

Dear Clients,

It has been great to start seeing many of you in person again in both the US and Switzerland. The pandemic (hopefully!) is at the beginning of the end in Europe and the US, though many challenges certainly still lie ahead. We see many clients looking to change jobs, move countries and enjoy the return to more freedom of movement as travel barriers begin to fall.

I was recently in California and Florida before flying over to Europe and have had the opportunity to share some travel tips with many of you who are getting on a plane for the first time in well over a year. The only certainty I see over the next year is that the regulations continue to change in an uncoordinated way, so do your best to keep up with the requirements up until the day of departure: Masks are still required in airports and planes, proof of vaccination makes some requirements easier. For example, Switzerland does not require a PCR test for vaccinated travellers, as of June 28<sup>th</sup>, Americans are allowed to travel there again, and the vaccine validity was expanded to 12 months. In the EU and Switzerland there are provisions for issuing local vaccination certificates if you had the vaccine in another country, though the details remain unclear. For up-to-date travel info, type the country name at this [link from Google travel](#). For those of you traveling to Switzerland, this new [tool](#) from the Swiss government will let you know if you have any travel related requirements.

We have a few clients who are currently coping with severe medical issues in their families. If you find that you or a close family member is in the same situation, please contact us. Part of our role is to assist you when there is a considerable change (or potential for change) in your lives. Our prayers and most sincere wishes go out to those clients and their families who are facing these severe and heart-breaking challenges. Regardless of how many times our clients, family and friends face major health issues our instinct is try and be helpful though the sadness for the pain and suffering does not get easier. We are amazed at your courage in the face of adversity.

In our newsletter this quarter, as usual, we will be looking at a variety of topics including Inflation, Taxes, the Post Corona world, threats to the Big Tech companies, Privacy, and some updates here at White Lighthouse.

### **Inflation Part 1: All about that Base and other inflation considerations by Arielle**

My news feed has been full of tips and tricks to combat record rising inflation. I have even had a few of you reach out to ask how we can combat inflation in their portfolio or life. Major outlets started offering tips on how to combat recent inflation highs, with tips on buying real estate, investing in commodities, stocks and inflation protected - fixed income securities (bonds). With so many of our clients (and myself) in a somewhat transient period of life, a home purchase, loading up on lumber or speculating in Bitcoin may not make sense.

It's true that with a 5% increase, annual inflation hit a 13-year high in May. Though beyond clickbait titles, not too many officials seem worried. Taking a step back and looking at the overall trend, the fact that the US economy is on fire is understandable.

The Consumer Price Index (CPI) is frequently used for identifying periods of inflation or deflation. It is a price weighted basket of goods that includes everything from basic foods & beverages, housing costs, transportation, medical expense, recreation, education, and communication. From 2018 to 2019 consumer prices rose 2.3%. From 2019 to 2020 1.4%. The average annual inflation from 1990 through 2018 was 2.46% and the Federal Reserve aims to achieve a 2% annual target.

If you look at the CPI in January 2020, right before the pandemic, we were at 2.5%. In May 2020 that tumbled to .1%. Now at 5%, we are only up 2.5% since January 2020. Look at that base! Given that parts of the economy were essentially in “shut-down mode” for a few months, it makes sense that as businesses, schools, and travel opens the surge in demand means a sudden increase in prices as business and supply chains struggle to catch up.

When we go through the asset allocation process with you, we are tailoring your holdings to consider inflation along with your timeline (when will you need this money), your risk tolerance (we want you to sleep well at night) and your goals (what do we need to fund). Many of the recommendations highlighted in articles about hedging for inflation have already been considered by your WLIM team:

1. Diversified portfolio - We build our portfolios using mainly ETFs. An ETF is a tax-efficient basket of securities. We don't advise holding a large position in any one security, because that's a lot of risk.
2. Focus on growth - We lean into new technologies.
3. Appropriate bond allocation - Over the past year we have been watching as bond yields have turned negative. We keep a close eye on this and update our allocations as things change.
4. Stay invested - The market will go up AND down (sometimes a lot) inflation will most likely go up. Staying invested and not selling when you do not need the funds is one of the best things you can do to maintain long-term performance.

