remains to be seen. Like all areas that technology touches, there will certainly be positive impacts (lower costs) and winners and losers on the investment side of things. If traditional currencies and the related payment systems adopt new technologies (e.g. cheaper payment systems and blockchain ledgers) it will be very difficult for non-government backed currencies to match their stability. Who do you trust more with financial stability Facebook, Western democracies, The world's central bankers? Okay, maybe there is a chance of success after all...I'm just not ready to commit yet...

For those of you who work with **Swissquote**, you will know that so far Swissquote has not been charging negative interest on holding Swiss Franc cash. What you may not have realized is that they would have charged you negative interest for balances over 1 million CHF. Swissquote announced today that effective August 1<sup>st</sup>, 2019, they will lower the balance at which they charge negative interest to balances over 500,000 CHF. Though, they will reimburse up to 1000 CHF per quarter as a trading credit to offset some of the costs. Even though this applies to very few clients, I would suspect this is a trend and if the Swiss National Bank lowers rates further, you can expect to see the threshold drop even further. Banks are being challenged from many directions on profits, consumers should expect to start paying more for some banking services.

## World Events

So many things to choose from in writing about world events, The China-US Trade skirmish, Brexit and Boris Johnson, The G20 summit, the start of the marathon process to choose a Democratic candidate to oppose Donald Trump, The World Economy & Interest Rates, The Women's World Cup, Hong Kong, Iran, the 3 Billion tonnes of water [that is not a typo] a day that are currently melting off Greenland into the ocean, Facebook's ambitions to create a global currency.

Let's start on all the bluster going on about the possibility of a global recession, the possibility of interest rate cuts and the "slowing" of the global and US economy. The US is just days away from reaching the longest economic expansion in its history in July 2019, thought this is still about 17 years short of Australia which just entered its 27<sup>th</sup> year of economic growth. According to the IMF, in 2019 almost all countries were experiencing Real GDP Growth with a 3.3% global average [1.8% in advanced economies and 4.4% in developing economies]. Inflation remains low and interest rates remain very low by historical standards. Employment remains high and trade relations, well this seems to be the biggest area of concern as the US President seems to relish in creating headlines worthy of tabloid news; not everyone's preferred style of governance.

Trade makes up about 10-15% of the US Economy (Imports and Exports) and less than 20% of the Chinese Economy, the world's two largest economies. The dollar figures are large and the disruption in some trade routes is significant to some companies (much of which would be replaced by domestic or international substitutes) but overall, this seems unlikely to have a major impact on economic growth, other than psychologically. While this is important, both the US and Chinese



leaders have a big incentive both politically and economically to come to some sort of agreement before the end of the year, if not in the next few days. Trade concerns seem likely to pass soon.

The Federal Reserve had a minor shift in language in June which appears to indicate that they might possibly consider cutting interest rates. They are intentionally vague. Economists and the financial talking heads seem very convinced that a rate cut is coming very soon. While I will never claim to be smarter than the other prognosticators out there, especially at predicting the future, I must dissent and say the US does not need a rate cut. Unemployment is close to an all-time low in the US (with baby boomers still retiring at about 10,000 a day), inflation is tame, the main reason to cut seems to be to soothe the President. Secretly I think he prefers there not to be a rate cut so he can blame Jerome Powell if anything close to a recession creeps up before the next Presidential election.

It is very important to remember that most public remarks by President Trump are, just like his experiences on Reality TV, meant to grab at the emotions of his supporters, detractors or both. Finding the truth is challenging. Looking at the economic indicators, the economy in aggregate around the world seems still to be in a Goldilocks state, not too hot, not too cold; slow and steady growth seems to be sustainable for a long time; I have almost given up trying to predict the end of the cycle, but I do note the following: The S&P 500, while trading very close to its all-time high, is still very much within the range of fairly priced (slightly high), on a Price to Earnings measure and is still only 2% higher than the peak it reached in January 2018, 18 months ago. Perhaps this is what a "recession" looks like in a low interest rate environment. While open to be proven wrong, there just seems to be very little indication of a stock market bubble or an imminent economic collapse.

Ok, on to non-economic issues. The UK and the EU could face some real turmoil ahead if Boris Johnson wins...and I think this is a good thing. To make progress here it looks like both sides need more of a crises which could certainly cause volatility in stock markets as well as the currency markets; I think everyone is ready for this saga to end...and then the EU may eventually have to face its underlying structural problems. While Financial Firms in the US have largely recovered from the Great Recession, structural reform has not taken place in the EU and this is desperately needed to spur more than anaemic economic growth and to be better prepared for the next economic storm.

