

Wisdom For Wealth. For Life.®

QUARTERLY NEWSLETTER | WINTER 2020



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A woman with dark hair and glasses, wearing a white knitted cardigan over a grey top and a light blue button-down shirt, sits on a white wooden bench. She is holding a grey mug with both hands and looking out a large window to her right. The window shows a view of a wooden deck and some outdoor furniture. The scene is bright and airy, suggesting a peaceful morning or afternoon.

Finding a Path to Peace in the New Year

It's a new year and a new decade. Have you set new goals? Have you added to (or taken away from) your bucket list? If one of your resolutions is to find new ways to reduce stress in your life, you're not alone. Improving mental wellness was among the top five New Year's resolutions for 2020.¹

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We all want to feel better, and one important component of that is cultivating a sense of peace. Peace can be defined as a state of calmness or having a sense of wholeness or completeness. This feeling can be challenging to find in today's world, as we're pressured to do more, buy more, and engage more. It's important to note that peace is not the absence of something unpleasant – such as war, conflict, stress, sadness, or grief. Rather, peace is something we can learn to access and find at any time if we seek rest and quiet with God, no matter what the circumstances.

Shalom

The modern Hebrew word for peace is *shalom*, which also means “hello” and “goodbye.” According to Jewish tradition, when we wish one another shalom, we express hope that we each will experience physical, emotional, and psychological peace, and that our bodies, hearts, and minds will be protected from harm.²

Because of the tumultuous and uncertain world we live in, it can be difficult to hope for peace. But God clearly believes it's important. It is estimated that the Bible mentions peace more than 400 times – even more than it mentions love.

“Peace I leave with you; my peace I give you. I do not give to you as the world gives. Do not let your hearts be troubled and do not be afraid.” John 14:27 (NIV)

“The Lord bless you and keep you; the Lord make his face shine on you and be gracious to you; the Lord turn his face toward you and give you peace.” Numbers 6:23-26

“Blessed are the peacemakers, for they will be called children of God.” Matthew 5:9

Contentment with “Enough”

One place to start cultivating peace within ourselves is by arriving at a sense of acceptance about who we are and what we have. While self-improvement is always a worthy New Year's consideration, we need to make sure our goals are helpful and attainable.

In her book, *The Gifts of Imperfection*, Brené Brown writes, “Perfectionism is the belief that if we live perfect, look perfect, and act perfect, we can minimize or avoid the pain of blame, judgment, and shame.”³ As one blogger says, “People who focused merely on accomplishments are not only often disappointed; they also fail to notice the many opportunities for success and growth that lie between ‘failure’ and ‘perfection.’”⁴ You can increase your peace of mind by shifting your focus away from perfection and more to signs of progress and positive steps. Practicing self-compassion and authenticity during our most soul-searching struggles is how we invite grace, joy, and gratitude into our lives. As Paul reminds us in 2 Corinthians 12:9, “But he [Jesus] said to me, ‘My grace is sufficient for you, for my power is made perfect in weakness.’ Therefore I will boast all the more gladly about my weaknesses, so that Christ's power may rest on me.”



We must not only choose acceptance and humility in our inner lives, but it's also important to make an honest assessment of our material lives. If we are candid, then most of us have more than enough in terms of possessions. Too often we take for granted our nice, well-maintained cars and warm homes where we can simply turn on the faucet for clean water.

Sometimes when meeting with clients, we find them struggling to determine how much is enough to accumulate and what is considered too much or excessive. In our financial ambitions and goal setting, we may lose sight of the point

at which we have saved more than enough. But how do we recognize that fine line?

At Ronald Blue Trust, we strive to help our clients have peace of mind when it comes to their finances and we believe part of that comes from setting a financial ‘finish line.’ Finding one’s finish line isn’t always easy, but we believe it is the first step toward true financial freedom. It involves examining every aspect of your life from family to career to your personal goals for giving and serving.

Finding and striving toward your financial finish line is an ongoing process that involves making tough decisions and following through on them. What if, instead of satisfying more material temptations and pleasures, we adopted a paradigm shift from fear to faith? As Ron Blue, the founder of Ronald Blue & Co. (now Ronald Blue Trust), put it, “To be joyful and generous, you have to see things as God sees them.”



In other words, how can we adopt an eternal perspective instead of a temporal one? The answer is putting your sufficiency in God, not in your wealth. Instead of simply asking, “How much is enough?” ask yourself, “What do I really need to be secure? What do I need in order to make an impact and a difference in the world? How can I be a good steward?”

