Newsletter | September 30, 2019

Dear Clients,

We hope you all had a great summer and are doing well as we enter the last quarter of the 2010s and get ready to start a new decade. We had the pleasure of seeing and talking with many of you over the summer and thank you all for sharing so much with us about your personal and professional lives. White Lighthouse continues to expand in both staff and clients at a brisk pace and we would like to welcome many of you who have just joined us in the last few months. Our prior newsletters are available on your Sharefile system and we try to keep our current newsletters interesting and organized in a way that you can easily skip over sections that may not be of relevance to you. As always, we welcome suggestions from our clients if they would like us to cover a topic in the future. We are also thankful to Michelle for our new newsletter format!

White Lighthouse Investment Management (WLIM) Information and News

Jonathan, Marina, John and Jeff were all in Zurich on September 17th for an American Citizens Abroad (ACA) Town Hall meeting where the audience heard from several speakers on updates from Washington D.C. on ACA's advocacy work as well as tax, estate and financial planning for Americans living overseas. Mary-Louise Serrato, ACA's driving force and Executive Director came in from Washington and we also had Matthew Berlin of Rubin and Rudman, Francheska Pimentel of KLR and Nathalie Peter of Blum and Gros join Jonathan on the panel. We thank several of our clients who came to attend the event. If you missed the event and would like a copy of any of the presentations, please let us know. If you are an ACA member, the presentations are available on-line.

In August the WLIM website was refreshed, thank you again Michelle, and in the new year, Jonathan is hoping to start a blog on the site writing about a variety of personal financial planning and expat topics.

We expect to be adding a new team member based in Florida working with both our back office and clients and expect that he will join us by early November. A proper introduction will follow in our next newsletter though we expect many of you will meet or talk with him before the end of the year.

From October 24th to November 5th I (Jonathan) will be on one of the few "real" vacations I have taken in the 14 years since starting WLIM. I will be in South Africa, a 50th birthday present to myself, and plan to be disconnected for most of the time. Please feel free to contact me with any questions you have beforehand or when I return. During my time away, please get in contact with Kathy at kquintero@white-lighthouse.com. I am reachable in an Emergency, though with likely some hours of delay (the internet connection is very good, but I plan to spend a lot of time on safari and away from Wi-Fi and phone service).

Interesting links from this newsletter:


Click to read

Seven freshman Democrats: These allegations are a threat to all we have sworn to protect
-Washington Post


Click to read

History shows presidential impeachment usually doesn't move the stock market
-Market Watch


Click to read

US Signs off on 'milestone' double taxation treaty with Switzerland
-The Local

Click to read

American Citizens Abroad launches *Tax Fairness for Americans Abroad: An Idea Worth Fighting For*
-ACA


Click to read

Apple's Call-Blocking Feature May Be a Little Too Good
-Gizmodo


Click to read

I've been a 'millennial therapist' for more than 5 years – and this is their No. 1 complaint
-CNBC Make It

World Events

If I was writing this newsletter just a week ago, perhaps US-China trade relations, Brexit, the EU or Fed policy would be one of the most interesting world events to explore in depth as potential short- term drivers to market sentiment. Alas, the news sometimes moves quickly. In 399 days, US voters will go to the polls to decide on the next President and I anticipate that the impeachment process of President Trump (at least by the House of Representatives) will drag out during this entire time.

For those of you who have not been following the news for the last week, perhaps the most concise and easy to understand summary comes from Chrissy Houlihan's (Et al.) op-ed article in the Washington Post of last week:

"A sitting President [Trump] allegedly withheld foreign military expenditures from an ally fighting against a foe of ours in exchange for information on a possible foe [Joe Biden and his son Hunter] of his in an upcoming election [the 2020 US Presidential election]"

The Process of impeaching a US president in the House of Representatives or in both the House and the Senate is rare. The outcomes and impacts on public opinion, the economy and US domestic and international affairs are unpredictable, and so far, the impact on the stock markets and the strength of the US Dollar are negligible.

While there have been calls for starting an impeachment process almost since the day President Trump was elected, Congress, and especially the current house Speaker Nancy Pelosi, have exercised extreme caution. With the whistle-blower complaint and the damning evidence coming to light, both public opinion and sentiment in the House have moved quickly and it looks to be for good reason. President Trump may have been caught "going too far" and despite everything else that many people think he has gotten away with, this one may be very hard to avoid.

Today it would seem that removing President Trump from office by impeachment would be highly unlikely. A majority vote in the house could easily happen though a 2/3 majority in the Senate today, seems almost impossible where all Democrats and Independents and about 20 Republicans would have to vote to Impeach… would the Republicans really consider removing their own President? Well maybe not today…but it could still happen.