Unlike Meghan Trainor, we are all about the base, not the bass. More questions? Did you read an article you want us to look over with you? Do not hesitate to reach out to our team if you have questions around your portfolio or anything else.

## **Inflation Part 2: The Federal Reserve**

Undoubtedly the Chairman of the Federal Reserve, currently Jerome Powell, is one of the most influential people in the world. The [Federal Funds Rate](#), currently at .25% is arguably the most important financial number in the world as it impacts virtually all asset prices, especially, stocks, bonds and real estate. Changes to interest rate policy and interest rate expectations can cause severe movements in asset prices, so when these are discussed in public by the Fed, words are chosen very carefully. The Fed uses what is known as FOMC (Federal Open Markets Committee) [Dot Plot](#) to graphically illustrate where the 18 members of the FOMC think interest rates, inflation

and economic growth will be several years into the future. A couple of weeks ago stock markets were temporarily rattled as two interest-rate increases were “predicted” for 2023. Sounds a bit crazy, doesn’t it? Interest rates are almost at zero, economic growth is strong and a group of very well-respected economists (don’t laugh) thinks the fed will now have to raise interest rates in a couple of years-time...and then stock markets drop by several percentage points today....

Inflation searches on the internet are trending up strongly this year as the media find things other than the Pandemic to encourage their audience to be concerned about. While increases in interest rates tend to be a negative for stock markets, inflation by itself, in moderation, is not particularly harmful to stocks. Inflation after all is rising prices, not just in the cost of goods and services but also in the total revenues earned by businesses. Inflation is more of a problem for businesses that face increasing costs but don’t have the ability to easily raise prices. A well-diversified stock portfolio is a reasonable hedge against inflation.

Inflation and subsequent interest rate hikes tend to mean higher interest rates earned for savers and lenders but less purchasing power from cash and decreasing bond values, depending on their maturity dates. Longer dated bonds are generally more sensitive to changes in interest rates.

The consensus view, and this time I agree with the majority, is that the inflation being experienced now is transitory. As the post pandemic economy is starting to be seen more clearly, there will certainly be some quirky numbers. One recent [Economist Article](#) on Inflation demonstrated how May 2021’s US inflation rate, annualized was 5% and 1/3 of this increase was actually driven by the used car market. If you are not in the market for a used car, then this part of the inflation “problem” won’t impact you very much. Many inflation numbers compare today’s price changes to the prices a year ago. A recent [WSJ article](#) on Inflation was titled “Rising Inflation Looks Less Severe Using Pre-Pandemic Comparisons” and they were correct.

The inflation, interest rates and GDP are all interesting to watch (for some of us) and at the moment, I don’t see anything overly concerning as it relates to managing investments. As always, if you expect to use money from your investment accounts for a major purchase in the next 12-24 months or so, please let us know, as it would be a good idea to evaluate if we should be taking less risk with some of your investments.

### **Investment Philosophy**

I was having coffee with an old friend this past weekend, he is an IT specialist who also knows a lot about finance and who is well versed in our investment philosophy at White Lighthouse. He recounted a recent conversation with two of his younger colleagues (they all work at a large Swiss Bank) who were explaining to him how they were investing....in one of the latest fads in the market using expensive actively managed funds. He proceeded to explain to them about the advantages of index investing, especially for the many decades they have in front of them before retirement. At the end of his story, my friend said to me, “A lot of your job must be in helping people not to do things that come instinctively and to think more long term”. What he proceeded to say essentially comes down to moderating the emotions of greed and fear that go into a lot of short-term investment decisions.