I found the protests in Hong Kong to be quite amazing in that so far, they seem to have been effective in forcing a legislative U-turn on an extradition law that would have allowed citizens to be extradited to amongst other places, China. I also think that this type of protest will begin to crop up more frequently not only on the periphery of China, but also in the US and Europe. Personal freedoms and personal privacy continue to be eroding as technology continues to be effectively deployed by governments and corporations. As the world becomes more connected in the future, there will be "no place to hide" and the temptation to use this power nefariously will grow. As the world has become a dramatically safer and healthier place\* in the last ~70 years, a major future battle ground is likely to be in areas related to personal privacy and the use and control of technology.

Finding interesting news and reading that is not politically or ideologically tainted seems to be getting more challenging; I still think that well written news is far more useful and digestible than most Video and Audio formats. The press, in the age of 24-hour News cycle and “viral” stories on the internet, is a constant megaphone of information, much of which is designed to excite a variety of our emotions. How many news stories of the last decade do you remember and how did they impact your life? In most cases the answer will be not much or not at all. Choose your news sources carefully!

\*[Earlier this year I mentioned the book Sapiens by Yuval Harari...I am now in the early pages of reading the equally fascinating sequel Homo Deus. Harari covers several interesting statistics including the likelihood of dying of violence in the 21<sup>st</sup> century (1%) compared to 5% in the 20<sup>th</sup> century and 15% in Agrarian times. Life expectancy has doubled over the last century, and in the 21<sup>st</sup> century starvation has been relegated to a political problem not a logistical one.]

## Swiss Real Estate Market Overheating – Global Concerns

Swiss regulators and even the IMF are getting highly concerned on the valuations of Swiss real estate. [Bloomberg reported](#) on this back in April and many articles are appearing in the [Swiss press](#). This is not unexpected when looking at the ultra-low (-.75%) central bank interest rates in Switzerland which have been already very low for over a decade and commercial lenders offering 10-year fixed rate mortgages at slightly over 1%. Location of course is very important with prime real estate in Zurich and other popular cities and resort towns perhaps a little less risky than in other parts of the country. If you are thinking of purchasing real estate in Switzerland, it will be very important to consider a very long-time horizon and if you could weather both a future increase in rates and a considerable decline in prices.

We want to make sure that our clients in Switzerland do their best to avoid a future scenario where they are “forced” to sell. It is notoriously hard to predict when an asset bubble will pop or even if one exists at all and it reminds me somewhat of the famous John Maynard Keynes quote “The market can remain Irrational Longer than you can remain solvent “... The SNB has recently made indications that they could lower rates even further to keep the Swiss Franc from appreciating (something that looks even more likely as the dollar seems to be showing a bit of weakness this month). If this is the case, it could push real estate prices higher as interest rates go even lower.

Low interest rates tend to give a false sense of security as to how expensive a house people can afford. The argument being that it is “cheaper” to own than to rent. This of course is only true if real estate prices stay constant and rise. The flip side of the lower monthly payments when buying a home is that as the owner, you retain all the risk of loss if the price declines, any costs associated with maintenance and the risk that interest rates will go up. To better protect yourself if you have a low interest rate mortgage, use this as an opportunity to pay down principle, building savings and lowering the impact if and when interest rates increase in the future.

## Market Wrap up for the 2<sup>nd</sup> Quarter 2019

The S&P500 and Dow Jones Industrial Average were up 3.8% and 2.6% respectively for the second quarter of 2019 and are up 17% and 14% year to date. The Canadian market was up 1.7% for the quarter. The Swiss Market Index (SMI) was up 4.4% for quarter and 17 % year to date. The FTSE was down .5% for the quarter while the DAX and CAC40 were up 7.6% and 3.5% respectively for the quarter and both are up 17% in 2019. The dollar fell 2% against the Swiss Franc and 1.4% against the Euro for the quarter. Gold was up 9% for the quarter. The Shanghai Index was down 3.6% for the quarter but is up 19% year to date. The current Federal Funds rate in the US stayed flat at 2.5% and the outlook for raises or decreases in 2019 moved towards a higher potential for a decrease later this year, though I have my doubts.

## Conclusion

We really hope you have enjoyed our latest newsletter and if you have any ideas for future topics, please let any of our team members know. We wish you all a fantastic summer and look forward to talking with many of you again soon

Thank you and Best wishes,  
Jonathan, Marina, John, Jeff, Kathy and Sue

*P.S. The views and grammatical errors expressed here are the sole responsibility of Jonathan and may or may not represent the views of others at the firm.*

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## Permanent Reference Information

1. Sharefile: How to access your White-Lighthouse Quarterly Reports & Other Public Information
2. Annual Privacy Policy & Form ADV Brochure Updates
3. US taxpayers – with non-US Financial Accounts – FBARs (Foreign Bank Account Reports)
4. Annual IRA Required Minimum Distributions (RMDs) for US Citizens over age 70 ½
5. Annual IRA Contributions for US Citizens with earned income
6. Tax Reporting

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### 1. Accessing Quarterly Reporting & Other Documents - Sharefile

All Clients of White Lighthouse Investment Management are entitled to have an account on our private server. Your account can be accessed at this link: <https://wlim.sharefile.com>. If you have forgotten your username or password or would like an additional account for your spouse or other family member, please let us know. As a best practice for the security of your information we strongly recommend that you enable 2-factor authentication with your Sharefile account. It will be required as of 2019.

