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2019 is starting out well for the global stock market as hope of a trade deal with China and stable interest rates are renewing investor confidence. Fourth quarter earnings are coming in with a mixed bag of results and further proof that the global economy is starting to slow down slightly.

Economic prognosticators are bullish on the stock market for 2019 while many are predicting troubling times ahead in 2020.

While the markets might seem extremely volatile right now, the recent gyrations are on par with historical movements.

On the dips our investment managers are strategically buying at lower valuations while still holding a higher amount of cash in case prices continue to fall.

Please call us any time to discuss the markets or your personal investment strategy

The Israelite Group

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OPPENHEIMER

The Israelite Group Monthly Newsletter

Famous People Who Failed to Plan Properly

It's almost impossible to overstate the importance of taking the time to plan your estate. Nevertheless, it's surprising how many American adults haven't done so. You might think that those who are rich and famous would be way ahead of the curve when it comes to planning their estates properly, considering the resources and lawyers presumably available to them. Yet there are plenty of celebrities and people of note who died with inadequate (or nonexistent) estate plans.

Most recently

The Queen of Soul, **Aretha Franklin,** died in 2018, leaving behind a score of wonderful music and countless memories. But it appears Ms. Franklin died without a will or estate plan in place. Her four sons filed documents in the Oakland County (Michigan) Probate Court listing themselves as interested parties, while Ms. Franklin's niece asked the court to appoint her as personal representative of the estate.

All of this information is available to the public. Her estate will be distributed according to the laws of her state of residence (Michigan). In addition, creditors will have a chance to make claims against her estate and may get paid before any of her heirs. And if she owned property in more than one state (according to public records, she did), then probate will likely have to be opened in each state where she owned property (called ancillary probate). The settling of her estate could drag on for years at a potentially high financial cost.

A few years ago

Prince Rogers Nelson, who was better known as **Prince,** died in 2016. He was 57 years old and still making incredible music and entertaining millions of fans throughout the world. The first filing in the Probate Court for Carver County, Minnesota, was by a woman claiming to be the sister of Prince, asking the court to appoint a special administrator because there was no will or other testamentary documents. As of November 2018, there have been hundreds of court filings from prospective heirs, creditors, and other "interested parties." There will be no private administration of Prince's estate, as the entire ongoing proceeding is open and available to anyone for scrutiny.

A long time ago

Here are some other notable personalities who died many years ago without planning their estates.

Pablo Picasso died in 1973 at the ripe old age of 91, apparently leaving no will or other testamentary instructions. He left behind nearly 45,000 works of art, rights and licensing deals, real estate, and other assets. The division of his estate assets took six years and included seven heirs. The settlement among his nearest relatives cost an estimated $30 million in legal fees and other related costs.

The administration of the estate of **Howard Hughes** made headlines for several years following his death in 1976. Along the way, bogus wills were offered; people claiming to be his wives came forward, as did countless alleged relatives. Three states — Nevada, California, and Texas — claimed to be responsible for the distribution of his estate. Ultimately, by 1983, his estimated $2.5 billion estate was split among some 22 "relatives" and the Howard Hughes Medical Institute.

Abraham Lincoln, one of America's greatest presidents, was also a lawyer. Yet when he met his untimely and tragic death at the hands of John Wilkes Booth in 1865, he died intestate — without a will or other testamentary documents. On the day of his death, Lincoln's son, Robert, asked Supreme Court Justice David Davis to assist in handling his father's financial affairs. Davis ultimately was appointed as the administrator of Lincoln's estate. It took more than two years to settle his estate, which was divided between his surviving widow and two sons.

Tax Scams to Watch Out For

It is important to remember that the IRS will never initiate contact with you by email to request personal or financial information. This includes any type of electronic communication, such as text messages and social media.

While tax scams are especially prevalent during tax season, they can take place any time during the year. As a result, it's in your best interest to always be vigilant so you don't end up becoming the victim of a fraudulent tax scheme.

Here are some of the more common scams to watch out for.

Phishing

Phishing scams usually involve unsolicited emails or fake websites that pose as legitimate IRS sites to convince you to provide personal or financial information. Once scam artists obtain this information, they use it to commit identity or financial theft.

It is important to remember that the IRS will never initiate contact with you by email to request personal or financial information. This includes any type of electronic communication, such as text messages and social media. If you get an email claiming to be from the IRS, don't respond or click any of the links; instead forward it to phishing@irs.gov.

