

Dear Clients,

Can you believe the end of 2021 is only 3 months away? As we seem stuck in this never-ending pandemic time marches on and the end of another year is on the horizon. There continues to be lots of movement despite the pandemic as many of our clients are moving jobs, relocating to another country, and working harder than ever, even if while many of you are still working from home.

While we know that many of you are also facing personal challenges, our condolences go out to the Family “S” who lost a loving wife and mother at age 49, in July. Mrs. M. S. was a truly inspirational woman with incredible strength, perseverance, and grace. The entire family are stars in their dedication to each other, friends and extended family while facing this unimaginable challenge.

In this quarter’s newsletter we are starting with several pages on market declines and market runups, if you are not interested in market statistics, you may want to skip down to the last paragraph (**bottom of page 5**) and go straight to the conclusion. If you enjoy numbers, we hope you like this section full of several rich charts and graphs! In addition to market analysis, we will introduce you to a new team member Heather Carbone, some notes on compliance in Switzerland, some commentary on the ever-changing US tax code as well as some more reflections on the technology industry and China.

Earlier this year White Lighthouse passed the 15-year mark in business and the team is now 8 people located in 3 countries. We have approximately 300 clients in 15 countries with Switzerland, the US and the UK being our top three countries of residence of our client base. The SEC reminded us during last year’s audit, that we are no longer a “small” company and earlier this year we passed the \$500 million in investments under management milestone.

We would like to take this opportunity again to thank so many of our clients for their patronage, support, great questions and for giving us the opportunity to help you with your financial planning needs. We are also very thankful to the many of you who continue to recommend our services to your friends, family, and colleagues. Our number one goal is to help you make good choices, whether this is in your investment account or other areas of your life. As the team here expands aim to continue to keep the culture of providing highly responsive service backed by our experience and education.

Are you ready for the next 25% drop in your investment accounts? The market hit a new high, should you really be investing more?

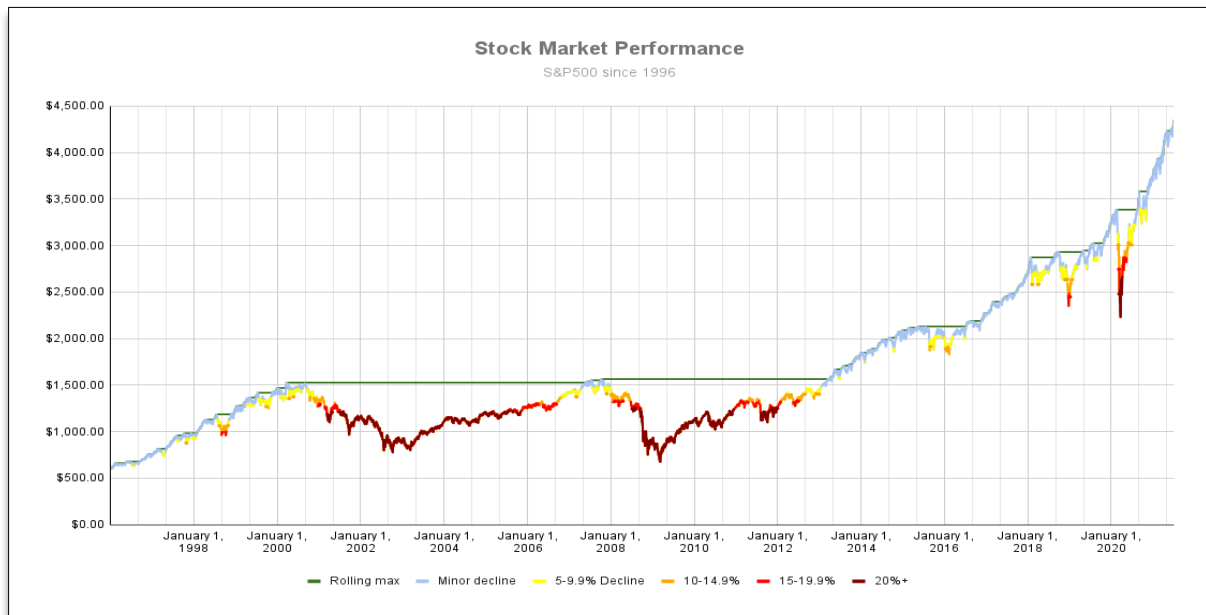
The longer you have been working with us at White Lighthouse, the more this section will sound repetitive. To make things more interesting, we have been doing some more detailed historical analysis of the markets so this time we will use some charts you have seen before as well as some new ones we have created. (A big thanks to John York for working through the piles of data and my never-ending requests to adjust the analysis). Oh, and if you are not interested in market statistics, just skip ahead to the last paragraph of this section...

