Newsletter | June 30, 2023

Dear Clients,

As spring is ending and summer has arrived in the Northern Hemisphere, a growing pile of less negative news has stock markets at their highest level in over a year, and in the US, about 7.6% [S&P 500] below their all-time highs. Inflation continues to fall, the Federal Reserve has paused interest rate hikes (after 10 straight increases), Republicans and Democrats actually compromised on increasing the US debt limit and cutting some spending, jobs remain plentiful and there has yet to be any spill over from the mini-banking crisis of March and April. Would it be too much to ask for the war in Ukraine to end, tensions between the US and China to be resolved, a soft landing with no recession, and Biden and Trump to simultaneously announce that neither is running for President next year? Ok, that may be asking for a little too much, but the point is, that a lot of things that worried investors over the past couple of years are resolving.

On June 8, 2023, the S&P 500 exited its longest bear market since the 1940s. The S&P 500 was down by 20% from a recent high for 248 trading days, second only in length to the 484 days ending on May 15, 1948. Sharp downturns tend to recover relatively quickly, this time, with inflation and interest rates still elevated, investors are having to be patient to get back to the all-time highs. This latest upswing has its doubters, is very concentred in two sectors, technology and communications, and, for certain, there are doubters with legitimate concerns. Is the recovery sustainable? More on the markets and the economy are to come in the sections below.

I will also write some more about the recent performance (last 3 decades) of the US stock market, interest rates, inflation, the Fed, the custodians we use, as well as updates here at White Lighthouse.

Interest Rates, Inflation and Central Banks

On June 13th, the latest Consumer Price Index numbers were released with the CPI dropping to 4% year over year, (the lowest reading in 2 years) and the Core CPI, dropping to 5.3%. Shelter increased by .6% in May, the biggest factor keeping inflation elevated in the US. The Federal Reserve's meeting and announcements on June 14th was the first time in the last 11 meetings where the Fed did not raise interest rates, keeping them in the range of 5.0% to 5.25%. However, Chairman Powell has been out and about talking about not being done with the fight against inflation and his talks along with the dot plot are indicating that two more quarter point raises are looking likely before the end of the year. Just a few weeks ago, many economists were forecasting rate cuts before the end of 2023, however the economy remains strong, and more and more analysts are thinking that the US economy may even avoid a technical recession.

Meanwhile in Europe, the ECB raised rates by .25% to 3.5% on June 15th, the highest level in the Eurozone in 22 years. The ECB is expecting inflation to remain at 5.4% in 2023 and drop to 3% in 2024 and about 2.2% in 2025, still above their target. The EU in June fell into a technical recession, and the ECB has forecast slow economic growth in the near future, down below 1% in 2023 and 1.5% in 2024. ECB President Christine Lagarde has suggested rather forcefully that the ECB will not be pausing their rate hikes with markets expecting rates in the Eurozone to go up to at least 3.75% to 4% before this rate hike cycle is done. The June 30th Eurozone inflation reading came in at 5.5%, lower than expected, though core inflation (excluding food and energy) remains high at 5.4%, which is largely wage driven with unemployment remaining low. Perhaps gradually raising the retirement age across Europe by a couple of years could simultaneously lower inflation and close the looming retirement funding gaps in many countries?

In Switzerland on June 22nd, the SNB raised rates for the 5th consecutive time, now to 1.75% while inflation fell to 2.2% in May. The rate is lower than the US and EU and inflation is coming back close to its target range, though the SNB has not ruled out further increases. The SNB has been more focused on combatting inflation than in stemming the rising Franc; their sales of foreign currencies and allowing the Franc to strengthen to ~.88 to .90 against the US Dollar has been very noticeable, though if inflation continues to fall, we may expect the SNB to nudge the Franc a bit weaker again.

In China, the central bank is moving in the opposite direction, cutting rates slightly in a bid to stimulate the economy, whose post-covid recovery seems to be stalling.

What seems almost certain from this picture, is that inflation, interest rates and Central Banks are not moving at the same pace or even same direction in all parts of the world. The US economy is staying strong, employment remains very strong while inflation is coming down…will it stay down leading to near-term peak and eventual fall in interest rates, while avoiding a recession? This seems to be the path that we are headed on today, but I think we will need at least 3-6 more months of inflation declining for the Fed to declare their job on inflation is done for this cycle.

Meanwhile in Europe, with higher inflation and the economy already being tipped into recession now, the ECB's growth forecast could be a bit overly optimistic as the ECB is clearly not ready to pause the increasing rate cycle.

According to Factset, US Corporate earnings for the second quarter are forecast to decline about 6.5%, the largest decline since Q2 2020 in the beginning of the COVID pandemic. Market analysts remain very positive on IT (Apple, Microsoft, Nvidia, Broadcom), Energy (Exxon and Mobil) and Communications Services (Meta, Google, Verizon, Disney, Netflix) and very negative on Consumer Staples (includes companies like P&G, Philip Morris, Coca Cola and Pepsi).