Your quarterly reports are generally ready by the end of 2<sup>nd</sup> working day of each quarter and will be copied to your private folders. Historical reports are also retained. The completion of the quarterly reporting is announcement but a short e-mail where you will also find the quarterly newsletter attached. Additionally, every client has on-line access and receives paper or electronic account information directly from the custodian bank or brokerage firm where the accounts are established. If you notice any discrepancies or have any questions on our reports, please be in contact as soon as you can, and we will research the questions.

White Lighthouse Investment Management does not hold custody of your assets and receiving reports both from us and your custodian is for your protection.

In addition to quarterly reporting other information available on Sharefile is:

- a. Prior Newsletters
- b. The latest ADV forms filed with FINRA for both Individuals and the Firm
- c. Privacy Policy
- d. Trade Errors and Proxy Voting Policies
- e. Proxy Votes
- f. Reference Material (e.g. how to read our reports)
- g. Clients may also store information in their private folders, especially if this is information, they would like me to keep on record.

If there is any other information you would like to see in the Public section of this system, please let us know.



## 2. Annual Privacy Policy & Form ADV Brochure Updates

The SEC (US Securities Regulations from the Securities and Exchange Commission) requires us to circulate, at least annually, our latest Privacy Policy and to inform you that our ADV Part 2 Brochures are available. You may request any of these documents in electronic or paper format. We will leave our Privacy Policy at the end of this reference section in each newsletter and allow this to serve as a regular reminder of our updated ADV forms. These filings change periodically throughout the year and for any material changes we will also announce them in our newsletter.

In the United States, if you would like to read additional disclosure and background information on any investment advisor, broker or firm, you can find more information at this link: [http://www.adviserinfo.sec.gov/IAPD/Content/IapdMain/iapd\\_SiteMap.aspx](http://www.adviserinfo.sec.gov/IAPD/Content/IapdMain/iapd_SiteMap.aspx)

## 3. US taxpayers – with non-US Financial Accounts – FBARs (Foreign Bank Account Reports)

October 15<sup>th</sup> was the new (as of 2017) annual deadline for filing of the FBAR reports for US citizens who have non-US financial accounts worth more than \$10,000 at any time during the year. For Overseas Americans, this form seems rather intrusive, but it is mandatory and the fines for failure to file and failure to report income from these accounts are severe. The FBAR form is being replaced by the new form FINCEN 114.

Starting back on July 1, 2013, these forms must be submitted electronically, paper versions of the forms will not be accepted in the future. Please check with your tax preparer to see if you or they will be filing the FBARs for you. Below are some links where you can read more. The first one is ironic. The place that you go to file your forms is headed by “Financial Crimes Enforcement Network”; as though having accounts overseas makes you guilty until proven innocent by filing your forms:

FINCEN link – Where forms can be filed:

[http://bsaefiling.fincen.treas.gov/Enroll\\_Individual.html](http://bsaefiling.fincen.treas.gov/Enroll_Individual.html)

IRS Announcement:

<http://www.irs.gov/Businesses/Small-Businesses-&Self-Employed/Report-of-Foreign-Bank-and-Financial-Accounts-%28FBAR%29>

## 4. Annual IRA Required Minimum Distributions (RMDs) for US Citizens over age 70 ½

Most US taxpayers who have IRA, 401k, 403b or similar accounts will be required to make an annual distribution by December 31<sup>st</sup> from their accounts or face a 50% penalty of the required amount from the IRS. For many of these accounts the broker will calculate the RMD amount for you and remind you about making the distribution. We can help to manage this process for you and arrange for the distributions to be sent out by check, transferred to a bank account, or

transferred to an investment account. We generally make these distributions, unless otherwise requested or needed for income, in the 4<sup>th</sup> quarter. Monthly, quarterly, or on-demand distributions can also be arranged.

RMD amounts are re-calculated each year based on the account value on December 31<sup>st</sup> and IRS tables related to the ages of the account holders. Some accounts (e.g. inherited IRAs) often do not have RMD calculations from the broker since these can have somewhat more complicated distribution formulas. Other accounts such as Roth IRA's are not subject to RMDs.

If you have any questions about Required Minimum Distributions, please let us know.