So, why are we asking this question about your preparedness for the next big drop in the stock market and as such your investment portfolio? No, we don't have any advance knowledge of the future nor are we overly concerned that this will happen soon...though it might...a stock market crises, a debt crisis, a political crisis or a combination generally "comes out of nowhere" and then the news media will drag on some "experts" who have been warning about this or that risk...making it seem like they are the next Oracle of Wall Street and that of course, investors should have known this was coming soon. If you read the financial news, you will find that there are always plenty of market bears and market bulls. The news media are aiming to sell a good story and some people make a decent living out of pontificating about how they can make money by predicting the future of the markets. We want you to make good investment choices and sleep well at night. Our default advice, because you are already ready and investing with a long-term horizon, is that we will patiently wait for the storm to pass and not panic. This advice has served investors well, from long before I entered this profession...

Then, how about market highs? We often get the question, is now a good time to invest money in the stock market, I have been reading that the market is at a new high. Based on our internal analysis of the S&P500,

- There have been 1,336 days that the S&P 500 closed at new record highs since 1946. 823 of those have been in the last 25 years. There are ~253 days per year when the stock market was open.
- Since 1946 there were an average of 18 new highs per year or 1 every 14 market days.
- Since 1976 there were an average of 33 new highs per year or 1 every 7.5 market days.
- From Jan 2020 to July 2021 there was a new high every 5.5 market days.
- There have been 69 periods since 1946 where the market has not been at a 5%+ decline. They've averaged 129 market days or ~187 calendar days. Since 1976: 43 periods, 120 market days, 173 calendar days.
- There've been 26 periods since 1946 where the market has not been at a 10%+ decline. They've averaged 411 market days or 593 calendar days. Since 1976: 15 periods, 417 market days, 602 calendar days.

Looking at the chart below you can see that the markets have had several big drops and big run ups. Green increments are a new max, blue are “not-in-5%-decline”, blue or yellow would be “not-in-10%-decline”.



Now that we see markets often hit new highs and stay there for a while, back to market declines. One of the main ways to guarantee losses in the stock market is a panic or forced sale during a period of greater uncertainty. We prefer you to always be prepared for the next big drop and the way to be prepared is the following: If there is money you need from your investment portfolio in the “short term” let’s say the next two years, we much prefer that you lower your market risk or even better, turn it to cash in the currency you plan to spend it in and don’t pay us to manage it. This in conjunction with having cash reserves and steady income will help too.

If you can afford to take long term risk, well, that is one of the services you are paying for with us, helping you to build a well-diversified investment portfolio and to try to ensure you don’t end up in a position where you are panicking. During the last big drop, in the spring of 2020, almost all our clients waited out the storm in the markets, about 15% decided to invest additional cash. Less than 1% of our clients had reasons where they felt compelled to sell some of their holdings. This has been a similar ratio in previous market downturns.

In preparing for this analysis, we found a lot of different sources and definitions of market declines and recoveries. One source, for instance, only starts counting decline recoveries once the decline is at its trough. CNBC, calling them “market corrections”, claims that 10% or greater declines take only 4 months to recover on average (though they do claim there’s been 26 of them since World War II, the same that we calculated). Another article states that there’s been only 24 “drawdowns” since The Great Depression. Guggenheim has a chart saying there’s been 41 declines of 10% or more since WWII. Charts and opinions about what a market decline is are a dime a dozen.