For some, simplifying their lives and developing a plan to pursue generosity can bring immeasurable peace and release the hold money has on them. For others it may be more difficult to take that leap of faith, but making changes can be as simple as reevaluating their lifestyle and their true needs versus wants. Perhaps it’s asking – Do we need to eat dinner out as often as we do? Do we always need the latest technology? Do we need another expensive gadget or vacation home?

There are no right answers to these questions, but God can guide your heart and your thinking about what is sufficient for your needs. Challenge yourself to be generous in your heart and wise with your wealth; out of this abundance, we believe that you will find greater peace.

Minimize Financial Worries

It’s no secret that money matters can cause stress and disrupt peace. Ronald Blue Trust’s desire is to help clients experience freedom from financial fear, bondage and conflict, enjoy debt-free living, improve communication and unity within their marriages, and deploy their assets in a meaningful way to support Kingdom work around the world. We also help those who would like to incorporate future generations into their planning – a step that can bring greater peace of mind for those concerned with wealth transfer.

Setting a finish line can be a beginning rather than an ending, and reaching a goal can actually be a starting point for future growth. In 2020, we wish you all the best as you strive toward a finish line and reach to obtain your goals. We hope that you will find ways to have greater peace and perspective through all circumstances and in every area of your life.

¹ www.statista.com/chart/20309/us-new-years-resolutions-2020/

² www.hillel.org/about/news-views/news-views---blog/news-and-views/2010/08/27/what-does-the-word-shalom-mean-

³ Brown, Brené. *The Gifts of Imperfection*. Minnesota: Hazelden, 2010, p. 56.

⁴ www.guideposts.org/better-living/life-advice/3-ways-to-let-go-of-perfectionism

Tax Planning in 2020

BY DAVID C. HOGAN, CPA

MANAGING PARTNER, RONALD BLUE & CO. CPAs

Generally, we focus on tax planning at the end of the year, but it is just as important to think about taxes early in the year. Here are some things to consider as you begin planning for 2020.

Review your withholding allowances to ensure you have the right amount withheld from your paycheck. Sound financial and tax planning will leave you with a small amount of taxes due or a small refund come April 15.

Review your 2020 retirement account contributions. If you qualify to participate in a 401(k)/403(b) with your employer, the limits have increased for 2020.

401(k) / 403(b) Contributions	2019	2020
Annual Limit	\$19,000	\$19,500
Catch-up for Age 50 & Over	\$6,000	\$6,500

The standard deductions significantly increased in 2018 and continue to increase annually (see below). This change resulted in fewer taxpayers benefiting from itemized deductions.

Filing Status	2019	2020
Single	\$12,200	\$12,400
Married Filing Jointly	\$24,400	\$24,800
Head of Household	\$18,350	\$18,650

The higher standard deductions present a great opportunity for families that give generously to churches and charities. By using a strategy called bunching, they can pay two (or more) years of contributions in one year and take the standard deduction the following year. This strategy can often create a lower tax over both years.

If you are over 70 ½, consider doing your charitable giving from your IRA. Individuals age 70 ½ and older can donate up to \$100,000 directly from their IRA without counting it as income. This contribution also can satisfy your Required Minimum Distribution (RMD).

Some people may still have opportunities to reduce their 2019 taxes. 2019 deductible IRA contributions and Health Savings Account contributions can be made until April 15, 2020. The contribution maximums are listed below.

IRA	2019	2020
Maximum Contributions	\$6,000	\$6,000
Catch-up for Age 50 & Over	\$1,000	\$1,000

Health Savings Account	2019	2020
Self-Only Coverage	\$3,500	\$3,550
Family Coverage	\$7,000	\$7,100
Catch-up for Age 55 & Over	\$1,000	\$1,000

For small business owners, retirement contributions can be made up until the due date of the business tax return. In certain scenarios, the retirement plan can even be established after the end of the year.

Near the end of 2019, President Trump signed the Setting Every Community Up for Retirement Enhancement (SECURE) Act. A few key provisions that are effective for 2020 include the following:

- The age for Required Minimum Distributions (RMD) from retirement accounts has increased from 70 ½ to 72.
- The age limit for making contributions was removed (formerly 70 ½).
- Individuals can make penalty-free withdrawals of up to \$5,000 in the case of the birth of a child or adoption.

If you have additional questions about tax planning or the SECURE Act, please contact your Ronald Blue Trust advisor or visit www.ronbluecpa.com.