To recount what many of you already know, here are the key components that we adhere to in managing our own and our client's money:

1. Diversification is the only free ride in investing. Increasing expected returns for the same level of risk.
2. Only invest in risky assets when your time horizon is long. (We prefer > than 2 years)
3. Trying to choose undervalued stocks/sectors to buy and overvalued stocks to sell as a core philosophy (active managers) does not tend work well (outperform the benchmark index), especially over long periods of time, for most professional investors.
4. Market Timing as a core philosophy also does not work. We should always be prepared for a 20% (or more) downturn in the stock market, this happens on average once every three years and the recoveries are generally faster than expected.

While our investment philosophy at White Lighthouse has been consistent for fifteen years, it does not mean we are on autopilot, quite the contrary. We dedicate a lot of time to reading and understanding what goes on in the world that impacts investors.

We make decisions about each client's investments based on their personal situation. I want a human thinking about the trading decisions and our clients, and I remain opposed to using a robo-advisor to do automated trading. At the macro level, inflation and interest rates have been trending downwards for several decades making bonds less and less attractive in many currencies. Large Technology stocks, especially US-based, have captured an increasing share of profits and this trend seems likely to continue. Over time, we have gradually adjusted our investment allocation to lower bond allocations and a higher allocation to growth and technology index funds.

Investing can also be fun. Some of our clients have "play" accounts where they try out their ideas with individual stocks. Others make speculative investments in start-up companies, cryptocurrency, art, wine, old cars etc; all of this is fine....in moderation.

### **How will the Post Corona world be different?**

I am sure there will be many research projects and books written about the impacts of this pandemic on society and the choices people make. One of the most interesting pandemic-related articles I have read was entitled "[How a More Resilient America Beat a Midcentury Pandemic](#)" written by Niall Fergusson, a Scottish historian currently working at the Hoover Institution at Stanford University. The essay is long, worth reading, and I struggle to pull out all of the highlights in a concise format: Fergusson compares the "Asian Flu" of 1957 in the US to today's Pandemic.

In the case of the 1957 pandemic: there was a vaccine produced within about 3 months with about 55% efficiency, there was no national lockdown, younger people were affected considerably more in terms of mortality in 1957, Eisenhower asked for about \$2.5 million in additional funding

for the Public Health Service (\$23 million in 2021 dollars) and people seemed to more or less go about their normal lives. Fergusson concludes:

*We have done a great deal over the past year (not all of it effective) to protect the groups most vulnerable to Covid-19, which has overwhelmingly meant the elderly: 80.4% of U.S. Covid deaths, according to the CDC, have been among people 65 and older, compared with 0.2% among those under 25. But the economic and social costs, in terms of lost education and employment, have been disproportionately shouldered by the young.*

Looking ahead; utilisation, implementation and acceptance of technology is undoubtedly increasing. For example, the health care industry, especially in the administration of records and the use of tele-medicine seems to be moving at lightening speed, finally! Many employers will modify office spaces and work schedules to allow for more remote workers, but many employers will not. Working remotely will undoubtedly increase as will consumer desire/acceptance of some remote services. However, we as humans are inherently social creatures and so the use of offices, retail spaces, commuting and business travel will evolve not stop.

In previous newsletters, I have indicated that a Pandemic, like a war, will likely lead to a period of excess economic activity. The looks to have started as businesses that were closed re-open, raw material prices are increasing and the number of job openings has soared. When combined with low interest rates and other government support, the increase in economic activity is not waiting for the pandemic to end.

Populations across the world in general, seemed remarkably accepting of their freedoms being curtailed during the pandemic. There appeared to be less cooperation across international borders and certainly a greater fear of foreigners. Many barriers to international travel remain and more and more personal data is being captured, saved and shared by companies and governments alike.

I don't envy the government leaders who have had to make policy decisions related to the pandemic and it will be interesting to see if there is more of a political backlash. When I read articles, like this one from an [MIT study](#), which concludes that the risk of getting COVID can be the same at 6 feet or 60 feet if the air is mixed, I wonder how future policy decisions will be made and which "science and data" will drive decision making. Will the use of masks, social distancing, border controls and travel restrictions, use of vaccination cards and other health data as a right of access, quarantine, and the shutting down of large parts of society all become much more routine?