It seems that inflation is slowing, interest rate increases are coming to an end soon, but the fight against inflation is taking longer than most people had hoped, we are not at the end of the cycle. However, some stock market performance and more and more investors are starting to think they can see beyond the horizon, sending tech companies like Apple and Microsoft to all-time highs in June, while most stocks, especially the large Cap Value names, remain well below the levels of their high point.

I will return to talking about the current state of the markets in third section of this newsletter, but I would like us to take a step back from the current quarter and look at the long-term performance of the US Stock markets since 1990, based on an excellent article from early April in the Economist.

The US Stock Markets – Considerable outperformance since 1990

For the several decades that I have been an investor in financial markets, I have had a portfolio bias towards investing in the US stock market. This does not mean that I exclude investments outside the US, just that I weigh the US stock market higher than its roughly 40%* share of the world's publicly traded companies. This started out due to familiarity, but it continued, deliberately, since I became responsible for managing our client's savings and investments. This bias (with a healthy dosage of good fortune/luck) has been based on rigorous reading and writing about global financial topics and represents much more of a macroeconomic approach than a rigorous look into individual company's financial statements. Though, admittedly, I have done a lot of that over the years too.

The United States, whether it is the economy, the stock market, the government, and its policies at home and abroad, the culture or many other aspects attracts a tremendous amount of admiration and criticism by citizens and non-citizens alike. Like many of our clients who have lived in multiple countries and travelled to many more, we have all learned that the places we go and the people we meet all have positives and negatives. In this section, with a considerable amount of help from a recent and exceptional Economist article, I would like to point out many of the points on how and why the US stock market and economy have outperformed because of the many positive and negative characterises of the country. Ultimately our job is to help our clients make good choices, and one of those choices is very clearly on how to allocate your investments.

The Economist article, from April 13, 2023, is entitled "America's economic outperformance is a marvel to behold" and for those of you who don't have a subscription, I will below list some of the interesting statistics and conclude with some observations:

- $100 invested in 1990 in an Index of the largest global companies would be worth about $510 in April 2023.
- $100 invested in 1990 in the US S&P 500 would be worth about $2300 over the same time period.
    - Put another way, if you had invested $100,000 each in VOO (S&P 500) and VEA (developed world ex US, similar to VXUS and IXUS but excluding emerging markets). The investment in the US S&P 500 would be worth about $2.3 million with the investment in the non-US stock fund would be worth about $510,000.
- In 2022, US Gross Domestic Product was $25.5 trillion, about 25% of the world's total and about the same as in 1990. China's is about 18% of Global GDP in 2022 and less than 5% in 1990.
- In 1990 the US economy represented 40% of the GDP of the G7 countries (US, Canada, France, Germany, Italy, UK, Japan). In 2022, the US share had grown to 58%.
- In 1990 US income per person was about 24% higher than Europe as a whole. In 2022, that jumped to 30% (these are a purchasing power parity, so taking into account the different prices of goods in different countries as well as exchange rates).
- A higher fertility rate and more open immigration system (historically compared to other advanced economies) have led the US working age population to increase from 127 million to 175 million from 1990 to 2022, a 38% increase. Europe's working age population increased by 9% over the same period from 94 million to 102 million.
- An American think tank, the Conference Board, has estimated that American labor productivity over this same time period increased by 67%, compared to 55% in Europe and 51% in Japan.
- US workers work about 1800 hours a year, Europeans about 1600, and Chinese about 2300.
- An estimate of total factor productivity, which attempts to show the increase of efficiency and technology adaptations, shows the US with a 20% increase, with the G7 as a whole averaging less than 10%.
- The US spends about 37% more per student than the average of the OECD [no surprise to you who are sending children to college in the US]. 34% of Americans finished tertiary education (post high school: university, polytechnic, etc.), second highest only to Singapore, according to the article.
- The US spends about 3.5% of GDP on research and development, one of the world's highest and by 2022 had increased to 22% of the global patents issued.

- Half of the world's venture capital goes to US companies.
- In 2021, 5.4 million companies were started in the US, the highest on record.
- The article has so many more statistics, these are some of the positive highlights.

The authors go on to argue that it is additionally a combination of the educational and technological skills, the size and demography of the domestic market (which is resource rich, with the US now being a net exporter of oil), and market dynamism which helps to explain the economic outperformance. The last point, which is harder to quantify combines American's willingness to move for employment opportunities, along with a robust start-up culture, and the competitiveness of the work culture.

Of course, not all the statistics out of the United States are positive. Average life expectancy in the US is 77 years, about 5 years shorter than the average of similarly developed countries. This is astounding considering the financial and intellectual resources. The US has the most unequal income distribution in the G7 not to mention considerable problems with the health system, drugs, guns, relatively weak employee protection laws, and politics that appear move divisive than ever at the national and state level.