The raw data say this:

Depth of decline	Total occurrences	Average frequency	Average time to recover
5-9.99%	43	Once per 7 months	2 months
10-14.99%	12	Once per 6 years	157 days or 5 months
15-19.99%	3	Once per 25 years	127 days or 4 months
20-44.99%	8	Once per 9 years	531 days or 1.5 years
>45%	3	Once per 25 years	5 years

With a bit more details on the three larger drops:

Declines of >45%				
Max drop	Day decline hit -45%	Day recovered	Total days	Cause
48.20%	September 13, 1974	July 17, 1980	2,134	High inflation and unemployment
49.15%	July 22, 2002	May 30, 2007	1,773	Dotcom bubble burst
56.78%	October 27, 2008	March 28, 2013	1,613	Global financial crisis

For transparency, the data above is from the S&P500's daily adjusted close between January 1946 and July of 2021. This, conservatively, does not take any dividends into account, which would likely reduce the declines by 1-2%. The recovery time is measured from the day the decline threshold was met to the S&P500's new Day maximum value. A decline of 10% is not considered two 5% declines.

And below you will find the well-worn chart of "shocks to the System" along with an extract from our newsletter from one year ago.

SHOCKS TO THE SYSTEM: Market Declines and Recoveries Since WWII							
Market Shock Events	Closing Levels			Bottom			Days to Recover
	Prior Day	Next Day	% Chg.	Level	Days	% Chg.	
Taper Tantrum: 5/22/13	1669.16	1655.35	(0.8)	1573.09	33	(5.8)	17
U.S. Debt Downgrade: 8/5/11	1199.38	1119.46	(6.7)	1099.33	90	(8.3)	144
Japanese Tsunami: 3/11/11	1304.28	1296.39	(0.6)	1256.88	3	(3.6)	6
Flash Crash: 5/6/10	1165.87	1128.15	(3.2)	1110.88	1	(4.7)	4
Lehman Bankruptcy: 9/15/08	1251.70	1192.7	(4.7)	676.53	121	(46.0)	285
Madrid Bombing: 3/10/04	1140.58	1123.89	(1.5)	1093.95	10	(4.1)	18
U.S. Terrorist Attacks: 9/11/01	1092.54	1038.77	(4.9)	965.80	5	(11.6)	20
Collapse of LTCM: 9/23/98	1066.09	1042.72	(2.2)	959.44	11	(10.0)	9
Iraq's Invasion of Kuwait: 8/2/90	355.52	351.48	(1.1)	295.46	49	(16.9)	82
Crash of 1987: 10/19/87	282.70	224.84	(20.5)	223.92	33	(20.8)	223
Reagan Shooting: 3/30/81	136.30	134.7	(1.2)	134.70	1	(1.2)	4
OPEC Oil Embargo: 10/17/73	111.30	110.05	(1.1)	109.16	6	(1.9)	10
Kennedy Assassination: 11/22/63	71.62	69.61	(2.8)	69.61	1	(2.8)	2
Cuban Missile Crisis: 10/22/62	54.96	53.49	(2.7)	53.49	1	(2.7)	5
Medians			(2.4)		8	(5.2)	14

Source: S&P Capital IQ. Past performance is no guarantee of future results.

Extract from Newsletter one year ago, September 30, 2020

- February 19, 2020, marked the high in the S&P 500 of 3386.13
- March 23, 2020, marked the bear market low of 2237.40, a 34% decline in 33 days
- August 18, 2020, marked a new high in the S&P 500 at 3389.78

White Lighthouse Client Analysis: US Tax Return Snapshot

As the White Lighthouse team expands, this is giving us more resources to provide even better analysis and tools. I would like to give a big thank you to John York (CPA) and Arielle Tucker, EA, CFP® who designed our tax return snapshot. This analysis takes a deep dive into your US tax return and the output is a comprehensive summary

Part of John York's role on the advisor team is to build efficient tools for our team and for our clients. The tools are built with VBA and Excel though in the future, our goal is to utilize JavaScript for even more powerful programs. The tool suite will consist of publicly available (such as pension basis tracking and mortgage currency gain/loss) and internal tools.