While my nature is biased towards optimism in the future; I fear that one of the legacies of this pandemic, combined with use of Big Tech and data, will leave individuals with considerably less freedom and privacy from both government and large companies. To thrive tomorrow, people will have to adapt even more quickly to changes than previous generations. Technological and communication skills will continue to gain in importance. For those who are well-equipped, there will be endless opportunities.

## Big Tech, Data, Privacy, Taxes and Break-ups?

Over the last two decades out of the ashes of the [dot.com bubble](#) and crash, technology companies have emerged as a disruptive force driving changes. Technology companies attract many talented employees, much of the world's capital and are transforming businesses, creating new industries, and impacting society at an unprecedented rate.

Apple, Microsoft, Google, Amazon, Facebook make up about 20% of the value of the US [S&P500](#). There are about 6000 listed companies in the United States and as of the end of the first quarter of 2021, these companies were worth about \$49 Trillion, the S&P 500 was worth about \$35 Trillion (over 71% of the US market value) and the big 5 companies listed above comprise almost 15% of the entire US Stock Market. Similarly, in China, 4 of the 5 largest companies in the FTSE China 50 Index, Alibaba, Tencent, Meituan and JD are also technology companies representing over 30% of this large company Index. Big Tech is indeed BIG in terms of its valuation in the stock market, focus by governments and in the everyday lives of billions of consumers around the world.

Many academics study and teach about the inter-relationships between Government, Business and Individuals or Society. This framework of the inter-relationships drives much discussion in many areas of policy from taxation, regulations, consumer protection and even more broadly in the design of economic systems [e.g., Capitalism, Socialism, Communism etc.]. In a Post-Pandemic world with political discourse already at a high-level intensity, I believe that Big Tech will simultaneously draw more intense attention from governments (taxes and regulation) while accelerating in its impacts on industry and individuals.

In the US Congress earlier in June, bills with bipartisan support were introduced aimed at curtailing the [power of large technology companies](#). One bill entitled Ending Platform Monopolies Act is aiming at breaking up large companies such as Amazon, another bill would disallow "platform self-preferencing". On the other side of the Atlantic, Google recently agreed to pay a fine of \$270 million to the French government in an anti-trust case. This is only one of many initiatives in Europe to limit business activities and extract more money from large technology companies.

Many of the big companies have also been making [concentrated efforts to improve privacy](#) and data protection, another area where regulators and consumer advocates have been expressing concerns and putting on pressure. Articles like this [one in the WSJ](#) have highlighted how data companies, in this case Planet Risk Inc., was able to use mobile phone data to track the movements of US special forces operations and other movements of the armed forces. The

Economist [here](#) highlights how Apple's mobile phone software release in April forces apps to require user's consent to track their data. Due to these changes, many on-line ad companies are being forced to innovate in how they can efficiently reach their target audiences. So much of this activity takes place behind the scenes, that individuals barely notice. But change is afoot. As investors, consumers and in many cases, employees of big tech what should we expect in the future?



For investors, Big Tech companies are likely to continue to provide growth, but at a slower rate. It is far more challenging to double the size of a \$2 Trillion company than a company with \$2 Billion. Even if large tech companies are to some extent broken-up, subject to increased regulations and taxes, and facing competition from smaller rivals, they are well equipped to survive. As the industry matures companies may find themselves, like Apple, drifting from “Growth” to a mixture of “Growth and Value” with shareholders demanding more return of profits in the form of dividends.

The higher risk and higher return in the tech industry will come from smaller companies (many of whom may be acquisition targets of big tech). Additionally, more and more companies will be re-making their businesses with a heavy technology component. This will be applicable in everything from retail, to automotive to health care and even some of the more “boring” companies like utilities will adapt. Ultimately new technology and software especially, will continue to bring more efficiency and profits to investors across all industries that the sector classification “technology” will be divided into more components or disappear entirely as an S&P classification. In short, technology will be one of the primary factors driving increased profitability and growth in your investment portfolios for the foreseeable future.