Speaker Pelosi is perhaps the most politically astute Democrat in Washington today and in my opinion a much better choice for a future President than any of the current Democratic candidates vying for the ticket. My sense is that Speaker Pelosi will take one of two paths:

1. She may want the impeachment process to do as much political damage as possible leading up to next year's election, so keep the house investigations going slowly and rather than going for impeachment before the election, I think she may opt for a different strategy: A long slow process that infuriates and distracts the President while trying to sway the Public that President Trump does not deserve re-election would serve the Democrats well. This would probably be the safest path for the Democrats as a failed impeachment process could strengthen President Trump and the Republicans as it did for President Clinton.
2. The alternative, which she could implement only if the climate was right, would be to accelerate hearings if it looks like the Senate may turn Democratic with the 2020 election and the Republican leadership looked willing to turn on President Trump. If Mitch McConnell, the current Senate Majority leader starts to fear that his party could lose a majority due to a further fall in President Trump's popularity, he may be convinced to build a coalition of Senators to turn on President Trump in order to try and stay in power.

CNN, Fox and all the major news networks will be playing up this circus for the next 400 days leading up to the election. It is likely to dominate the news cycle well after you are fatigued. A President under siege may act unpredictably, I mean even more so than the last few years, and this could be dangerous for the country.

One question that I know many of you will have is what does this mean for the stock market or the US Economy? Most of you know that while I am never afraid to have an opinion on almost any subject, I also am humbly aware that reliably predicting the future is not one of my strengths (or anyone else's for that matter). Historically however, impeachments, for the few data points we have, don't tend to move markets significantly.

I will be watching many other things, such as Fed policy, GDP growth, employment, inflation and all the typical numbers. While President Trump and President Obama have both presided over relatively positive stock markets and continued economic growth, a Trump re-election or departure alone is unlikely to have a significant impact on the markets. Though the uncertainty of how leaders react during this process could certainly add volatility to the markets. If, however, it looks like the Presidency and both chambers of Congress will go Democratic, I think we then may have to prepare for some more significant changes. If nothing else, the next 400 days will provide plenty of entertainment…I don't plan on watching very much T.V. but will continue to read and keep a long-term outlook. A big drop in the markets would certainly be a buying opportunity for us long term investors who are looking to invest more for the future.

I have a feeling this will not be the last time I cover this subject…on to other things…

Tax Corner – Marina Hernandez EA, CFP®

Hello fellow taxpayers, as we approach the end of the 2018 tax season (yay!!), I wanted to share a few quick reminders:

- The deadline to file your 2018 US tax return is Tuesday October 15th, 2019. This is the final deadline for all of us living in the USA. Tax returns filed after October 15th will be considered filed late by the IRS and state tax authorities.
- Those of you living outside the USA can request an additional two-month extension, through Monday December 16th, 2019. The instructions to request this additional extension can be found on IRS' Publication 54 – Tax Guide for U.S. Citizens and Resident Aliens Abroad. This is a great guide for American taxpayers living abroad, so I recommend downloading a copy for your reference, even if you have already filed your 2018 taxes. Here is a link to Publication 54:

Publication 54 – Page 4 – When to File and Pay – Extensions: Additional extension of time for taxpayers out of the country

In addition to the 6-month extension, taxpayers who are out of the country can request a discretionary 2-month additional extension of time to file their returns (to December 15 for calendar year taxpayers). To request this extension, you must send the IRS a letter explaining the reasons why you need the additional 2 months.

Send the letter by the extended due date (October 15 for calendar year taxpayers) to the following address: Department of the Treasury Internal Revenue Service Austin, TX 73301-0045

You will not receive any notification from the IRS unless your request is denied. The discretionary 2-month additional extension is not available to taxpayers who have an approved extension of time to file on Form 2350 and here are the specific instructions in the Pub to request the additional 2-month extension:

- The IRS additional 2-month extension DOES NOT APPLY TO FBARS and STATE TAX RETURNS. If you have an FBAR filing requirement, it must be filed electronically AND processed by the IRS by October 15th, so do not delay. If you live abroad and have a state income tax return filing requirement, due to rental property in that state, for example, your filing deadline is October 15th.

- If in 2018 you have a tax balance of at least $1,000 after accounting for federal and state tax withholding and foreign tax credits, you may be required to make 2019 estimated tax payments. Please reach out to your tax advisor if you have not made any 2019 estimated tax payments and you believe you may be required to make them. The last 2019 estimated tax payment is due by January 15th, 2020 and there are a couple of ways to estimate how much to pay to avoid underpayment penalties. This link from the IRS provides helpful information about estimated tax payments and penalties.

