Happy New Year to you and your loved ones. The start of a year is a common time to reflect on the past, while also considering upcoming needs and goals. We appreciate each and every one of our client relationships, and will continually look to improve upon your experience with us throughout 2019 and beyond. The financial markets may fluctuate, but our unwavering commitment to help you achieve your goals remains intact.

Market volatility is an inevitable part of how global financial markets operate, but please rest assured that your Janney Financial Advisor will help you monitor your portfolio and help keep you on track through volatile times. We have had the good fortune of experiencing one of the longest sustained bull markets in history, but it is essential to remain disciplined and committed to your long-term investment strategy and goals as market conditions fluctuate. Your goals—whether saving for college, establishing a personal or business retirement plan, implementing tax-efficient charitable giving, or estate planning strategies—are the drivers of your investment strategy, and they are at the center of our advice and service to you. As markets may continue to be volatile, stay tuned to Janney for our strategist insights available online at www.janney.com, via podcast, and in the media.

In 2019, we plan to continue to offer new services, more investment choices, and household benefits to reflect the importance of convenience, transparency, and comprehensive financial advice in our relationship with you. These additions will complement our existing suite of services and capabilities such as Online Access, My Net Worth, Document Vault, and eDelivery.

Please read more in this edition about a change to our household account service fee policy—including the elimination of various service fees—to improve simplicity in our account service costs. You can expect better financial planning tools in 2019 to update and fine tune your plan and explore more investment choices. This year you’ll also be able to take advantage of enhancements to our cash management and lending programs that expand our offerings and help you address your comprehensive financial needs. We’ll communicate more as these services become available. As always, should you have any questions, please do not hesitate to reach out to your advisor directly.

We look forward to continuing to serve you, and thank you for your business and continued trust. I hope you enjoy a very happy and healthy 2019.

Timothy C. Scheve, President and Chief Executive Officer

Janney’s Early Career Professionals group spent the afternoon volunteering at MANNA (Metropolitan Area Neighborhood Nutrition Alliance), packaging over 700 healthy and nutritious meals for Philadelphia area residents battling life-threatening illnesses.

On November 30th, Janney was a presenting sponsor of the 4th annual Philadelphia Polar Plunge! A team of 13 Janney employees were #FreezinForAReason and took a plunge in support of the Special Olympics. All proceeds will help ensure quality training, competition, leadership training, and health initiatives.

In October, Janney hosted 66 of its female advisors in Philadelphia for the 2nd Annual Women Advisors Forum, and raised $1,500 for the Philadelphia Animal Welfare Society (PAWS).
Economic Outlook

Mark Luschini, Chief Investment Strategist

Mark serves as Janney’s Chief Investment Strategist, with more than 30 years of investment industry experience. He is a recognized thought leader among industry and national media, and a sought-after speaker for professional conferences and events.

Eventually, the second longest economic expansion in U.S. history will end, but that is unlikely anytime soon. Levels of business activity elicit enough strength that, even as the base effect from tax reform begins to roll off next year, fundamental support for the economy and financial markets should remain intact. However, the environment of easy money, low inflation, and healthy profit growth that has been so bullish for risk assets for years could begin to change. Financial conditions will gradually tighten as decent growth encourages monetary officials to continue to withdraw stimulus. Inflation has been benign, but growing capacity constraints could exert some pressure on prices going forward. Finally, corporate earnings are going to grow less quickly in the coming quarters as widening credit spreads, rising labor costs and input prices, and moderating global economic growth start to bite. In our view, all of this will develop along a glide path that is shallow enough to leave the window open for financial markets to respond favorably to the still positive and trending macro settings.

Looking out, there are many possible risks that could trip up the economy but, for the moment, we see no signs of a recession on the horizon.

Our reviews of those indicators that have usually forewarned a recessionary threat are yet to flash red. To be sure, a prolonged trade battle, higher interest rates, or a marked deceleration in overseas economies, are among those variables we are monitoring which, predicated upon their evolution, might demand a different tact.