Our new Tax Return Snapshot is an example of one of the internal tools. Our advisor team can review your tax returns (both foreign and domestic) and pull out the information relevant to your long-term financial plans. That information is then displayed in a single-page, practical, readable PDF for us to go over with you. An example of some of the areas we highlight are:

1. What are your maximum retirement account contributions and what is the most tax-effective account type to use?
2. Are you invested in Passive Foreign Investment Companies (often called "PFICs") and, if so, are they effective instruments?
3. Are significant capital gains being unnecessarily recognized while in the highest tax bracket (23.8%)?
4. Is there an opportunity to roll pre-tax retirement accounts into a Roth while you're in a lower tax bracket?
5. ...and many more!

Our advisor team is also happy to help you with the tax return summary or any of our public tools which can be found on the [WLIM Resources page](#). If you have any questions or suggestions for other tools, please don't hesitate to reach out to anyone on [our team](#).

Potential Tax Changes in the US

Another Congress in Washington and more concerns about tax changes. This is a never-ending drama that keeps taxpayers up at night and an overburdened IRS and tax compliance industry busier than they need to be. The news media of course cannot resist the drama as well, selling more fear and stories about people paying too little or too much in taxes and how much this may "cost" you in the future.

The legislative process is slow, ugly and uncertain. Draft legislation and what makes the press or politician's websites is only speculative at best in terms of what future laws might look like. Here are some of the highlighted proposals along with some commentary:

1. The SALT deduction limitation of \$10,000 is highly unpopular in large states that vote Democratic (California and New York especially), this limitation is likely to change for some taxpayers.
2. The corporate tax rate of 21% is likely to rise a few percentage points.
3. Long Term Capital Gains taxes currently have a maximum rate of 20% plus 3.8% Net Investment Income tax for higher wage earners. The Maximum rate of 20% could increase though it is unlikely to go as high as the highest marginal income tax which some legislators are looking for. I would guess 25% is not unlikely.
4. The top Federal income tax rate is scheduled to increase to 39.6% from 37% in 2026. It is possible that this increase could happen earlier.
5. Estate Tax Exemption: This is scheduled to revert in 2026 from over \$11.7 million today back to the previous inflation adjusted scheduled from \$5m, so likely around \$6m. The current congress is likely to try and change (lower this number).
6. Step-up in basis: When a decedent owns appreciated property, this gets a “step-up” in basis that effectively avoids the realized capital gains tax. This is another target for change in legislative discussions and it is very possible to go through, though likely with some messy carveouts for privately held businesses. Not having to “sell the family farm” is one of the biggest barriers to change in the step-up rules.
7. Limitations to contributions to large IRA accounts (over \$10 million) with limitations on private equity and other shares being contributed here are likely.
8. Changes to Trust rules impacting intentionally defective grantor trusts. This issue is a bit complicated, but the aim of some draft legislation is to shut down some legal tax planning techniques that shift income to lower tax brackets and avoid estate taxes. Some estate tax attorneys tell me that they are already ready for these potential changes, and they suspect that there will still be workarounds that are effective.

Of all the potential changes above, the one that may impact many of our clients would be an increase in long term capital gains rates. A potential planning opportunity would be that if you were thinking of realizing capital gains in the next year or so, you may consider accelerating this, which may help to lower future capital gains taxes. We will of course be watching this legislative process closely to see if any changes actually happen and then what if anything we can advise our clients to do about the changes.

China, Big Tech, Gold, Inflation, and Interest Rates

Each of the topics here could be the subject of several articles, I am going to try and be brief and will certainly write more in the future.