Happy end of tax season everyone!

Marina

Swiss Real Estate Market Overheating – Personal Concerns

Last quarter I talked about the overheating in the Swiss real estate market, something that most Swiss residents will have been hearing about for a few years now. In response to this, one of our clients sent us an interesting article (in French) that looked back at the last real estate crisis in Switzerland and there were a few interesting points that are of importance to many current or future Swiss home owners who have a mortgage.

Swiss real estate is expensive, very expensive, compared to most places in the world. With interest rates so low, and interest-only or low principle repayment mortgages common, many residents conclude that buying is much cheaper than renting. From a cash flow basis this may be correct, but from an overall risk standpoint, buying in Switzerland without paying down significant equity, is like renting except the risk of price changes is borne by the homeowner. This risk, in a crisis, can lead to financial ruin or hardship for the under-capitalized.

Let's take a simplified example. A young couple has saved up 100,000 CHF in cash and can access another 100,000 CHF from their retirement accounts to fund the down-payment of 200,000 CHF for a 1 million CHF apartment (quite modest pricing in the major cities in Switzerland). They have secured a 10-year fixed rate mortgage on the 800,000 of 1.5% and figure that the 1000 CHF is easy enough for them to afford, even if they both became unemployed. This is such a "great deal" compared to the 2800 CHF they were paying in rent. Let's assume the couple also has 50,000 CHF in emergency cash and an investment account of 50,000 CHF at the same bank where they have the mortgage.

Now, 2 years after the house purchase, a crisis arrives and all real estate in Switzerland suffers a 30% price decline (less than the 40% decline of the last crisis) and their 1 million CHF apartment is now worth 700k CHF. The couple thinks, ok, we can still afford the mortgage and we have our jobs and we can wait out the crisis for prices to recover so we don't really have a loss. Then they get a call from their 25-year-old banker who wants to discuss their mortgage and notes that their apartment is now worth only 700,000 CHF. She reminds them that in the fine print of their contract, that fine print that nobody reads until there is a crisis, the bank has some rights. The bank has the right to request that 20% of the equity value of the home be paid back off the mortgage, so please send us 140,000 CHF to cover the equity shortfall. Oh, and since you have an investment account and cash account at our bank, we have already blocked that and will keep it blocked until you come up with the cash.

The couple rightly gets very concerned, certainly this must be a mistake. A couple of months go by, they pay all their bills, but cannot come up with the cash the bank has requested. They receive a registered letter from the bank that the bank has now started proceedings to sell their home. They are required to leave their home, go back to renting, and now end up with a debt to the bank because their home was sold in a fire-sale and was not enough to cover their mortgage.

Does this sound scary? Impossible? The point of this hypothetical story is not to make homeowners in Switzerland scared, but to make sure they are prepared for when the next real estate shock hits Switzerland. This scenario was not uncommon during the last real estate crisis in Switzerland a generation ago.

A few lessons:

1. Read the fine print of your mortgage.
2. Make sure you could withstand a 30% price drop and an equity call from your bank.
3. Don't get a mortgage at the same financial institution where you have most of your other financial assets.
4. Before buying, make sure you have adequate capital and a long-term intention to stay in the home.

Home ownership can be very rewarding and for the right situations it makes a lot of sense, but it comes with risks. Renting may be a better choice depending on your personal circumstances. If you would like to discuss this subject with your advisor, please drop us a message.

US-Swiss Tax Treaty Ratified by the US Senate

I had the pleasure of meeting the new Economic Officer at the US Embassy in Bern this month along with several of his new colleagues, the entire senior team in Bern is new. The Embassy staff were extremely excited about the ratification of the new US-Swiss tax treaty by the US Senate, after a delay of almost ten years. Ok, it takes a certain type of person to be excited about such things, I sadly could not share in their enthusiasm. Back in 2009 when the delegation from Washington D.C. arrived in Switzerland, my colleagues at American Citizen's Abroad encouraged the US representatives to try and "fix" the treaty. A use of the "new" model language, to try and fix the way Swiss pension (2nd pillar) contributions are treated, to make them qualified in the US would have had an enormous impact on US employees in Switzerland. The delegation was not interested in anything other than easing the exchange of information…which incidentally was a key point at ACA where we (ACA leadership) realized that legislation in Congress to fix such issues would be much more efficient than treaty by treaty changes….

