CAPTAIN'S BRIEFING:

<u>NO CHANGE</u> in the models.

- ***<u>Make sure you are keeping track of your trade dates for the 30-day hold period!</u>***

Captain's Table

Beneficiaries

Go to page 5

According to traditional etymology, the month of April derives its name from the Latin verb *aperire* which means "to open".

This makes sense as April is known as the month when trees and flowers begin to bloom in earnest. The blooming that dominated this April involved geopolitics as much as horticulture, however. Tensions were high in Syria and North Korea at mid-month, which proved a negative catalyst for global equity markets. Investors bolted for safer havens like bonds, driving bond prices sharply higher while sending yields lower. Later in April, financial markets welcomed the results from the French presidential election's initial ballot, where the self-avowed centrist candidate Emmanuel Macron survived to face far-right candidate Marine Le Pen in the run-off election in early May. The result sent the French stock market higher by 4.1%. US and European stock markets also rallied on the news. Near month-end, President Trump surprised the markets when he slapped levies of up to 24% on softwood lumber imports from Canada. Many analysts see the imposition of tariffs as the administration's way of setting the tone ahead of talks on reforming the North American Free Trade Agreement (NAFTA). Amidst all of the missile launching, politicking and tariff imposing, the global stock markets found a way to blossom into positive territory by month-end. In fact, the late month surge helped the S&P 500 post its sixth monthly gain in a row.

US STOCKS

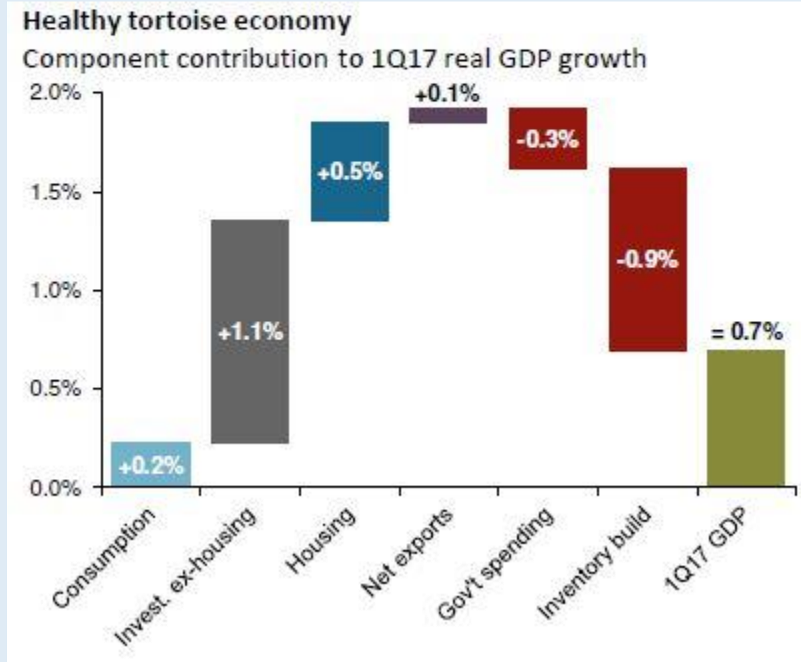
US stocks lost value in the first two weeks of April, before slowly beginning to turn things around mid-month. Optimism about first-quarter earnings results alleviated concerns over geopolitical risks, and U.S. Treasury Secretary Steven Mnuchin announced that the Trump administration expected to release a tax reform proposal, an announcement which was well-received by investors. Major US stock indexes rose around 2%, and the S&P 500 climbed to within 0.5% of its record high set on March 1, 2017.

The final week of April saw the NASDAQ Composite Index close above 6,000 for the first time. Even with what looks to be an improving earnings picture, stock market valuations have a lot of investors concerned. Consider that according to FactSet, companies in the S&P 500 have traded at more than 20 times their past 12 months of earnings for 106 consecutive daily trading sessions. That's the longest such stretch since 2010.

US EARNINGS

Heading into the first quarter's earnings season, the consensus among analysts was that the earnings of companies in the S&P 500 would rise around 9% compared with the same quarter a year ago. Disappointing earnings results from a handful of big companies weighed on stocks at times during the month, but a flurry of strong earnings reports helped lift stocks in late April. So far in this earnings season, with only about half of the S&P 500 companies reporting to date, aggregate earnings are on track to rise more than 12.4% from Q1 2016.

US ECONOMY



The US economy got off to a sluggish start in the first quarter, with GDP growing just 0.7%, the weakest quarter of growth in three years. Deceleration in consumption and slower-growing inventories were the two main reasons for weak growth. However, a gauge of US consumer sentiment rose again in April, extending a climb that started after the presidential election last November. Also worth being mentioned, first quarter GDP got a boost from a meaningful pickup in investment spending, which is an encouraging sign for future growth.