One of the more interesting [articles](#) I read this quarter was in the WSJ and was about gold and how it really has not been all that good of an inflation hedge at least for the last 40 years. One of the conclusions of the article is that gold is a good inflation hedge over time horizons that are too

long for individual investors (a century or more). Over the past 40 years, gold is up about 3.6% per year, about 12% for the S&P 500 and over 8% for Treasury Bonds. This is of course a selective time frame, over 50 years, gold is up 8.2% per year due to a big jump after the Nixon administration removed the US from the gold standard. The article concludes as well that gold does have a place in a diversified portfolio, around 5% (we prefer in the range of 2.5% to 5%) but that it certainly has not lived up to its reputation as an effective inflation hedge for the past several decades.

The WSJ also had some interesting (damning) [articles about Facebook](#), which would make me rather concerned if I was a user or investor directly in their shares. It certainly makes me concerned as a citizen. A brief summary here will not do the articles justice, but it seems that the company is acutely aware of the terrible impacts that its platform facilitates: the terrible effects that Instagram has especially on many teenage girls, FB has a special list, now over 5 million users, who don't have to conform to most of their operating rules, Facebook's platform, with the full knowledge of its employees, facilitates the operations of organizations involved human trafficking, drug cartels, incitement of violence and the list of nefarious uses goes on much longer. Perhaps one of the most worrying aspects is that when the company has implemented "fixes" that negatively impact their profitability, these seem to be often abandoned; putting Facebook's financial goals well ahead of what would be good for society.

The use and misuse of technology, data, and the internet in general will continue to draw more and more scrutiny from governments, citizens, employees, activists, shareholders, and competitors. Tim Cook (apple CEO) and Marc Beinoff (Salesforce CEO) have both been highly critical of Facebook in public recently. It will be interesting to see how Western Governments will constrain company actions, China it seems is wasting no time.

Chinese economic growth over the last few decades has been nothing short of incredible. However, the Chinese Government and the state of financial markets is clearly different than in the West, and this is by choice. Chinese stocks make up a considerable portion of Emerging Markets and international stock fund allocations; a sector that we have also been cautious about. During this past quarter, the Chinese government has undertaken several actions (a few listed below) that have wiped more than \$1 trillion off of market valuations within days.

1. China's on-line education industry has been forced to become non-profit
2. China has noted that it will be cracking down on violation in the companies involved in the real estate sector, the Evergrande Group is likely to go bankrupt with hundreds of billions in debt, which will have repercussions well beyond the Chinese market (watch out for Swiss bank exposure here too)
3. China ordered that Tencent Holdings give up its exclusive music streaming rights, the company has lost over a third of its value.
4. The IPO of Jack Ma's Ant Group was cancelled after Ma openly criticized the government for not "understanding" the internet.

5. Didi, China's Uber equivalent, had their app removed from on-line stores after a government probe based on cybersecurity, this only a few days after its New York IPO. The company is trading at ~50% loss from its IPO of a few months ago.
6. China dramatically limited the amount of time children would be allowed to play on-line games; from 8-9 pm Friday-Sunday and on public holidays. [My first attempt to implement this at home was met with the expected level of resistance from my kids. So far, I have backed down.]
7. China recently declared that all crypto currency is illegal. [While I don't think this is extreme is needed, crypto currencies will undoubtedly be subject to increasing regulatory oversight in many places around the world.]

In the triangular relationship between Government, Companies and Citizens, in the West, Companies have been dominating the balance of power for decades. In China, the Government is letting everyone know who is in charge with an approach that clearly says that companies are there to support the goals of the Party and actions will be decisive: Shareholders and Customers interests are clearly secondary. While the Chinese economy still presents lot of interesting opportunities, the risks are clearly different there than elsewhere and this is not to mention the geo-political tensions that are building between China and the West. Being an investor is risky and wide diversification remains an important element of global stock market investing.

The Fed seems to be, ever so slowly, inching towards a tighter monetary policy. The consensus view is still that the current inflationary period is transitory, and the time of interest rate increases is likely to start, gradually, next year. There is not much new to report here other than we will have to wait well into next year to see if inflation begins to stabilize and how quickly (or slowly) rates will begin to rise.