Meanwhile, consumers are benefiting from continued strong growth in employment and a long overdue pickup in wages. For households, the ratio of net worth-to-income has surpassed the previous peak and debt service costs are low. Along with the aforementioned, the gigantic upward revision to the estimate of the saving rate implies the consumer has plenty of scope to maintain the healthy level of spending that has bolstered the economy for the past many years. Turning to capital spending, the cut in corporate taxes was obviously good for cash flow, and surveys show a high level of business confidence. Years of caution toward capital expenditures has now given way to both new investment and the replacement of aged capital stock. Together, the impulse from demand should remain robust.

Valuations have improved as the compression in stock market values has occurred against the backdrop of rising earnings. This makes equities increasingly appealing if our forecasts for further growth develop as we anticipate. Investors should expect further turbulence, as monetary and geopolitical dynamics have a greater influence on market behavior as the margin of safety against a policy error shrivels. On balance, we continue to favor global equities versus bonds and cash over the cyclical horizon.

Outlook 2019
Seeing the Picture When the View Is Less Than Clear

Janney’s top investment strategists provide their insights on the markets and economy for the upcoming year in Outlook 2019. Go to www.janney.com to read or download the Outlook, or contact your financial advisor for a copy.
Three questions you should ask your tax preparer this year.

Martin Schamis, CFP®, Head of Wealth Planning

The Tax Cuts and Jobs Act (TCJA) was signed into law on December 22, 2017, introducing fundamental changes to the Federal tax landscape for both individuals and businesses. As you begin to gather your records and prepare to file your personal taxes under this new tax law, here are three questions you should consider asking your CPA or tax preparer as you begin the process.

1. **Should I pay down, increase, or entirely eliminate my mortgage or home equity debt?**

One of the big changes in the TCJA was the reduction in qualifying interest payments toward mortgage debt over $750,000, from the previous limit of $1 million, for new mortgages taken out after December 16, 2017. Additionally, the Act eliminated the deduction for home equity indebtedness.

Based on your personal level of indebtedness, the interest rates on your loans, and whether you're itemizing or taking the increased standard deduction, your tax preparer should be able to help you calculate the new effective rate of your mortgage and home equity debt.

2. **Should I bundle several years of charitable contributions together into a single tax year?**

The aforementioned increase in the standard deduction and the limits on home equity debt, combined with a new $10,000 limit on deductibility of State and Local Income taxes, means that the tax benefit of charitable contributions may also be limited under the TCJA. If the total of all of your itemized deductions, including your charitable contributions, is less than, equal to, or even just barely more than the revised standard deduction amounts, you may want to consider whether bundling several years of charitable contributions together could increase your realized tax benefit.

3. **Should I consider making changes to assets currently titled in my children’s name?**

One of the lesser noted changes implemented in the Tax Cuts and Jobs Act is the changes made to the so-called “kiddie tax” provision, where a child’s investment income in excess of $2,100 is charged at higher rates. For 2018 and beyond, income in excess of the kiddie tax limit will now be taxed at the higher rates that apply to trusts and estates.

At first glance, it may seem that the new rules will trigger higher tax bills in relation to the kiddie tax than in the past. This is not necessarily the case, depending on the amount of income subject to the kiddie tax and the parents’ marginal tax rate. Your tax preparer should be able to look at your personal situation and provide a comparison of the tax impact before and after the TCJA, as well as give you some indication whether you should consider reallocating funds to produce less investment income in your child’s name. Given the new tax legislation and its impact on individuals in 2018 and beyond, these are just a few suggestions for your conversation this year with your CPA or tax preparer. Changes to tax rules means new opportunities for maximizing your income and investment allocations. Contact us today to find out more ways we can help optimize your financial situation.