One of the big questions looking at the past few decades of considerable economic out performance in the public equity markets is: Do the conditions exist to sustain this economic outperformance? Like every respectable investment advisor, we start by saying that past performance is does not guarantee future performance and no one can have great certainty about the future. We also reasonably can say that the two economic blocks that today would have the most chance to compete with the US, would be the EU (including other countries in Europe who are not members), China, and perhaps, though it is a big unknown at this point, India. Additionally, will US macro-policy cause any systemic long-term changes or threats to being a leader in value creating companies?

China, with its large domestic market, is today the best positioned to challenge the US, but personally I have a lot of reservations. The age structure and declining population will bring about tremendous social challenges, not to mention the increasingly authoritarian regime. Chinese citizens and foreign firms alike face threats not just from the marketplace but also a government that craves more and more control. While I expect the Chinese economy to continue to grow at a healthy pace, I think as an investor, especially as a foreign investor, there are many more threats to economic and social stability and growth that give me cause for concern.

Europe as an economic block and especially the EU really has not delivered the growth and efficiency opportunities that have been hoped for with strong national identities, politics, and preferences in constant contrast to a single economic union. The EU does seem to be making a mark in other issues, such as anti-competitive practice and data privacy, which are targeted very much at the US technology industry, but I think the companies are well-positioned to be able to fight back; and this is unlikely to increase economic output and efficiency in Europe. The lack of a real unified market along with the aging population and the fertility rate well below replacement rate, make the EU unlikely to challenge the US marketplace for leadership in value creating companies.

The Economist article spent very few words on the subject of whether the US outperformance is sustainable. They offered a few US internal areas such as bipartisan support for a retreat from globalization that are a potential threat. I think that the US leadership in producing outsized value creation is theirs to lose and despite government policies which are often counterproductive and nonsensical, the US, and specifically industry leadership, have the tools and motivation to continue to deliver long-term profitable performance to investors. Of course, things can change in the world and many challenges and imperfections exist; but looking at the next decade, my best guess is that the US growth engines will continue their trends of the last few decades.

*Since 1970, the US share of global stock markets has varied considerably between about 35% to 65% of the total world's stock market capitalization. Interesting chart from 2018.

**On June 26th the Economist published another article, Americans love American Stocks. They should look overseas" which was a branch off of the previous article I have written about. A lot of the information about America's outperformance was repeated, though additional research by Cliff Asness et. al. at AQR Capital Management concluded that of the 4.6% annual outperformance of US stocks, over non-US stocks, since 1990, 1.2% comes from higher earnings and 3.4% from higher price to earnings multiples. One conclusion is that US stocks have just gotten more expensive. I believe this is too broad a conclusion. A deeper look at this will show that the percentage of growth stocks (think all the big tech names) in the US has grown, which is a large driving factor since growth companies for much longer than the last 30 years tend to have higher P/E ratios. While I think some geographic diversification makes sense, I believe that sectors matter more than the home country of a particular multinational, and I would guess that a large percentage of the future large company tech and growth stocks that are not existing today, are more likely to develop in the US than in other countries. All speculation (by me) of course...time will tell.

More Market & Investment Talk

The S&P 500 is now up about 16% since the beginning of the year but the Dow Jones is up only about 4% and the Nasdaq, an amazing 32%; with Apple, Microsoft, Nvidia, Google, and Amazon driving the bulk of the market gains this year. This is a little bit strange, almost like a considerable number of shorter-term investors (hedge funds) is trying to get ahead of the economic recovery, and choosing all the big names that powered the growth last time. Or, perhaps it is also somewhat of a correction to the upside since it was the big tech names that also suffered a steeper decline in 2022 as interest rates were soaring. Stock market valuations/investors tend to be forward looking, roughly six months, and the markets are starting to say that the worst of the economic uncertainty of the past ~18 months, caused mainly by inflation and interest rate increases, seems to be gradually coming to an end. This is admittedly an optimistic view. While the US could still tip into a recession, this is seemingly to be unlikely, unless the Fed feels forced to raise interest rates somewhat higher than what is forecast.

What else is going on in the markets? One measure I follow daily, along with the world's markets, is the VIX. In laymen's terms, this is known as the market's "fear" index. The calculation of the VIX is somewhat complex, it uses the prices of near-term (23-37 days) options contracts on the S&P 500 to measure the market's expectation of volatility for the next 30 days. The VIX is calculated in real time. When the VIX is above 30, this indicates very high levels of market stress, when it is below 20, this indicates rather low levels of market stress. The VIX has spent the majority of the 2nd quarter of this year under 20, even dipping below 13, which is downright boring. Looking at a long-term chart of the VIX, you will see spikes above 40 at many of the memorable worldwide stressful events such as the start of COVID [highest VIX levels] and the Financial Crisis. Ironically, during the mini-banking crisis last quarter, the VIX never spiked above 30 and was above 25 for only a few days. Right now, the VIX is indicating that markets are unlikely to be highly volatile over the summer. Of course, if a large-level macro event happens, this can change in a heartbeat.