A photograph of three young people of diverse backgrounds looking through a window frame. On the left, a young woman with dark hair and a denim jacket is smiling. In the center, a young man with dark skin and a yellow shirt is looking directly at the camera. On the right, a young man with dark skin and a red beanie is also looking at the camera. A wooden structure, possibly a podium or desk, is in the foreground.

Celebrating Generosity One Story at a Time

At Ronald Blue Trust we celebrate with clients as they achieve financial milestones – paying off their mortgage, investing in their posterity and the next generation, and giving beyond what they imagined they could.

Generosity has always been at the heart of what we do, and we help our clients find their financial finish line so they can hold their resources with an open hand.

Our earthly resources will always have limits, but we have unlimited choices for how we use them. Ronald Blue Trust advisors have countless stories of clients who have used

their resources to impact their local communities and change the lives of others around the world. We celebrate hundreds of millions of dollars in worldwide client giving every year. Often, though, the giver is even more blessed than the recipient.

Recently, we created a series of six videos highlighting just a few of our clients and how they have given their

time, talent, and treasure to sacrificially help others. We invite you to read more about each of their stories on the next page and view the complete videos at ronblue.com/library/giving.

Many of these stories are also found in our *Faces of Generosity* book. If you would like to receive a complimentary copy of the book, please contact your advisor or email orders@ronblue.com.



WALK IN RELATIONSHIP WITH PEOPLE

Deeply impacted by their volunteer experiences with refugees, Karen Guess and her family moved to Clarkston, Georgia to serve as ambassadors and neighbors to individuals and families seeking a better life in America. Hear how Karen learned the true meaning of contentment and the question, “How much is enough?” not only as it relates to money, but also in regard to her time and desire to serve others.



GIVING IT UP TO HELP OTHERS GIVE

When National Christian Foundation co-founder, Terry Parker, had to decide between accepting a circuit court of appeals judgeship or continuing to lead the charitable company he helped to create, he was forced to step back and look at his finances and his dreams for the future. He allowed his values around generosity to guide his path.



LITTLE ME. BIG WORLD.

Retired Major League Baseball pitcher, Jaime Garcia, received a piece of advice from his Ronald Blue Trust advisor that inspired him to give back in a tangible way that goes beyond writing a check. Hear Jaime’s story of partnering with a community development organization in Mexico that builds schools and gives local residents an opportunity to work toward a home of their own through community service. Learn how these experiences changed Jaime’s perspective on giving.



THE JOY OF ADOPTION: GOD CHOSE 15 CHILDREN FOR US.

Molly and Tom Armstrong didn’t plan to have children, but transformations in their spiritual life changed their path and led them to open their home and their hearts to 15 adopted children. Hear more about the Armstrongs’ story and how they were able to share the resources that God entrusted to them.



DON’T BUILD MORE ORPHANAGES – PREVENT ORPHANS

Desiring to empower others to improve their quality of life, Robin and Wayne Hoover began working with CARE for AIDS to help prevent orphans in Africa. Their generosity journey has led them to sponsor and work in the community centers that provide support and opportunities to families affected by HIV/AIDS.



THE RONALD BLUE TRUST GENEROSITY STORY

Hear Ron Blue, the company’s founder, and Russ Crosson, Chief Mission Officer, share how generosity has always been an important part of this company. This video also highlights some of our clients that have given their time, talent, and treasure to sacrificially help others.



George Greene, Co-founder & CEO of Water Mission,
serving clean water to a village for the first time.

Hearing the Call

We believe that learning to be generous is a process that begins by discovering what God's Word says about giving so that we can prepare our hearts and minds for generosity. The next step is to remove financial obstacles that may get in the way of our ability to give, such as excessive debt, uncontrolled spending, or lack of planning. Finally, we must work to gain perspective by establishing relationships and contacts that will show us what God is doing in the world. By opening our minds to ministry opportunities around us, our planning can be motivated and inspired by how we want to participate in His work here on earth. Ronald Blue Trust advisors are passionate about helping their clients live generously so that they can leave a lasting legacy.

Perhaps 2020 is your year to become a Face of Generosity and truly experience the gift of giving.