For consumers, technology will continue to deliver more of what you like but at a cost. Your data, everything from the route you take to work (or not), what you buy, who you interact with, your demographics, all of this has value to the entities that watch you on-line. Targeted advertising is both convenient and creepy.

Traveling is also changing: Going through US airports these days as a member of [Clear](#), a simple retina or fingerprint scan along with your membership gets you to the front of the security line; and then for some international flights, ID checks at boarding is also facilitated with facial recognition software.

Convenience, better products, and lower costs are nice, but lurking in the background are threats from cyber criminals trying to steal data, money or extort individuals and companies with the growing “business” of [ransomware](#). As technology marches ahead, it will become more and more difficult to interact without at least some proficiency in using software whether this is on a phone, computer, tablet, or other device. How many places in the world will we be able to go to and “escape” from being connected all the time?

Finally, for the many clients and children of our clients who work in the technology industry, what should you be expecting in the future? On the positive side, if you are proficient with “technology” in any respect, this is a valuable skill for many professions and helps you to be at the forefront of benefiting from new products and services with ease. Your job prospects are excellent.

You too though will face some challenges. Part of your career while you stay in technology will be the constant need to stay educated and the younger generation of graduates who are coming in droves, ready to fulfil your job once you move on. And move on you will. Job changes are frequent, the Bureau of Labor statistics estimates (in 2018) that the median number of years in the

same job was 4.3 years for men and 4 years for women. The average person will have roughly 12 different jobs during their career.

Are you prepared to leave your job next month, next year? Anecdotally, I can say that many of your colleagues who have worked in big tech for 5-10 years or more are thinking about leaving and doing something else. Changing jobs is a skill, that you should be practising. Keep your on-line profile and resume up to date, go on interviews, even if you are happy in your job and make sure you are networking outside of your company as well as inside.

At White Lighthouse, we have done a lot more career counselling than I ever anticipated 15 years ago when starting the company. Please see us as a resource, as needed at any stage when you are considering a job change. If you are not already, you should be taking some time for yourself to prepare for your next move. Maybe this is education, putting together a business plan to start a company, or learning to work less and engaging in a new hobby or two as retirement approaches. Try to focus on doing what you enjoy (if your job involves helping other people, this seems to be one of the qualities that gives the most job satisfaction). We of course can assist you in the personal and financial implications of a job change too.

## Interesting links from this newsletter:



Google Travel for up-to-date travel info

[Click to read](#)



[Click to read](#)

Why the used-car market is sending American inflation soaring – The Economist



[Click to read](#)

Rising Inflation Looks Less Severe Using Pre-Pandemic Comparisons – The Wall Street Journal



[Click to read](#)

How a More Resilient America Beat a Midcentury Pandemic – The Wall Street Journal



[Click to read](#)

MIT researchers say time spent indoors increases risk of COVID at 6 feet or 60 feet in new study challenging social distancing policies - CNBC



[Click to read](#)

A new type of ad is heading for your iPhone – The Economist

## White Lighthouse Investment Management (WLIM) Information

We are pleased to welcome John York, CPA to the White Lighthouse Team as a financial planner. John began his career in public accounting almost a decade ago back in his beloved Portland, Oregon. He has worked on everything from audits to compilations and taxation of individuals to C-corporations. John found a passion for helping people and businesses make good, data-based decisions. In 2016, John left for New York City, where he continued to diversify his portfolio of professional experience, honing-in on automating financial and tax workflows. It was in New York that he first got a taste for the issues that expatriates face. Four years later, he joined their ranks



after meeting his wife in the Norwegian fjords. In his new role at White Lighthouse, he is looking forward to helping fellow expats, as well as Americans back home, get financial peace of mind and meet their long-term goals. John is currently studying for the CFP® exam. John and his wife live in Germany, close to the Dutch border and they are expecting their first child any day now.

White Lighthouse has grown over 30% in the last 18 months and for this we so very thankful for the trust our clients place in our team as well as the many referrals you have to friends, family, and colleagues. Thank you all so much! To maintain and improve our service levels, we are planning to add at least two more team members in the next 6 months or so. The first will be an addition to our back-office team, working closely with Kathy and the second will be a US-based investment advisor and financial planner.