If you have gone through the last 18 months without too much worry about your investment accounts, congratulations. You have just survived the longest bear market in the S&P 500 since 1948. The market was down by 20% or more until June 8th, spending a total of 248 trading days below this threshold. The longest bear market ever was 484 days, and that ended on May 15, 1948. Bear markets on average last about 140 trading days. Since 1949 there have been 13 bear market exits and in all but one case (2001, down 22.5% again during the dot com crash), a year after the bear market ended, the market was up and in 9 out of 13 cases, it was up by 10-49%. To get an idea how quickly sentiment can change, this article from January 8, 2023 the Motley Fool (another publication that has some interesting articles) was postulating that we may be in for the longest bear market in history and that the market was a "long way from finding the bottom". Timing declines and recoveries are difficult, investors who were waiting to invest more this year, for another leg down in the market, may not get that chance for a long time.

While an index like the S&P 500 is great to invest in for its diversification effects, the index itself hides a lot of details of what is going on under the surface. While the S&P 500 is up considerably this year, it really is primarily driven by around half a dozen big tech companies. Not all investors think this year's rally is sustainable. By early June, market bets for a decline in the markets were soaring, but these short sellers have been losing a lot of money in June so far. Some market commentators have dubbed this a rolling recession due to the fact that different sectors seem to have declined at difference periods over the last 18 months or so and the recovery is really only in a few sectors of the market. This is a fair assessment, and I believe that we can and will only see a true sustained recovery, with the market's reaching new highs once it is clear that the interest rate increase cycle has definitely ended.

Sentiment is indeed an important driver of people's decision making, and in the press over the last few months I have read several articles such as these two in the WSJ "The World is Ending, but it has been Ending Many Times Before" and "Pessimism is the One Thing Americans Can Agree on". The second article's subtitle reads "New research shows that no matter their political leanings, age, race or economic status, people think most things are worse than they really are". I believe this comes from a combination of factors, including media, as well as how statistics are misused and misunderstood. One of the books that is in the pile beside my bed, waiting to be read is "Superabundance". A quote from the forward reads "To their surprise, the authors also found that resource abundance increased faster than the population – a relationship that they call "superabundance." On average, every additional human being created more value than he or she consumed. This relationship between population growth and abundance is deeply counterintuitive, yet it is true." This looks like it will be a fun, insightful and positive read. My most direct experience with sentiment comes in the conversations, relatively infrequently, with clients who are worried about their investments due to recent volatility. Almost always, I have found that they are worried about something very personal in their lives (health issues for them or someone close, career uncertainty, retirement, etc.) and that they are substituting anxiety about the markets with other more personal concerns. We encourage you to set up a time to talk or drop any of us an email if you are worried about anything that you think we can help with or just if you have questions.

One last thought on markets and specific money markets, a cash equivalent. Money, whether in cash or in our bank accounts, is often taken for granted. Cash is generally a great short-term store of value, though today, through money market funds, CDs and other short-term USD-based investments, investors can earn about 5% a year in returns. Banks are still only offering 1% or less on cash deposits. "Why," you may ask. Well, most banks don't need your money on deposit, they are still very flush with cash and so they have no need, most of them in any case, to attract more deposits. Since 1928, Cash has outperformed stocks and bonds in 12 calendar years, and only 3 times, 1931, 1969 and 2022, was cash yielding positive returns while stocks and bonds were negative. For money that you have and expect to use over the next two years or so, or want to keep as an emergency reserve, cash or cash equivalents make a lot of sense. However, these high returns will quickly fade when interest rates start to go down (and they will, we just are not sure when). Interest rate declines tend to send stocks and bonds up in value...remember, timing markets is difficult.

Interesting links from this newsletter:

The Economist
Click to read
America's Economic Outperformance Is a Marvel to Behold - The Economist

Click to read
CBOE Volatility Index (VIX): What Does It Measure in Investing? - Investopedia


Click to read
S&P 500 Exits Longest Bear Market Since 1948. What Stock-Market History Says About What Happens Next - MarketWatch

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The World Is Ending, But It's Been Ending Many Times Before - The Wall Street Journal

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Click to read
Retiring In Paradise Has Its Financial Problems. Make These Moves First. - The Wall Street Journal

POORSWISS
Click to read
Swissquote vs Interactive Brokers 2023 - The Poor Swiss

White Lighthouse Investment Management (WLIM) Information

We are happy to announce our new team member Tina Deluca who will start to work in our Lausanne office in the middle of July. Tina will join Kathy, Michelle and Mãlina as a Senior Business Operations & Compliance Specialist working in our back office. Tina is an attorney by training and she and her husband, are originally from Pennsylvania, and they have been living in Switzerland, with their two teenage children, for over 15 years.