Phone scams

Beware of callers claiming that they're from the IRS. They may be scam artists trying to steal your money or identity. This type of scam typically involves a call from someone claiming you owe money to the IRS or that you're entitled to a large refund. The calls may also show up as coming from the IRS on your Caller ID, be accompanied by fake emails that appear to be from the IRS, or involve follow-up calls from individuals saying they are from law enforcement. Sometimes these callers may threaten you with arrest, license revocation, or even deportation.

If you think you might owe back taxes, contact the IRS for assistance at irs.gov. If you don't owe taxes and believe you have been the target of a phone scam, you should contact the Treasury Inspector General and the Federal Trade Commission to report the incident.

Tax return preparer fraud

During tax season, some individuals and scam artists pose as legitimate tax preparers, often promising unreasonably large or inflated refunds. They try to take advantage of unsuspecting taxpayers by committing refund fraud or identity theft. It is important to choose a tax preparer carefully, since you are legally responsible for what's on your return, even if it's prepared by someone else.

A legitimate tax preparer will generally ask for proof of your income and eligibility for credits and deductions, sign the return as the preparer, enter the Preparer Tax Identification Number, and provide you with a copy of your return.

Fake charities

Scam artists sometimes pose as a charitable organization in order to solicit donations from unsuspecting donors. Be wary of charities with names that are similar to more familiar or nationally known organizations, or that suddenly appear after a national disaster or tragedy. Before donating to a charity, make sure that it is legitimate. There are tools at irs.gov to assist you in checking out the status of a charitable organization, or you can visit charitynavigator.org to find more information about a charity.

Tax-related identity theft

Tax-related identity theft occurs when someone uses your Social Security number to claim a fraudulent tax refund. You may not even realize you've been the victim of identity theft until you file your tax return and discover that a return has already been filed using your Social Security number. Or the IRS may send you a letter indicating it has identified a suspicious return using your Social Security number. If you believe you have been the victim of tax-related identity theft, you should contact the IRS Identity Protection Specialized Unit at 800-908-4490 as soon as possible.

Stay one step ahead

The best way to avoid becoming the victim of a tax scam is to stay one step ahead of the scam artists. Consider taking the following precautions to keep your personal and financial information private:

- Maintain strong passwords
- Consider using two-step authentication
- Keep an eye out for emails containing links or asking for personal information
- Avoid scam websites
- Don't answer calls when you don't recognize the phone number

Finally, if you are ever unsure whether you are the victim of a scam, remember to trust your instincts. If something sounds questionable or too good to be true, it probably is.

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Key Retirement and Tax Numbers for 2019

Every year, the Internal Revenue Service announces cost-of-living adjustments that affect contribution limits for retirement plans and various tax deduction, exclusion, exemption, and threshold amounts. Here are a few of the key adjustments for 2019.

Employer retirement plans

- Employees who participate in 401(k), 403(b), and most 457 plans can defer up to $19,000 in compensation in 2019 (up from $18,500 in 2018); employees age 50 and older can defer up to an additional $6,000 in 2019 (the same as in 2018).
- Employees participating in a SIMPLE retirement plan can defer up to $13,000 in 2019 (up from $12,500 in 2018), and employees age 50 and older can defer up to an additional $3,000 in 2019 (the same as in 2018).

IRAs

The combined annual limit on contributions to traditional and Roth IRAs increased to $6,000 in 2019 (up from $5,500 in 2018), with individuals age 50 and older able to contribute an additional $1,000. For individuals who are covered by a workplace retirement plan, the deduction for contributions to a traditional IRA is phased out for the following modified adjusted gross income (AGI) ranges:

	2018	2019
Single/head of household (HOH)	$63,000 - $73,000	$64,000 - $74,000
Married filing jointly (MFJ)	$101,000 - $121,000	$103,000 - $123,000
Married filing separately (MFS)	$0 - $10,000	$0 - $10,000

Note: *The 2019 phaseout range is $193,000 - $203,000 (up from $189,000 - $199,000 in 2018) when the individual making the IRA contribution is not covered by a workplace retirement plan but is filing jointly with a spouse who is covered.*

The modified AGI phaseout ranges for individuals to make contributions to a Roth IRA are:

	2018	2019
Single/HOH	$120,000 - $135,000	$122,000 - $137,000
MFJ	$189,000 - $199,000	$193,000 - $203,000
MFS	$0 - $10,000	$0 - $10,000

Estate and gift tax

- The annual gift tax exclusion for 2019 is $15,000, the same as in 2018.
- The gift and estate tax basic exclusion amount for 2019 is $11,400,000, up from $11,180,000 in 2018.

Kiddie tax

Under the kiddie tax rules, unearned income above $2,200 in 2019 (up from $2,100 in 2018) is taxed using the trust and estate income tax brackets. The kiddie tax rules apply to: (1) those under age 18, (2) those age 18 whose earned income doesn't exceed one-half of their support, and (3) those ages 19 to 23 who are full-time students and whose earned income doesn't exceed one-half of their support.