Swiss Compliance – Clients in Switzerland and clients of WLIM Sarl

For the clients of our Swiss Company and all our clients who live in Switzerland, you should have received an e-mail on September 20th asking you to complete, electronically, a compliance document related to client classification. The document has three pages of FAQs though we have received several additional good questions. Over 30% of you have responded already and we very much appreciate your timely responses as well as your good questions

For those of you who have not completed the form, we thank you in advance for your prompt completion as this will be one of the many areas we will be audited on in the future. Please reach out to Kathy, Michelle or me with questions and we will do our best to answer. A couple of the questions that we did not cover in the FAQs which I will answer here were along the lines of the following:

1. How will my bank/brokerage firm etc. in the US or Switzerland change their rules based on this new legislation? We can only speculate at this point, but we do understand the Swiss rules and what firms did in the EU with the similar regulations there. We expect both Swiss and non-Swiss firms to be asking their clients, with trading accounts, to confirm their classification and they are likely to restrict clients who don't qualify as Professional, from buying funds outside of Switzerland.
2. Will I be classified as a Professional investor for tax purposes in Switzerland? This classification under the FINSA rules is separate from the income tax rules in the Swiss Cantons. Being classified as a professional investor for FINSA does not classify you as a professional investor for tax purposes.

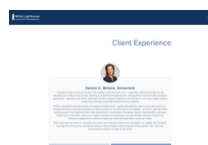
For those of you who have not filled out the form, our back-office team will be in contact again soon with a reminder as we are trying to complete this project by October 31, 2021. Thank you!

Interesting links from this newsletter:



White
Lighthouse's
new site

[Click to visit](#)



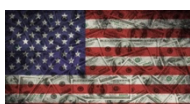
Testimonials on
the White
Lighthouse new
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Gold as an
Inflation Hedge:
What the Past
50 Years
Teaches Us –
The Wall Street
Journal

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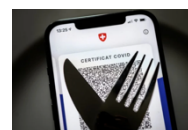
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Files – The Wall
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Canton-by-
canton: How
visitors can get
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Covid certificate
– The Local CH

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White Lighthouse Investment Management (WLIM) Information

We are pleased to welcome Heather Carbone to White Lighthouse as a Business Operations Specialist. Heather has been working in the financial services industry for over 15 years in a variety of leadership roles in operations management, compliance, client services and project management. Heather's role will be instrumental in allowing us to continue to maintain a high level of client service as well as process improvement and new systems implementation. Heather and her 8-year-old son are based in Florida and we are all very pleased to have Heather as part of our expanding team!

Thank you to Michelle and our whole team for helping us launched our refreshed [web site](#). Much

of the content is the same as before though we have simplified the structure and wording and added in a search feature. Due to an SEC rule change, we are now allowed to publish client [testimonials](#). We are very thankful to several of our clients who offered to write a few words about their experiences with White Lighthouse.

Please note that after 10 years, our US office location in Lexington, MA has moved to **114 Waltham Street, Suite 22**. The new owners of our previous office have systematically been asking all tenants at 5 Militia Drive to agree to 3-year fixed leases and big increases, in our case an 80% price increase. So, we found a new space in a professional building, same size, closer to the center of town and with a guarantee maximum price increase of 3% per year. If any of you are visiting Boston and the Lexington area, please let us know and I would be happy to arrange to meet you there.

We would again like to thank so many of you who have referred your friends, family, and colleagues to White Lighthouse, keeping us all very busy (we like that!) and supporting our expanding team. Looking over the horizon, I would anticipate at least two new colleagues joining with-in the next year.

United States Life Insurance for Non-Residents of the US

At White Lighthouse we don't sell insurance, but we can help our clients decide if they need life insurance and help them estimate the right amount of coverage. The primary reason for buying life insurance is to protect dependants (normally a child or spouse) of a wage earner from the loss of future benefits from income lost to an untimely death. We find that term insurance (generally a fixed number of years for a fixed amount of benefit) is the most efficient insurance to buy. Buying life insurance or any insurance on a cross border basis can be challenging for both regulatory and commercial reasons.