Please see our vacation schedule at the end of the newsletter as many of us will be taking some well-needed time off this summer. I am planning to disconnect almost completely from July 20-31 and then again from August 12-18 and am confident that our team will be able to maintain our full-service level during that time!

### Market Wrap up for the 2nd Quarter of 2021:

Index	Quarter	Last 12 months
S&P 500	↑ 8.2%	↑ 38.6%
Dow Jones	↑ 4.6%	↑ 33.7%
Canadian Market	↑ 7.3%	↑ 40.3%
Swiss Market Index (SMI)	↑ 8.1%	↑ 18.9%
FTSE	↑ 4.8%	↑ 14%
DAX	↑ 3.5%	↑ 26.2%
CAC40	↑ 7.3%	↑ 31.8%
Shanghai Index	↑ 4.3%	↑ 20.3%
\$USD against CHF	↓ 2.0%	↓ 2.25%
\$USD against €Euro	↓ 1.0%	↑ 3.1%
Federal Funds currently remains close to 0%		

### Conclusion

I would like to conclude this newsletter with two main thoughts. The first is a big thank you to the White Lighthouse team for your exceptional dedication and hard work especially during these last fifteen months. While we have faced some considerable personal and professional challenges you have continued to maintain a high level of professional service as the company has grown over 30% as we have welcomed so many new clients. I am very proud to have each of as a member of our team.

The second thought is for several of our clients who are themselves faced with some monumental challenges. You have shared so much of your personal lives with us, turned to us for counsel and taken the time to express your gratitude. We are honoured to have the opportunity to work with

so many amazing people and will continue to respond to the trust you bestow upon us with best service and advice we can provide.

For our clients and my team, please remember to take some extra time for yourselves, so many of you have been dedicating so much of your time to family, friends and employers, don't forget to take care of yourselves too!

Thank you to everyone, we hope to see many of you soon and wish you a wonderful summer...

Jonathan and the White Lighthouse Team

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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 72
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 is now required and Sharefile will force weak passwords to be changed.

Your quarterly reports are generally ready before 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/lapdMain/iapd\\_SiteMap.aspx](http://www.adviserinfo.sec.gov/IAPD/Content/lapdMain/iapd_SiteMap.aspx)

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

October 15<sup>th</sup> is the 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 72 (formerly 70.5 and for individuals who turned 70.5 in 2019 or earlier)

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 2020 or 2021 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 \$6000 per individual per year and \$7000 if you are over 50 years of age in both 2020 and 2021.

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- 2021

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.

White Lighthouse Investment Management, Inc.  
Business Continuity Plan 2021 – Client Copy

White Lighthouse Investment Management, Inc. has developed a Business Continuity Plan on how we will respond to events that significantly disrupt our business. Since the timing and impact of disasters and disruptions is unpredictable, we will have to be flexible in responding to actual events as they occur. With that in mind, we are providing you with this information on our business continuity plan.

**Contacting Us** – If after a significant business disruption you cannot contact us as you usually do by phone, email or Skype, you should call our office manager Kathleen Quintero 201-394-9067 or go to our website at <https://www.white-lighthouse.com/who-we-are> . and contact another member of the team. If you cannot access us through either of those means, please contact your custodian or use your on-line log in to access your accounts.

**Our Business Continuity Plan** – We plan to quickly recover and resume business operations after a significant business disruption and respond by safeguarding our employees and property, making a financial and operational assessment, protecting the firm’s books and records, and allowing our customers to transact business. In short, our business continuity plan is designed to permit our firm to resume operations as quickly as possible, given the scope and severity of the significant business disruption.

Our business continuity plan addresses: data backup and recovery; all mission critical systems; financial and operational assessments; alternative communications with customers, employees, and regulators; critical supplier and counter-party impact; regulatory reporting; and assuring our customers access to their funds and securities if we are unable to continue our business.