Standard deduction

	2018	2019
Single	$12,000	$12,200
HOH	$18,000	$18,350
MFJ	$24,000	$24,400
MFS	$12,000	$12,200

Note: *The additional standard deduction amount for the blind or aged (age 65 or older) in 2019 is $1,650 (up from $1,600 in 2018) for single/HOH or $1,300 (the same as in 2018) for all other filing statuses. Special rules apply if you can be claimed as a dependent by another taxpayer.*

Alternative minimum tax (AMT)

	2018	2019
Maximum AMT exemption amount		
Single/HOH	$70,300	$71,700
MFJ	$109,400	$111,700
MFS	$54,700	$55,850
Exemption phaseout threshold		
Single/HOH	$500,000	$510,300
MFJ	$1,000,000	$1,020,600
MFS	$500,000	$510,300
26% rate on AMTI* up to this amount, 28% rate on AMTI above this amount		
MFS	$95,550	$97,400
All others	$191,100	$194,800
*Alternative minimum taxable income		

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How can you lower the costs of owning a vehicle?

Vehicle expenses can take a big bite out of your budget. According to a AAA report, the average annual total cost of owning and operating a new vehicle in 2018 was $8,849. Fortunately, you may be able to save money by reducing three costs.

Depreciation: The loss of a vehicle's value over time was the largest expense associated with buying a vehicle, according to the AAA report. Depreciation accounts for almost 40% of the cost of owning a new vehicle — on average, $3,289. Some cars hold their value better than others, so it's important to consider resale value before you buy. Because depreciation lessens over time, buying a used vehicle or keeping a vehicle longer can help minimize the impact of depreciation.

Insurance: The average annual cost of full-coverage auto insurance was $1,189. Premiums are based on many factors, including the vehicle make and model, and your location. Some vehicles may cost substantially more to insure because they are statistically more likely to be damaged in a crash, stolen, or have high repair costs. So when you're in the market for a vehicle, find out how much the insurance will cost before you sign the paperwork.

You can often save money on your insurance premium if you're willing to accept a higher deductible. You may also want to review your policy annually with your insurer to make sure you're receiving all the discounts for which you are eligible, and have only the coverage you need.

Maintenance and repairs: With an average annual cost of $1,231, maintaining and repairing your vehicle is a big line item expense in your budget. So before you buy or lease a vehicle, talk to a trusted mechanic who is familiar with the cost of parts and general repair issues for the makes and models you're considering, or look for reliability statistics online. Get written estimates before you have any repairs completed, and shop around. Hourly labor rates and parts costs may vary widely. And keep up with regular maintenance. It can pay off in the long term, not only by preventing costly repairs but by potentially increasing your vehicle's resale value.

Source: AAA *Your Driving Costs,* 2018 Edition. Average costs are based on driving 15,000 miles annually.

Is a vehicle subscription service in your future?

Automakers and start-up companies are betting that today's generation of drivers will embrace a new model of temporary ownership called a vehicle subscription service.

A vehicle subscription service offers an alternative to buying or leasing. You don't have to sign a long-term contract or commit to just one vehicle. Once you join, you typically pay an all-inclusive monthly or sometimes weekly fee that covers the cost of using the vehicle you choose, including insurance, routine maintenance, roadside assistance, and a warranty. You then have the option of swapping out your vehicle periodically, depending on the terms of your subscription.

For example, perhaps you've been temporarily transferred to a new city and want a fuel-efficient car for the six months you're living there. Maybe you need a second car only during the summer when your child is home from college. Or you might want the flexibility to drive whichever vehicle suits your needs at the time — a luxury sedan for day-to-day driving, then a minivan for a family trip. If your needs change, you can return your vehicle and get another, or end your subscription. Plans vary, but many subscription services require only a short one- to two-month minimum commitment, with the option to renew. Subscription services are often app-based, making it easy to find and swap vehicles, and your newest ride may be delivered to you via a concierge service.

Of course, flexibility and convenience come at a cost, which is often substantial, so if you are interested in subscribing to your next vehicle you'll need to carefully assess your options. Prices depend on the subscription service, the vehicle selected, and other factors such as mileage and extras. You may also be required to pay a sign-up fee.

Vehicle subscription services are evolving and are still not available everywhere. Many services are in the testing phase, and most have been launched primarily in major metropolitan markets such as Los Angeles, San Francisco, and New York, with a few offered in other cities. But vehicle subscription services are gaining traction, increasing the likelihood that they will someday be available in most areas.