The US is the largest marketplace in the world for many financial products including for life insurance and as this [article](#) states, the primary reasons non US residents seek access to US Life insurance are:

1. Access to large death benefits
2. Addressing potential future US Estate Tax liabilities
3. Future plans to immigrate or return to the US
4. Investment diversification
5. Competitive pricing

For our clients overseas, especially in highly regulated insurance markets like Switzerland, it is not always easy or possible to find a life insurance company who can work with you to obtain coverage. We have found one firm in the Boston area, [Appel Insurance Advisors](#), who is able to obtain US life insurance policies for residents in many countries overseas, including Switzerland for US citizens. White Lighthouse does not receive any compensation or other benefit for referrals though we are always happy to help our clients go through the process of obtaining coverage.

Market Wrap up for the 3rd Quarter of 2021:

Index	Quarter	Last 12 months
S&P 500	↑ 0.2%	↑ 28.1%
Dow Jones	↓ 1.9%	↑ 21.8%
Canadian Market	↓ 0.3%	↑ 24.7%
Swiss Market Index (SMI)	↓ -2.6%	↑ 14.3%
FTSE	↑ 0.7%	↑ 20.9%
DAX	↑ 3.5%	↑ 26.2%
CAC40	↑ 0.2%	↑ 35.7%
Shanghai Index	↓ -0.6%	↑ 10.9%
\$USD against CHF	↑ 0.6%	↑ 1.2%
\$USD against €Euro	↑ 1.7%	↑ 0.0%
Federal Funds currently remains close to 0%		

Travel / COVID

We were elated at the news that the United States will finally, in November, open-up travel to vaccinated travellers, like what Switzerland and most European countries did over the summer for US citizen travellers. This should be a big step in helping to normalize trans-Atlantic air travel and improve the economics of travel related businesses. Vaccinated travellers are likely to still need a negative COVID test and unvaccinated Americans returning to the US will likely need a negative test both before traveling and the purchase of a test to be taken after arrival in the US.

Many of our clients visit Switzerland or have friends or family visiting Switzerland. This [article](#) at thelocal.ch gives a list and links of each Canton's information on how to get the Swiss COVID certificate for visitors. The Canton of Vaud was super-efficient when I applied for this certificate earlier this year with a US vaccine and a copy of my Swiss passport, the turnaround was less than 4 hours.

Flights and airports seem to continue to move, slowly, away from pandemic lows towards some degree of normalcy. It looks like one of the true marks of the pandemic ending will be when masks and tests are no longer a requirement for international air travel, hopefully sometime in the first half of next year.

Conclusion

Thank you for taking the time to read our newsletter. If you have any suggestions for future subjects that you would like to be covered, we are always open to suggestions. Wishing you all a happy and healthy final quarter of 2021!

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

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 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/lapdMain/iapd_SiteMap.aspx

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

October 15th 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

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 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 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 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.

Jonathan Lachowitz, CFP®

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 or 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. 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>What investment services and advice can you provide me?</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 www.white-lighthouse.com and Form ADV 2a.</p>	<p>Conversation Starters: <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>What fees will I pay?</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 www.white-lighthouse.com/pricing</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>Conversation Starters: <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>What are your legal obligations to me when acting as my investment adviser?</p> <p>How else does your firm make money and what conflicts of interest do you have?</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>Conversation Starters: <i>How might your conflicts of interest affect me, and how will you address them?</i></p>
<p>How do your Financial Professionals make money?</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>Do you or your financial professionals have legal or disciplinary history?</p>	<p>No, none of our financial professionals have any legal or disciplinary history.</p> <p>Visit investor.gov/crs for a free and simple search tool to research us and our financial professionals.</p>	<p>Conversation Starters: <i>As a financial professional, do you or anyone on your team have disciplinary history?</i> <i>For what type of conduct could an advisor get a record for discipline?</i></p>
<p>Additional Information</p>	<p>For additional information about our services, visit our website: http://www.white-lighthouse.com/</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 kquintero@white-lighthouse.com</p>	<p>Conversation Starters: <i>Who is my primary contact person?</i> <i>Is he or she a representative of an investment adviser?</i> <i>Who can I talk to if I have concerns about how this person is treating me?</i></p>