#### 5. Annual IRA Contributions for US Citizens with earned income

If you are a US taxpayer with earned income in 2018 or 2019 you might be able to contribute to an IRA account. If your employer pension plan is not tax qualified in the US (e.g. most plans outside the US) then regardless of your income, you will be able to make a "deductible" contribution to your IRA account. There are many different types of IRA accounts, Traditional, Roth, SEP etc. The general contribution limit for employees is \$5500 per individual per year and \$6500 if you are over 50 years of age in 2018 and \$6000 per individual per year and \$7000 if you are over 50 years of age in 2019.

You generally have until April 15<sup>th</sup> of the following tax year to contribute, though this deadline can be extended for SEP (generally for self-employed or employees of the self-employed) IRA contributions.

IRA Accounts are a great way to supplement your Retirement savings. For many clients, we help to make regular annual IRA contributions from their brokerage accounts to their IRA accounts. If you would like assistance with this or if you have any questions on whether your current year contributions have been made, please get in contact.

#### 6. Tax Reporting US, Switzerland & All jurisdictions.

At White Lighthouse Investment Management, we encourage all clients to meet all their tax reporting and payment requirements in whichever local, state, or federal jurisdictions they must report and pay tax to. We are not tax advisors. We do not file tax returns for clients and cannot offer legal advice in respect to taxes though we know many competent advisors who can.

What we can do is help you and/or your tax advisor(s) to determine your taxable events for any given time-period using reporting directly from your bank or brokerage firm and/or from our own reporting systems. Don't ever hesitate to ask for our assistance here as our information systems contain a vast amount of information and flexibility in reporting with respect to your accounts.

At White Lighthouse Investment Management, we do have an in depth understanding of US taxes and use this knowledge to help our clients make good decisions. In addition, we understand the complications of cross border rules with respect to US citizens and taxpayers that live overseas, non-Americans living in the US and mixed nationality couples. We also have a good working knowledge of the Swiss taxation system.

Additionally, we can engage in tax planning both inside your investment portfolio and outside. This may have to do with what types of investments to buy or sell which investments belong in which accounts, the timing of events or gift and estate taxation. This type of planning work can be done together with you or in conjunction with other professionals such as tax advisors or estate planning attorneys.

If you have accounts with us in the United States, your most common tax reports (1099s) are generally ready by the middle to end of February. These will include dividends, income, capital gains, and losses and now my management fees that have come out of taxable accounts. Other information that will be reported will be IRA distributions. For IRA contributions, the form 5498 is generally produced by your brokerage firm but this is often done well after your tax return has been filed. If you have contributed don't forget to report it to your tax advisor.

For Swiss resident account holders who have accounts at Swissquote, by default, we started last year to request the bank to produce their official tax report. The bank charges 100 CHF plus VAT for this report. A few clients have opted out of this which may make sense when there are very few taxable events in each year. If you would like to opt out or confirm if you have done so already, please let us know.

Jonathan Lachowitz, CFP®

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### PRIVACY STATEMENT- 2019

White Lighthouse Investment Management, an independent financial planning firm, is committed to safeguarding the confidential information of its clients. We hold all personal information provided to our firm in the strictest confidence. These records include all personal information that we collect from you in connection with any of the services provided by White Lighthouse Investment Management. We have never disclosed information to nonaffiliated third parties, except as permitted by law, and do not anticipate doing so in the future. If we were to anticipate such a change in firm policy, we would be prohibited under the law from doing so without advising you first. As you know, we use financial information that you provide to us to help you meet your personal financial goals while guarding against any real or perceived infringement of your rights of privacy. Our policy with respect to personal information about you is listed below.

- We limit access to information only to those who have a business or professional reason for knowing, and only to nonaffiliated parties as permitted by law. (For example, federal regulations permit us to share a limited amount of information about you with a brokerage firm in order to execute securities transactions on your behalf, or so that our firm can discuss your financial situation with your accountant or lawyer).
- We maintain a secure office and computer environment to ensure that your information is not placed at unreasonable risk.
- The categories of nonpublic personal information that we collect from a client depend upon the scope of the client engagement. It will include information about your personal finances, information about transactions between you and third parties, and information from other sources as needed to provide our services on your behalf.
- For unaffiliated third parties that require access to your personal information, including financial service companies, consultants, and auditors, we also require strict confidentiality in our agreements with them and expect them to keep this information private. Federal and state regulators also may review firm records as permitted under law.
- We do not provide your personally identifiable information to mailing list vendors or solicitors for any purpose.
- Personally identifiable information about you will be maintained during the time you are a client, and for the required time thereafter that such records are required to be maintained by federal and state securities laws, and consistent with the CFP Board Code of Ethics and Professional Responsibility. After this required period of record retention, all such information will be destroyed.