**Varying Disruptions** – Significant business disruptions can vary in their scope, such as only our firm, a single location of our firm, the business district where our firm is located, the city where we are located, or the whole region. Within each of these areas, the severity of the disruption can also vary from minimal to severe. Since our firm is a “virtual firm” and our employees are all in different locations, the likelihood of this type of disruption effecting our whole business is minimal. If the significant business disruption is so severe that it prevents us from remaining in business, our clients can contact the custodian directly by phone, access their account online or if available use their checking and debit card capabilities to access funds.

**For more information** – If you have questions about our business continuity planning, you can contact us at 508-471-4431 or email: [lachowitz@white-lighthouse.com](mailto:lachowitz@white-lighthouse.com) or [kquintero@white-lighthouse.com](mailto:kquintero@white-lighthouse.com)

### Customer Relationship Summary

White Lighthouse Investment Management is registered with the Securities and Exchange Commission (SEC) as an investment adviser. Brokerage and investment advisory services and fees differ, and it is important for you to understand these differences. Free and simple tools are available to enable individuals to research firms and financial professionals at [investor.gov/crs](https://investor.gov/crs). This site also provides educational materials about broker-dealers, investment advisers, and investing and we recommend that you visit this site as part of your decision-making process on choosing a financial services provider. We are happy to answer any questions that you may have about our firm, pricing and services.