Tina will be working on a variety of tasks including contracts, US and Swiss compliance, and administrative support for clients and our financial planning team. With Tina and Mãlina in Europe, where we have over 60% of our clients, we hope to further improve our responsiveness.

Kathy, Mãlina and Tina will be meeting for a week in Lausanne in July to start Tina's training and work on enhancing our back-office, client and advisor support, and compliance capabilities from the start of the European working day through the end of the US working day.

I am happy to announce that John York has accepted the invitation to join the Executive Committee of American Citizens Abroad. John's passion for international tax issues and fairness will be a great addition to the team of volunteers at ACA, the non-profit/non-partisan organization advocating in Washington D.C. on a variety of topics of concern to overseas Americans.

John York and Otto Rivera will attend the Financial Planning Association's (FPA) conference in Phoenix from September 27th to 29th. Otto is in his second year of chairing the international and cross-border planning group for FPA. Otto and John York will enjoy the opportunity to meet hundreds of other planners in the US and from around the world, as well as check out the many technology and service companies offering products to firms like White Lighthouse.

I was interviewed by Anne Tergesen of the Wall Street Journal for her May 23rd article "Retiring in Paradise Has Its Financial Problems. Make These Moves First". Thank you to the many of you who wrote in to say that you had read and enjoyed the article. While I have written many articles in the past for the WSJ and am occasionally interview for international personal finance articles, I have no financial ties with the publication; they don't pay me to write, and we don't pay them for advertising. I do happen to enjoy a lot of their articles and find their reporting is news that I can trust, with the majority of the politics left to clearly stated opinion pieces.

White Lighthouse will be adding the custodian Interactive Brokers as an option. If you currently use Swissquote and don't live in the EU, then this could save you money every year. Please see the section below for more details about Interactive Brokers.

In the continuing saga of WLIM Sarl's FINMA license application, our latest round with FINMA ended with the regulators asking our attorney to confirm many items that they have already asked over the last 14 months since our application was submitted, and one new question. The only solace I can find from our attorney is that his clients, especially the trust companies, are being told not to expect their FINMA licenses this year. While I fully respect the important role that regulators play in financial markets, I fail to see how the implementation of this new regulatory regime is improving anything for clients, firms, the financial markets, and the country of Switzerland, other than the admitted goal of driving ~35%-40% of the small firms out of business.

Custodians for Investment Accounts – White Lighthouse adds Interactive Brokers as an Option

A custodian for financial investments has the responsibility to keep its customer's financial securities and cash safe from loss or theft. Beyond that many custodians (generally banks or other financial institutions for financial securities) often facilitate other services, such as trading, reporting, wire transfers, education, and more. Custodians tend to compete on services and/or prices and each has its own compliance department and IT department with related policies that often impact where and how services are delivered and how easy or difficult the custodian is to work with. Custodians offer services generally directly to the public and to independent investment management firms. Custodians such as the banks in Switzerland, and Schwab and Fidelity in the US, also compete with some or all of the independent firms. Besides competition, there are often differences of opinion between the independent advisors and custodians on how their clients are served. At White Lighthouse (WLIM), we try to handle as much as we can for our clients at the custodian level, so as to minimize service issues.

Independent investment managers tend not to be custodians, but they do tend to choose custodians to work with, assuming both parties want to and agree to work together. When clients work with firms like White Lighthouse, there are checks and balances in place, such as the custodians, not WLIM, having the authority and responsibility to process withdrawals and transfer requests, whereas WLIM has the authority to place trades, but the custodian does not. At White Lighthouse, we have chosen to work with custodians who we believe provide the best combination of services and pricing that meet most, if not all, of the needs of our clients and our firm. Our main custodians are Charles Schwab and Company, Pershing (through Papamarkou Wellner), and Swissquote Bank. We also work with Fiduciary Trust Company out of Boston and the Brighter Future (formerly iShares 529) in select cases. This month, we are adding back the option of Interactive Brokers and will explain below in more detail who we think this makes the most sense for in our client base.

Interactive Brokers (IB) has large offices in the US, UK, Switzerland, and Hong Kong, and started out as a professional trading platform with inexpensive pricing and access to virtually every financial market in the world. For professional/high frequency traders, their platform had lots of the bells and whistles that trading desks would need but their technology and service (speaking from past experience too) was not particularly friendly for regular clients and independent investment advisors. IB over the last several years has invested a lot of time, money, and effort to improve their information technology and services to the RIA market, and they have also cut to zero (from $10) their minimum monthly account fee and so we are ready to give them another chance.