RonaldBlueTrust®

Ronald Blue Trust advisors apply biblical wisdom and technical expertise to help clients make wise financial decisions to experience clarity and confidence and leave a lasting legacy. With over \$10 billion of assets under advisement and a nationwide network of 16 offices, we offer comprehensive financial services and objective advice to over 9,500 clients across the wealth spectrum in all 50 states.
(as of 12/31/19 and subject to change)

The information found in this issue of the *Wisdom For Wealth. For Life.* quarterly newsletter is intended to be educational in nature and may not be applicable to your current portfolio or financial strategy. You should not rely on any of the information as authoritative or a substitute for the exercise of your own skill and judgment in making any investment or other decision. These clients' experiences may not be representative of the experience of other clients. Their experiences are also not indicative of future performance or success. All investment involves risk and should be carefully considered. While diversification can help reduce market risk, it does not eliminate it. Diversification does not assure a profit or protect against loss in a declining market. Please feel free to contact your Ronald Blue Trust financial advisor with any questions or to discuss specific changes in your current financial situation. Ronald Blue Trust and its employees do not provide legal or accounting advice or service. Work with your attorney or accounting professional for such services. Participants in retirement plans receiving a copy of this newsletter and desiring additional information should contact their plan administrator.

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Principles-Based Investing

PRINCIPLE OF APPLIED WISDOM

We believe that applying principles can improve the chance of successful investment outcomes.

PRINCIPLE OF LEADERSHIP & GOVERNANCE

Leadership significantly influences the productivity of the people they lead. Environments with greater civil and economic freedom tend to provide increased fertile ground for investment.

PRINCIPLE OF INSTABILITY

Markets and economies are not stable and provisions against uncertainty may fail. Risk needs to be managed through diversification.

PRINCIPLE OF UNCERTAINTY

Provision against an uncertain future is a reason to save and invest.

PRINCIPLE OF INHERENT VALUE

Investors and markets are not always rational. Opportunities or risks can be identified when a disciplined valuation process is used to determine the inherent value of an investment.

PRINCIPLE OF HUMAN PRODUCTIVITY

Wealth is created as a result of human productivity. Productivity is the combination of human creativity and natural resources.

RonaldBlueTrust®

Wisdom for Wealth. *For Life.*®

THREE PILLARS OF OUR INVESTMENT APPROACH

Based on the principles above, the strategies we build exhibit these characteristics:

GROWTH: MARKETS WITH FASTER ECONOMIC GROWTH

VALUATION: ASSETS PRICED APPROPRIATELY

DIVERSIFICATION: ACCORDING TO YOUR TIME HORIZON & CASH FLOW NEEDS

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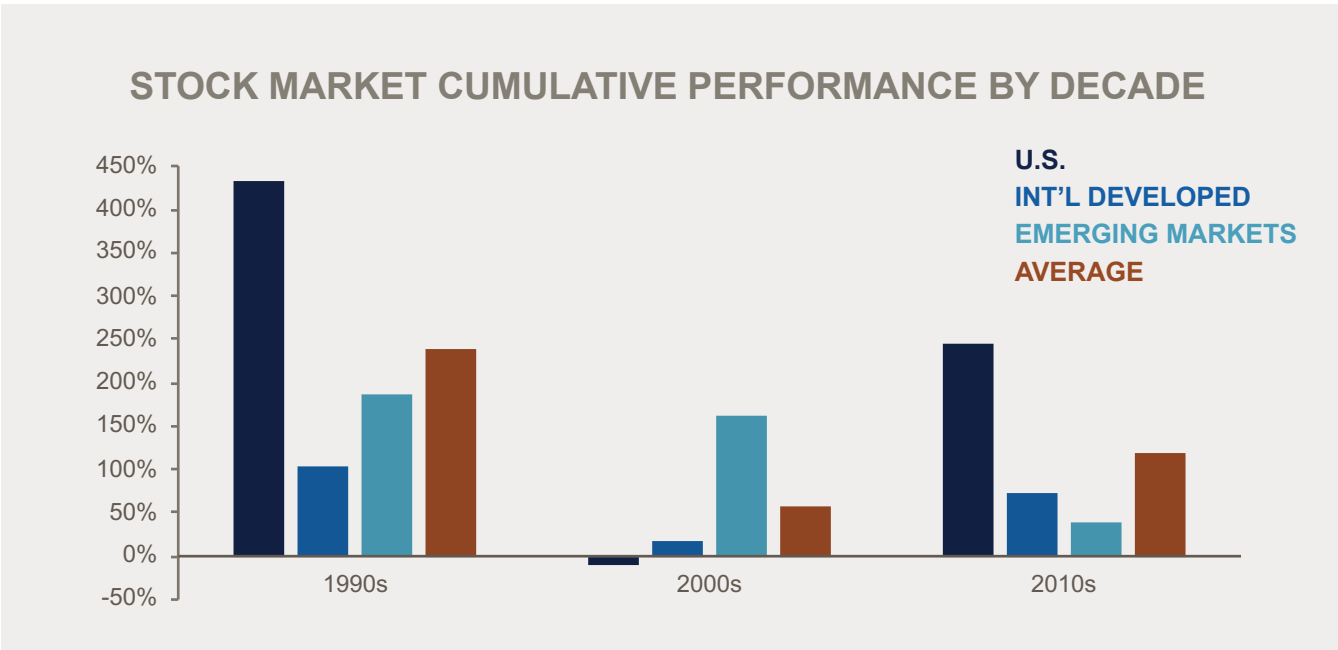
Investment Perspective