<p><b>What investment services and advice can you provide me?</b></p>	<p>We offer investment advisory, financial planning and comprehensive wealth management services to retail investors. Our specialty is serving international clients and global families including overseas Americans, non-Americans living in the United States and clients who require a global perspective.</p> <p>In order to provide investment advice, we conduct a discovery process to understand the clients' income and net worth, their goals, risk tolerance and other factors that inform the investment policy that guides the design and management of clients' portfolios. We create diversified portfolios with a custom designed asset allocation mostly composed of low-to moderate cost, high quality, liquid investments, mostly in the form of exchange traded funds from companies like Vanguard, BlackRock (iShares) and others though we may use or retain individual securities, mutual funds and bonds. We recommend the opening of securities brokerage and retirement accounts through independent custodians and use their trading platforms to manage investments. We do not work with annuities, insurance products and do not facilitate alternative investments like hedge funds, private equity and direct real estate holdings.</p> <p>We monitor our client accounts and investments every three months at a minimum and provide more frequent monitoring as needed or in agreement and coordination with the client. Our clients have the option to give our firm discretion to buy and sell securities on their behalf according to a mutually agreed asset allocation in the client's best interest. This authority can be given by the client at the start of the relationship and it will be active until a time where the client decides to withdraw it and notifies us. If the client decides not to give our firm discretion to buy and sell securities on their behalf, they need to understand that it is them who make the ultimate decision regarding the purchase and sale of investments.</p> <p>We provide financial planning services such as tax, retirement and estate planning, with a focus on US cross-border issues, either on project basis for clients who we do not manage assets, or on an ongoing basis for investment management clients and wealth management clients. Examples of specialized financial planning services include outbound and inbound US planning due to international relocations, business planning for professionals and owners with operations in multiple countries; rental real estate planning in and outside the USA; expatriation(surrendering US citizenship or green cards) and naturalization planning; estate and tax planning for beneficiaries of foreign trusts or complex structures and tax compliance review, including IRS international compliance programs.</p> <p>We have a minimum annual fee of \$7,500 for new clients though the minimum may be higher or lower based on service level or special circumstances.</p> <p>For additional information, please see our website at <a href="http://www.white-lighthouse.com">www.white-lighthouse.com</a> and <a href="#">Form ADV 2a</a>.</p>	<p><b>Conversation Starters:</b> <i>Given my situation, should I choose an investment advisory service? Why or why not?</i></p> <p><i>How will you choose investments for me?</i></p> <p><i>What is your relevant experience, including your licenses, education and other qualifications?</i></p> <p><i>What do these qualifications mean?</i></p>
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<p><b>What fees will I pay?</b></p>	<p>For on-going investment management services, clients will pay (quarterly in arrears after the end of each calendar quarter) a percentage of assets under management and/or a fixed fee. In some cases, the client will only pay a fixed fee. For Project work, clients will only pay a fixed fee or an hourly fee.</p> <p>If you are charged a percentage of assets under management, the more assets that are in your account, the higher your fee will be and the firm and individual advisors may therefore have an incentive to encourage you to increase the amount of assets in your accounts under our management. All White Lighthouse fees are stated in the contract for services. There are other costs to clients associated in working with us that could include custodian fees, trading fees, interest, wire or asset transfer fees, tax reporting fees and product level fees such as the fees charged inside of an exchange traded fund or mutual fund</p> <p>More details on our Fees can be found on our ADV 1 Section 5E, ADV 2a Pages 4-6 and on our web site <a href="http://www.white-lighthouse.com/pricing">www.white-lighthouse.com/pricing</a></p> <p>You will pay fees and costs whether you make or lose money on your investments. Fees and costs will reduce any amount of money you make on your investments over time. Please make sure you understand what fees and costs you are paying.</p>	<p><b>Conversation Starters:</b>  <i>Help me understand how fees and costs might affect my investments. If I give you \$10,000.00 to invest, how much will go to fees and costs and how much will be invested for me?</i></p>
<p><b>What are your legal obligations to me when acting as my investment adviser?</b></p> <p><b>How else does your firm make money and what conflicts of interest do you have?</b></p>	<p>When we act as your investment adviser, we must act in your best interest and not put our interest ahead of yours.</p> <p>At the same time, the way we make money is charging fees based on a percentage of the amount of assets under our management. This creates some conflicts with your interests. You should understand and ask us about these conflicts because they may affect the recommendations or advice, we provide you. Here is an example to help you understand what this means: If we recommend you to move money or financial securities into an account that we manage the more the account will be worth and the higher your fee will be. More specifically, if we make a recommendation to rollover your employer retirement plan into an IRA account managed by our firm your fees paid to us will increase since we will be managing more assets.</p> <p>Our firm does not receive compensation based on recommendations of products or any other advice or services. The firm does not have or offer any kind of proprietary products.</p>	<p><b>Conversation Starters:</b>  <i>How might your conflicts of interest affect me, and how will you address them?</i></p>
<p><b>How do your Financial Professionals make money?</b></p>	<p>Our financial professionals are compensated through a salary and/or direct revenue earned by the firm from the clients the advisors service and may receive standard benefits such as health insurance, retirement fund contributions and expense reimbursement for normal and customary business expenses. Advisors therefore earn a higher salary directly based on the amount of investments they advise on or manage. When doing project work, our advisors may earn more money based on the time spent on a project.</p> <p>Our advisors do not earn any compensation based on products sold, sales commissions. Neither the firm nor the individual advisors receive compensation based on recommendations of products or any other advice or services.</p>	
<p><b>Do you or your financial professionals have legal or disciplinary history?</b></p>	<p>No, none of our financial professionals have any legal or disciplinary history.</p> <p>Visit <a href="http://investor.gov/crs">investor.gov/crs</a> for a free and simple search tool to research us and our financial professionals.</p>	<p><b>Conversation Starters:</b>  <i>As a financial professional, do you or anyone on your team have disciplinary history?  For what type of conduct could an advisor get a record for discipline?</i></p>
<p><b>Additional Information</b></p>	<p>For additional information about our services, visit our website: <a href="http://www.white-lighthouse.com/">http://www.white-lighthouse.com/</a></p> <p>If you would like additional, up-to-date information or a copy of this relationship summary, please call +1 508 471 4431 or e-mail Kathleen Quintero at <a href="mailto:kquintero@white-lighthouse.com">kquintero@white-lighthouse.com</a></p>	<p><b>Conversation Starters:</b>  <i>Who is my primary contact person?  Is he or she a representative of an investment adviser?  Who can I talk to if I have concerns about how this person is treating me?</i></p>