Some of IB's potential advantages are: Relatively low trading fees [$.005 per share with a minimum of $1 for US ETFs and Stocks], no custody fees, relatively low cost (20 basis points) currency trades, multi-currency accounts and trading, and a higher interest rate on USD cash [.5% less than the Fed funds rate] than their competitors.

For our clients who currently use Charles Schwab and Company, in most cases, we do not see any compelling reason to change custodians to IB. Schwab has lower pricing and the industry's best cybersecurity guarantee. Also, Schwab's debit card is less expensive and available to overseas residents where IB's is not available for non-US residents.

For many of our clients who use the Swissquote platform, IB has a compelling offering for the following reasons:

1. IB's trading costs for most trades are expected to be about 2x-20x cheaper or more, just a few dollars compared to 25 to 300 CHF per trade at Swissquote. Swissquote's trading costs are less expensive than most Swiss Banks, but IB is much cheaper.
2. Potentially: no Swiss Stamp tax on trades and no VAT on White Lighthouse fees when working with WLIM Inc. out of the US.
3. IB has zero fees for custody. Swissquote has a minimum of 200 CHF per year for custody and considerably higher for accounts over 1 million CHF in value.
4. IB's .20% charge on foreign exchange transfers is better than all transfers under 500,000 CHF, where Swissquote is slightly better for our clients when trading more than 500,000 CHF. Swissquote charges .38% on transfers up to 250k and .25% on transfers between 250k and 500k and .15% above 500,00k.
5. IB's telephone help is available from earlier in the morning and later at night through their Swiss, US or other Global Help phone numbers.
6. IB supports on-line electronic submission of forms for all correspondence. Swissquote still requires paper in some cases.
7. IB accounts in the US all have SIPC insurance up to $250,000. No such insurance exists in Switzerland.

If you would like to read an independent comparison of Swissquote and IB, the website "The Poor Swiss" had a very good review and comparison at this link.

For our clients who use Swissquote and who live in the EU, Interactive Brokers will not be available for a while. IB has a policy that for advisors who are not located in the EU, we are only able to open one client account for every 9 account holders who are not in the EU. Once we have availability to add one or more EU clients, we will prioritize this by the clients who have the largest potential savings opportunity on fees.

In the coming weeks we will be working with interested clients to process the first account openings and transfers. If you have any questions about whether this makes sense, or have already you would like to change, please get in touch with me at lachowitz@white-lighthouse.com Thank you!

Mortgages, Interest Rates and how to increase your savings:

Albert Einstein famously said that “compound interest is the 8^{th} wonder of the world”. He is further quoted on this subject as saying that “those who understand it, earn it,and those who don’t, will pay it”. When global interest rates were close to zero, this was a rather less interesting subject, but today, with interest rates still rising over most of the world, and consumers and investors alike feeling it, the subject is coming up in more and more financial planning discussions.

The internet is full of basic mortgage calculators that help to show, at a given interest rate, loan amount and term, what a mortgage will cost each month. Typically, added to this is often the cost of taxes, insurance and also an amortization schedule. I found another useful calculator that can demonstrate the outsized impact extra amortization payments can have, to your benefit.

If for example you have a $500,000 loan at 6% interest with a 30-year term, your monthly payment would be $2997.75 for 30 years until the mortgage is paid off. By paying an extra $1000 per month in principle payments, so a $3997.75 payment, the term is reduced to 16 years and 5 months with interest costs decrease by over 50% with a savings of $292,000 in interest. This would be typical in the US where interest rates on 30-year mortgages are currently over 6%.

A more typical Swiss example may be a 1 million CHF mortgage at 3% interest with an amortization of about 2% of principle per year which has a monthly payment of about 3200 CHF. By paying an extra 1000 CHF in principle, the mortgage can be paid off in 30 years and save about 415,000 CHF in interest costs. [Mortgages like this, due to expensive Swiss housing, is often designed to never be paid off in one’s lifetime and 1% amortization is not atypical. I used the maximum for this calculator, which is roughly 50 years, which roughly simulates 2% annual amortization].

For those of you looking at re-financing a mortgage or buying a new property, it may be worth calculating how much you can save due to compounding with relatively modest increases in monthly amortization payments.

American Citizens Abroad

Many of our White Lighthouse clients are impacted by American government policy and specifically how it impacts Americans living outside the US. American Citizens Abroad, ACA, is a non-profit, non-partisan, advocacy organization that represents the legislative and regulatory concerns of US citizens living and working overseas to the US government. I have been an Executive Committee, Board Member, and volunteer for over fifteen years; though admittedly it is our team in Washington D.C., headed by Mary-Louise Serrato and Charles Bruce, who are the driving force behind the impact the organization has in the US government.