There were three main changes to the treaty:

1. In Article 26 of the treaty, Exchange of Information, there was a change in language that will make it easier for the US government to get more information from Swiss Financial Institutions about US taxpayers. This will be complementary to the Model 2 IGA (Inter-Governmental Agreement) under FATCA and will be retroactive to the signing of the treaty in 2009.
    a. This was the focus of the treaty change though speculating here, it would seem that there are not many more US taxpayers with undeclared accounts in Switzerland. This ship seems to have sailed. We may see a few old cases get settled here but due to changes in Switzerland after FATCA implementation, this really is old news.
2. Article 10 of the treaty was changed so that dividends in US IRA accounts and Swiss Pillar 3a accounts will now have a 0% withholding rate on income derived from each other's countries.
    a. Ok, this is a very small positive step to avoid a minor amount of double taxation on these issues. I wonder why they addressed this narrow subject and avoided the much more important issue of the 2nd pillar.
3. The third change was in Article 25, changing just one word from "may" to "shall" with respect to arbitration when there are tax disputes whose resolution is being governed by the treaty. There will certainly be some companies and very wealthy individuals who may be impacted but I don't expect that this will change anything for most of us.

If you were hoping that this treaty change would be the answer to your challenges as a US taxpayer in Switzerland, you are out of luck. Your best bet remains with Representative Holding's bill "The Tax Fairness for Americans Abroad Act" which is still work in progress. If you would like to read more about the treaty, this article from Price Waterhouse Coopers is more technical and contains all of the essentials and this article from the The Local in Switzerland is an easier read.

American Citizens Abroad, Inc. (ACA) launches Tax Fairness for Americans Abroad Campaign

For those of you who are US taxpayers living overseas and or have a family member who is, you will almost certainly be in support of the legislation which should simplify reporting and mitigate many of the issues related to foreign earned income taxation for Americans living overseas. We encourage you to take a couple of minutes to read the press release from ACA and then to take a few minutes to contact your representatives in Congress through this link asking for their support for hearings on the Tax Fairness for Americans Abroad Act, introduced by Representative George Holding of North Carolina. It is not necessary to be a member of ACA to register your support with Congress.

Charles Schwab & Co. ETF policy in EU

As of the last week of September 2019, Schwab has implemented a policy for EU (including the UK) account holders based on their interpretation of the MiFID regulation (Markets in Financial Instruments Directive) or actually MiFID II which came into effect last year. This is nothing for most of you with Schwab accounts to worry about, but you should be aware that Charles Schwab account holders living in the EU are no longer allowed to trade US based ETFs (Exchange Traded Funds) unless they meet certain criteria.

Clients of investment advisors, as all of you are, are exempted from this rule, so we are still able to buy US ETFs on your behalf. Additionally, "qualified" investors in the EU who meet two of the three criteria and can prove this, are still able to buy and sell US ETFs:

- Over $500,000 in investable assets (they don't all have to be at Schwab)
- Experience trading US listed ETFs (proof of trades is required)
- Employment in the Financial Services Industry

For many Americans living in the EU these MiFID rules, which are intended to protect them, will end up hurting them by limiting access to investment choices. Being a US investor living in the EU was already somewhat restricted due to US tax rules, which penalize investment in non-US funds…and now with MiFID II, these restrictions will limit some investors (especially those of more modest investment accounts) to buying only individual stocks instead of funds. Schwab is not the only brokerage firm to implement such rules. If you have been impacted by these rules, especially if you have accounts not managed by us, please let us know if you have any questions, and we will see to what extent we can help based on your specific circumstances.

Organ Donation in Switzerland - Follow-up from our last newsletter

Just a quick follow-up from our prior newsletter. Our client who was first on the list at the end of June at the CHUV in Lausanne had a successful double lung transplant in early July. His progress has been amazing, and his new sports car is on order! His and his wife's perseverance over the past few years has been inspiring, and they feel very fortunate and are especially grateful to the family of the decedent who donated his lungs. They asked if I could one more time mention that if you want to have the highest likelihood of success in donating your organs in Switzerland, you need to make an entry into the Swiss National Organ Donation registry. For more information about organ donation and information on how to enter into the registry, please go to the website of Swiss Transplant.

Various and Sundry Topics: Stop Spam calls on your iPhone, Equifax, Millennials and has Shareholder Value really become less important to CEOs?

For those of you with an iPhone, you may welcome the release of a new feature in the release 13 of iOS. This article tells you about lots of the more popular changes. However the feature I will be implementing ASAP allows you to **send all unknown calls directly to voicemail**. If you are like many of us who receive dozens of spam-calls a month, this will be a blessing. If you happen to try to reach me on my cell phone and the calls goes directly to voicemail, I am very sorry but please leave a message or send an e-mail and I will call you right back. I plan to implement this as soon as I upgrade. Read more about this feature here.