WINTER 2020

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Investing Internationally – Looking Back and Looking Ahead

As we close out a decade, asset class returns in 2019 mirrored, in some ways, what investors experienced over the last 10 years. We saw U.S. stocks surpass returns across the rest of the world just as they did for the decade. Despite ever-increasing valuations compared with stocks overseas, U.S. stock prices continued to forge ahead, rising over 30% while international and emerging markets stocks had returns of about 20%.



Sources: FactSet

The chart above shows that these divergences between global stock markets are nothing new. In fact, the U.S. outperformance we saw in the 2010s was exceeded in the 1990s due to the emergence of the tech bubble. Some call the 2000s the “lost decade” as wildly overvalued U.S. stocks provided negative returns during that 10-year period. Could we experience a replay of that reversal in the coming years?

There are many compelling reasons that might sway an investor to continue to favor U.S. stocks. The United States is the world’s leader in innovation and has arguably the world’s most free and advanced financial markets. The U.S. dollar remains the world’s reserve currency. In a world that is at times turbulent, the U.S. represents the safest port in a storm.

This information is furnished in order to provide general investment and administrative information. The investment information is general and educational in nature, does not consider other investments that an individual may own, is not a prediction of external economic conditions, nor considers an individual’s past investment experience. Individuals may wish to seek professional investment counsel before making investment decisions. These analyses have been produced using data provided by the investment managers, third parties, and public sources. While the information is believed to be reliable, its accuracy cannot be guaranteed.

DOES INVESTING INTERNATIONALLY MAKE SENSE?

We believe including international stocks in one’s portfolio is a prudent investment decision. Despite an ongoing trade war with China and elevated geopolitical uncertainties in recent weeks, we continue to see benefits of investing in equities globally:

The long-term benefits of diversification are borne out by history and, while not guaranteed, we believe they will persist.

Stocks overseas trade at better valuations compared to U.S. stocks.

Emerging economies are poised for faster economic growth bolstered by an ever-expanding middle class and more robust financial institutions.

Currently, as we survey the equity opportunities in overseas markets, we see both greater growth potential and attractive valuations, especially in emerging markets. An investor’s global diversification will be determined by his or her time horizon, appetite for additional volatility, and ability to tolerate returns that vary from a U.S. equity benchmark, such as the S&P 500. Additionally, our approach for investing internationally is more balanced in our country allocations in contrast to international indices, which tend to be skewed to the largest countries. While this strategy provides more robust international exposure, it can result in returns that vary greatly from international equity benchmarks.

EMERGING ECONOMIES AND VALUES-BASED INVESTING

The poor human rights record and restrictions on basic freedom that we see in some emerging markets countries give some investors pause when it comes to investing in these countries. Exercising a “values-based” approach

in evaluating investment opportunities may appear reasonable and even desirable. However, it is an inherently subjective process as each investor must determine what values he or she wish to elevate and then decide how to make an appropriate evaluation of which countries and/or companies meet or pass the test. And, does not investing in a particular country or company actually have an impact versus just choosing not to buy their products or services? Some would argue that engaging with countries that need to make progress rather than shunning them provides more of an opportunity to influence change.

Ultimately, the decision to have one’s values or beliefs impact their investment portfolio is a very personal choice, and we work with our clients to help them navigate that process. We approach global diversification from a purely investment perspective and focus on the exposure to higher economic growth, better valuations, and broader diversification it provides.

CONCLUSION

To summarize, U.S. equity markets have dominated overseas market returns during a decade where our economy experienced a more vigorous recovery from the recession and financial crisis of 2008/2009. However, a historical perspective implies that markets experience cycles of outperformance that wax and wane. Rather than following what has worked best in the recent past, our investment process attempts to focus on economic growth and valuations in evaluating the attractiveness of global markets going forward. We believe a diversified investment approach with a long-term perspective provides the best chance of reaching your long-term investment goals.