ACA has been very active again this year. Here are a few highlights:

1. Two weeks ago, ACA filed with Federal Election Commission to create a political action committee to try and raise money to support members of the Americans Abroad caucus in Congress and other members who help the cause of overseas US Citizens.
2. ACA continues to support Congresswoman Titus's re-introduction of legislation to establish a bipartisan commission to examine the concerns of the millions of U.S. citizens living and working abroad.
3. ACA has been supporting the positions of two recently introduced bills that would help to eliminate the Windfall Elimination Provision, which currently reduces Social Security Benefits for some recipients who receive a non-US pension in retirement.
4. FATCA reporting continues to make the news regularly with these past few months being no exception. Journalist Robert Goulder wrote an excellent piece for Tax Notes on "Lessons from Account Level FATCA filings" that supports many of ACA's positions in that current legislation is punishing overseas Americans when it's target is a very small subset of ultra wealthy people who are hiding money offshore. Additionally, a ruling in Belgium from their Data Protection Authority could have wide reaching implications after it ruled that the sharing of overseas American data under the FATCA IGA (Intergovernmental Agreement) was violating data protection laws under GDPR.

To read more you can go to the ACA News section which is available to the public.

Miscellaneous Topics: Swiss Minimum Corporate Tax, Credit Suisse Class Action, GILTI Up for Supreme Court Review, FATCA Data Sharing Declared Illegal by Belgium, Consumers Seem to Prefer Hidden Fees and Opaque Pricing

Below are a few words on some additional random articles I read over the last quarter, the first two of which will be particularly interesting to many of our Swiss resident clients.

On June 18th over 78% of Swiss voters marked "yes" to overwhelmingly approve, from January 2024, a minimum corporate tax of 15% on all firms with over ~730 million CHF in revenue. This legislation in Switzerland was part of a much wider OECD effort to increase taxes by large multi-national firms by imposing a minimum tax. The extra taxes in Switzerland will be split with 75% going to the Canton where the firm being taxed is located and 25% going to the Federal Government. The Swiss government estimates that CHF 2.5 billion extra in taxes will be raised each year, and there is plenty of debate as to the plans of how this is being redistributed. Another concern is how large corporations, who employ a lot of high earning foreigners and locals, will react on a strategic level and will they decide to move out large numbers of jobs to lower cost locations.

A Lausanne based start-up, LegalPass, has launched a class action law suit on behalf of Credit Suisse Shareholders under the Swiss Merger Act. To join the class action suit and for more information, shareholders can go to the Legal Pass website.

Belgium Declares FATCA information transfers to the US Illegal

On May 24th the Belgian Data Protection Authority (DPA) declared that it was not legal for Belgian Banks – via the Belgian Federal Public Service Finance Department - to transfer account information to the US government. After the US FATCA legislation was enacted in 2010, the US concluded Inter Governmental Agreements, with many countries to facilitate the sharing of bank account holder information with foreign banks becoming conduits for the IRS. The Belgian DPA concluded that the data processing and rules of transferring data outside of the EU, as governed by GDPR (General Data Protection Regulation) are being violated. This ruling could have wide implications for account holders and the general sharing of financial data on a cross border basis between governments.

GILTI – US Tax from 2017 knocking on the door of Supreme Court

For some American taxpayers who owned all or part of a small business outside the US before 2017, they may remember the tax nightmare with the acronym GILTI, Global Intangible Low-Taxed Income. The legislation that created this monster essentially taxed overseas unrealized income, as earned income, creating immense tax compliance costs and taxes for many small business owners and immense headaches for their accountants too. One couple, Kathleen and Charles Moore, decided to fight back and their case is now up for consideration by the Supreme Court with potentially dramatic implications. The question at hand is the definition of "what is income?" Most tax preparers know that the definition of "income" can be a lot more complex than it sounds, and this case, which is supported by The US Chamber of Commerce could have wide ranging implications, not just for overseas business owners, but also on Congressional attempts to implement a wealth tax in the US. If the Supreme court takes the case, which should be known any day now, and rules in favour of the plaintiffs, some unexpected tax refunds could be coming back.

A 55 year-old American in Paris has been staging a protest in front of the French Senate regarding an account held at LGT Bank in Switzerland that was inherited by his 89-year-old mother and is tangled up in US FATCA reporting.

On June 16th, the Wall Street Journal published an interesting article by Josh Zumbrun about hidden fees and "drip-pricing" entitled "Who's to Blame for All Those Hidden Fees? We Are". A simple example would be from the US where an item may be listed for sale at $100, but when you go to pay, in California for example, your total bill is $107.25 since the state sales tax in California is 7.25%. The article cited four experiments that show that consumers punish price transparency, and their actions show that they prefer and spend more through drip pricing when buying goods and services. One of the studies, by Shannon White and Abigail Sussman et. al., shows that consumers tend to think that having a complex pricing disclosure benefits them when choosing between different pricing options when the opposite is often the case.

