



SOUTHERN CAPITAL

SERVICES, INC.

REGISTERED INVESTMENT ADVISOR SINCE 1982

NEWSLETTER

NOVEMBER 2018 • VOLUME 26 • ISSUE 11

THE OCTOBER CORRECTION

By Eric M. Nager, CRPS®

In 2018, the market rallied through September and then sharply corrected last month. As we have long noted, markets generally experience at least one 10% correction per year. And, although there was also a 10% correction this year in February, there were none at all in 2017. We do not feel this signals the start of a bear, or down, market because the economy remains strong, as measured by corporate profitability and good employment. Indeed, the market rallied in early November after the uncertainty surrounding one of the biggest mid-term elections of all time in terms of turnout and money spent was behind us. Markets do not like uncertainty which generally causes volatility. Hopefully, now the market can get back to focusing

on economic issues. Remember, in volatile times, it is important to keep the long-term objective in mind and not focus too much on the short-term rapid price changes that can be euphoric or depressing, depending on the direction.

From a seasonal perspective as a general rule, in the August to September time period the market weakens and then bottoms in October before rallying into the end of the year. This is not always the case, and this year it was all concentrated in October. The good news is that the sell-off has caused the price-to-earnings (P/E) ratio of stocks to drop. This means that stocks represent a greater value when their prices fall and corporate earnings remain good. Please

contact us if you'd like a fourth quarter review of your portfolio, either in person or by phone.

.....

DAVE RAMSEY FINANCIAL PEACE UNIVERSITY (FPU)

In our part of the country, many churches are offering Dave Ramsey's Financial Peace University. This is a nine-week course that teaches people how to pay off debt, save and spend wisely, and to build wealth. One church in particular had what they call a Momentum program whereby nearly 90% of their members signed up for the course,

representing about 3,000 people. Collectively while taking the course, the participants retired or are in process of retiring tens of thousands of dollars in personal debts. To us that is very exciting!

As we have mentioned before, several of our associates are affiliated with Mr. Ramsey and we are in position to help those at all stages of wealth creation. Michelle Hunt, our office manager, is a Ramsey Solutions Master Financial Coach who can help those in the early stages learn how to budget and develop a plan to attack their debts. Wendy Nelson Bailey and I are SmartVestor Pros who can help those who are ready to start building their wealth. Of course, you don't have to take

the course to discuss these topics with us! If you or any of your family members would like guidance on any of these topics, we are happy to help. We look forward to having the conversations.

.....

INCREASED CONTRIBUTION LIMITS FOR 2019

The IRS is coming out with its new contribution limits for next year. While not yet complete, we do know that contributions for Individual Retirement Accounts (IRA) will increase from \$5,500 to \$6,000. For those over age 50, the \$1,000 catch up provision remains in place.

For 401(k) plans, the maximum contribution limit is increasing from \$18,500 to \$19,000, while the catch up provision of \$6,000 also remains in place. We will continue to monitor these changes and update you. For IRA contributions for tax year 2018, you have until April 15 of next year to make them.

Happy Thanksgiving

Especially at this time of year, we feel extra gratitude for our clients. We hope you enjoy a peaceful Thanksgiving holiday gathering with family and friends. And for those who have worn our nation's uniform and your families, we salute you and say thank you this Veteran's Day.

A decorative banner with a dark, textured background. The word "THANKFUL" is written in large, bold, gold-colored capital letters. Surrounding the text are various autumn-themed illustrations, including orange and brown leaves, acorns, and pumpkins. The overall aesthetic is warm and festive.

THANKFUL