**Talk to your financial advisor or visit www.janney.com to read the full article.**

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About Martin Schamis, CFP®, Head of Wealth Planning

Martin Schamis is Janney’s Head of Wealth Planning. Martin is responsible for developing and leading the strategic direction of financial planning and trust services for the firm’s retail client base. This has included the successful launch of a new financial planning technology platform designed to keep people at the center of the financial planning process. Martin is a member of the CFP Board of Directors, is a CERTIFIED FINANCIAL PLANNER™ professional, and holds FINRA Series 7, 66, and 24 licenses.
Introducing a new, simplified service fee policy that provides transparency and choice

At Janney, we strive to keep our clients’ needs at the center of everything we do. We value your business and the trust you have placed in us, and continue to seek ways to improve your experience.

In 2019, we will implement a new Household Service Fee policy to:

• Simplify our fee structure so that you will no longer be subject to most small charges related to account services, such as outgoing wires, cash management, and IRA custodial services, during the year;

• Continue to be transparent so that you know exactly what fee(s) are being charged, if applicable;

• Provide you with choice and offer several ways to waive the Household Service Fee.

We will be eliminating many fees that each individual account may have been subject to in exchange for one annual Household Service Fee for the entire group of accounts in your household.

This new policy offers an important benefit for which you may qualify. The annual $100 Household Service Fee will not be assessed if your overall relationship meets any of the following three criteria:

• Enhanced digital capabilities: By enrolling all household accounts in Janney’s eDelivery service accessible via Janney Online Access, you will be able to securely and conveniently access important documents online, reduce paper clutter, and increase efficiency of communications.

• Extensive investment choices: By choosing from among our comprehensive suite of fee-based investment offerings, you can ensure your investment strategy is professionally managed, receives ongoing monitoring, and is aligned with your financial goals and preferences.

• Your total relationship: The Household Service Fee will be waived for client households who meet at least $250,000 in total asset value.

The Household Service Fee will apply to the 2019 calendar year, and be assessed in June 2019. If you participate in any one of the aforementioned services as of May 31, 2019, you may be eligible to have the annual Household Service Fee waived.

Please visit www.janney.com/service-fees or contact your Janney Financial Advisor to learn more about the Household Service Fee change and waiver options.

Disclosures

1. Janney households are used to determine the level of benefits and fee waivers that will be applied to Janney accounts. A household is defined as a group of accounts with the same mailing address or Social Security/Taxpayer Identification Number that are serviced by the same Financial Advisor or FA Team. A household can be “linked” to another household to receive certain benefits and fee waivers. The household with the largest asset balance will set the level of benefits and fee waivers for all accounts in the linked household group. Households can only be linked together if they are part of a family relationship, defined as accounts owned by a Grandparent, Parent, Child, or Grandchild of an account owner in the household with the largest asset balance. Balance and fee waivers are not determined by the combined assets of accounts in all linked households. Some accounts, including retirement plans (other than IRAs), may not be eligible to be included in a household. Households are set automatically by Janney. Linking households together is at the discretion of your Janney Financial Advisor.

2. The Household Service Fee will not be prorated or rebated based on the length of time an account is with Janney, and is in addition to fees charged in connection with the management of the account such as advisory fees, commissions and other trade execution related costs, and other fees disclosed in the Schedule of Account Service Charges. Additional information regarding fees and investments costs can be found in Janney’s Form ADV Part 2 – Investment Management Disclosure Brochure and Wrap Fee Disclosure Brochure (available on Janney.com) and the agreements governing your Janney account.

3. In order to meet this criteria, at least 80% of your household assets must be held in one or more of Janney’s fee-based investment programs.

Amendment to the Investment Advisory Account Program Agreement

Janney revised the terms of the Investment Advisory Account Program Agreement to reflect the firm’s current business practices, such as permitting principal trading in non-discretionary advisory accounts and not voting proxies for securities held in discretionary advisory accounts for which Janney does not act as the custodian, and to make additional minor changes. You may view a summary of the changes and the updated agreement on www.e-janney.com using the Personal Identification Number (PIN) provided to you upon opening an advisory account. If you do not know your PIN, you can call Janney’s Help Desk at 215-665-6100 or 888-882-0012 for assistance. You may also obtain a copy of the summary and the current agreement from your Janney Financial Advisor.

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