On June 22, 2023, Harry Markowitz, the father of Modern Portfolio Theory and Nobel Prize winning economist passed away at age 95. Most investors today owe a big thank you to his pioneering work on showing that diversification could reduce investment risk while increasing expected returns at a given level of risk.

On June 28th, UBS announced that 50% of the Credit Suisse workforce (over 22,000 people) would be let go and over time, 35,000 of the combined UBS/Credit Suisse workforces, another 13,000 people, would be losing their jobs. 10,000 of these jobs would be eliminated from the domestic Swiss business meaning that well more than 10,000 employees based in Switzerland will be retiring early or looking for a new job. These are much bigger numbers than were estimated in March as the bailout was taking place and will certainly cause outrage in many corners of the country.

The US Supreme Court has ruled that President Biden's plan to forgive up to $20,000 in student debt is not allowed under the Constitution and also ruled to prohibit Affirmative Action in US colleges who will no longer be able to make entry decision based on the race of an applicant.

Market Wrap up for the 2nd Quarter of 2023:

Index	Quarter	Previous 12 months
S&P 500	↑ 8.3%	↑ 17.6%
Dow Jones	↑ 3.4%	↑ 11.8%
Swiss Market Index (SMI)	↑ 1.6%	↑ 5.0%
FTSE	↓ 2.5%	↑ 5.1%
DAX	↑ 3.3%	↑ 26.3%
CAC40	↑ 1.1%	↑ 24.9%
Shanghai Index	↓ 5.2%	↓ 5.8%
$USD against CHF	↓ 1.9%	↓ 6.2%
$USD against €Euro	↓ 0.4%	↑ 4.0%
US Federal Funds rate 5.00%-5.25%		

Conclusion

I would once again like to thank the so many of our clients who take the time to read our newsletter and come back with comments and suggestions for future content. I know these quarterly letters tend to be long. We try and include information to help our clients make sense of financial markets and the world, practical information of interest to larger subsets of our clients, and information about what is going on at White Lighthouse. Thank you again to all of our clients for working with the White Lighthouse team, we hope to hear from you soon and wish everyone a happy and healthy summer 2023!

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 file 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/IapdMain/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 IRAs 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 2022 or 2023 you might be able to contribute to an IRA account. If your employer pension plan is not tax qualified in the US (e.g., most plans outside the US) then regardless of your income, you will be able to make a "deductible" contribution to your IRA account. There are many different types of IRA accounts, Traditional, Roth, SEP etc. The general contribution limit for employees is increasing to $6500 in 2023 [previously $6000] per individual per year and $7500 if you are over 50 years of age [previously $7000].

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

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

6. Tax Reporting US, Switzerland & All jurisdictions.

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

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

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

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

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

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

White Lighthouse
Investment Management
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PRIVACY STATEMENT- 2023

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

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

White Lighthouse Investment Management, Inc.
Business Continuity Plan 2023 – 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 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 in 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.

What investment services can you provide me?	We offer investment management, financial planning, and comprehensive wealth management services to Individual 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. In order to provide investment management services, 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. 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. 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. 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. For additional information, please see our website at www.white-lighthouse.com and Form ADV 2a.	***Conversation Starters:*** *Given my situation, should I choose an investment management service? Why or why not?* *How will you choose investments for me?* *What is your relevant experience, including your licenses, education and other qualifications?* *What do these qualifications mean?*

What fees will I pay?	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. 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 manager 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 More details on our Fees can be found on our ADV 1 Section 5E, ADV 2a Pages 4-6. 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.	***Conversation Starters:*** *Help me understand how fees and costs might affect my investments. If I give you $10,000 to invest, how much will go to fees and costs and how much will be invested for me?*
What are your legal obligations to me when acting as my investment manager? **How else does your firm make money and what conflicts of interest do you have?**	When we act as your investment manager, we must act in your best interest and not put our interest ahead of yours. 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 increase since we will be managing more assets. We are fiduciaries under ERISA and follow these special rules. See form ADV 2A - Retirement Account Rollovers. 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.	***Conversation Starters:*** *How might your conflicts of interest affect me, and how will you address them?*
How do your Financial Professionals make money?	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. Investment managers 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. Our advisors do not earn any compensation based on products sold, sales commissions. Neither the firm nor the individual receive compensation based on recommendations of products or any other advice or services.	
Do you or your financial professionals have legal or disciplinary history?	No, none of our financial professionals have any legal or disciplinary history. Visit investor.gov/crs for a free and simple search tool to research us and our financial professionals.	***Conversation Starters:*** *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?*
Additional Information	For additional information about our services, visit our website: http://www.white-lighthouse.com/ 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	***Conversation Starters:*** *Who is my primary contact person?* *Is he or she a representative of a registered investment advisor?* *Who can I talk to if I have concerns about how this person is treating me?*