If you were impacted by the **2017 Equifax data breach** (almost everyone with a US Social Security number), then you may be able to claim up to $125 in compensation even if you cannot prove a loss. This article from CNBC explains in more detail and this link at Equifax will allow you to start the process. Just to set your expectations: You are unlikely to receive the full amount as the total fund for these claims is limited and apparently you and I are not the only ones who know about this. Application rates for the refund have been rather high.

It seems that **Millennials**, when they are talked about or written about by Baby Boomers or Generation Xs, are regularly getting criticized for a number of things, especially in the workplace. This rather different article from a therapist named Tess Brigham in California about one of the biggest issues Millennials face, which I believe is a symptom of how relatively well-off our society has become, caught my interest. In Tess's experience apparently the number one challenge brought up by Millennials in their lives is:

"I have too many choices and I can't decide what to do. What if I make the wrong choice?"

As Financial Planners, I see our number one role in giving advice is exactly this, to help our clients make good choices. This advice pertains not just to investments, retirement and taxes, but also about many other things that relate to life such as your career, whether to buy a home, get married, take a once in a lifetime vacation, etc. If you are stuck trying to make an important choice on something and have not thought to get in contact with us, please don't hesitate. As your advisor, we often know more about you than most people in your lives and can be in a very good position to help you not only make good choices, but also to not be concerned about the alternatives you don't choose.

I was not sure whether to write about this article in the miscellaneous section or under world events. "**The CEOs of nearly 200 companies just said shareholder value is no longer their main objective**" . Personally I have trouble believing the CEOs whose names appeared here as part of the statement from the business roundtable.

"*The reimagined idea of a corporation drops the age-old notion that corporations' function first and foremost to serve their shareholders and maximize profits. Rather, investing in employees, delivering value to customers, dealing ethically with suppliers and supporting outside communities are now at the forefront of American business goals*"

While I don't believe that creating shareholder value has dropped as the number one priority of most CEOs and the executives of public corporations, I believe that to continue maximizing shareholder value, there is increased pressure to be shown to be a good corporate citizen in many areas. We may also be seeing a cyclical peak in the power that companies have over individuals and governments. Looking at the talking points of "left" leaning politicians I believe that there will be increasing pressure on the highest earners, the best savers (this is most of you, even if it does not feel that way) as well as corporations to pay more in taxes and benefits in the coming years and decades. Reforms will continue to happen in pension schemes, tax rates, social security etc. For those of us with many decades left for planning our finances, we need to be aware that the status quo will not remain and one of the best ways to plan, especially for retirement, will be to have a good balance between pre-tax and already taxed savings.

While this is nothing to be particularly concerned about today, as we work with many of you on your future plans, we have to remain aware that assumptions of investment returns, tax rates, pension pay-outs etc. may all be different than what we expect today, not to mention that we believe that many of you will live a lot longer than you may think. If you would like to talk about retirement planning and if you should be doing anything differently today, please get in touch.

Market Wrap up for the 3rd Quarter 2019

The S&P500 and Dow Jones Industrial Average were each up 1.2% for the third quarter of 2019 and are up 19% and 15% year to date. The Canadian market was up 1.7% for the quarter and is up 17% year to date. The Swiss Market Index (SMI) was up 1.8% for quarter and is up 20 % year to date. The FTSE was up 2% the quarter and is up 10% year to date. The DAX and CAC40 were up .2% and 2.5% respectively for the quarter and are up 18% and 20% in 2019. The dollar increased by 2% against the Swiss Franc and 4% against the Euro for the quarter. Gold was up 4.7% for the quarter and is up 15% for the year. The Shanghai Index was down 2.5% for the quarter and remains up 16% year to date. The current Federal Funds rate in the US stayed decreased twice in the quarter, by .25% each time and is now in the range of 1.75% to 2%. These cuts were widely expected and seems to be in response to looser policy in the EU and elsewhere as much as concerns about global growth, personally I remain uncertain that these cuts were needed in the US.

Conclusion

Thank you again to all our clients, new, and long-standing, for the confidence you place in all of us as your advisors. We aim to provide you a very high level of service and expertise and appreciate the regular feedback both good and constructive. As the firm continues to grow, we will continue to look at ways to better serve you, to become more efficient and effective and to keep a highly personal touch to your service. We encourage you to get in contact on any subject and appreciate your trust and loyalty.

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 2nd 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

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

October 15th 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
>
> 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 31st 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 4th 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 31st and IRS tables related to the ages of the account holders. Some accounts (e.g. inherited IRAs) often to 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 15th 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.

White Lighthouse
Investment Management

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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 executed 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.