RESCUE A PILOT MONTH!

During this month, refer a pilot, get a reward!

You've seen them. Pilots doing the buy-and-hope, sky is falling-walk up the jetway, smart phone in hand, worried about their 401k, rocked emotionally by every market wave of selling. Tends to distract them during bad markets, too. Not a good thing.

Here's how it works: For every pilot you refer who becomes a NEW member in May, we will give ***you*** a free month of membership! Everyone wins!

Here's what you should do: Every time you refer a friend, shoot an email with that person's name to Karen at airways@USPFA.org. If they become a member, we will know to credit ***you*** with a FREE month of membership. Do it for your fellow pilots. Do it for yourself.

Enough! Pilots don't let your fellow pilots worry about their investments!

Instead of spending money on advertising to grow, we'd rather reward YOU for rescuing zombie pilot investors you refer to USPFA.

- **There is no limit on how many pilots you can rescue and get credit for. There is a seemingly endless supply available. Go get them in May! Don't miss this opportunity to help others and yourself at the same time!**

FOREIGN MARKETS

Outside of the US, the world's larger economies appear to be growing as well. Export growth in China accelerated in March, a positive sign for global demand. Economic growth in Europe is picking up after a long period of slow progress, according to recent survey results. Manufacturing business activity in the Eurozone jumped in April to a six-year high. Of the eight nations covered in the survey, only Greece failed to show signs of improvement. Overall, this relative surge in activity should make a significant contribution to overall economic growth on the continent. Global equities staged a relief rally after Macron advanced to the final round of the French presidential elections, where he'll square off with Le Pen. Macron holds a 20-point lead in the polls ahead of May 7th's vote. The post-French election rally lifted the MSCI World Index to an all-time high during the last week of April.

Velocity Composite Fund Score™ Ranking

Ticker	Fund Name	Score	YTD	1MoPerf	3MoPerf
-	International Equity	**820**	12.48%	3.29%	8.24%
-	Large Cap Growth	**787**	9.27%	1.63%	5.69%
-	LifeCycle 2020	**772**	4.29%	1.01%	2.95%
-	S&P 500 Index	**755**	7.16%	1.02%	5.17%
GOBSX	LM BW GLB OPP BD IS	**746**	6.63%	3.29%	4.04%
RRRZX	Deut Real Estate R6	**746**	1.01%	0.20%	1.26%
-	Intl Eq Idx	**727**	10.14%	2.63%	7.05%
-	Bond Index	**714**	1.69%	0.80%	1.45%
-	Diversified Bond	**702**	2.33%	0.92%	1.86%
-	Emerging Markets EQ	**650**	13.50%	1.90%	8.05%
-	Fid ContraFund Pool	**618**	13.14%	2.87%	8.45%
-	Small/Mid Cap Index	**610**	5.76%	1.17%	3.55%
-	Large Cap Value	**574**	3.89%	0.19%	3.28%
-	Small/Mid Cap Growth	**565**	8.67%	1.52%	5.59%
-	Small/Mid Value	**452**	2.20%	1.02%	1.77%
-	Emrg Mrkts Eq Idx	**414**	14.51%	2.21%	8.06%

Ins Ctrct/Stable Value will not appear in the monthly rankings since it technically mimics a money market fund.

APPROXIMATE Future Publication Dates

6/5/17

7/6/17

8/3/17

9/6/17

10/4/17

11/3/17

12/5/17

Definitions & Notes:

1.Tickers: The majority of the funds in the Delta Plan are not really mutual funds. They are composites or comingled funds, etc.

YOU WILL USE THE FUND NAME TO TRADE. Data from proxy funds is used to make all calculations for the funds listed above.

2. The funds above were selected to work, using the model system. There are other funds in the plan that are not used. There is no reason to have multiple international or emerging market funds, for example.

The Velocity Composite Fund Score Ranking combines the Velocity (speed of advance of a fund compared to all other funds) with its Buy Point Score (how close the fund is to a recent bottom). This composite score is used to rank all available fund choices. In defined Bull Market advances, the system uses the Top 3 funds in the Aggressive model and the Top 4 in the Moderate and Conservative models.

In Defined Bear Market periods, this ranking is provided for information purposes and for those who are "doing their own thing" and would like to know how the system views the funds. Rankings dates are the last business day of each month. Proxies of each fund are used to calculate the score and historical returns.

Delta 401k Plan Conservative Model

Symbol	Fund Name	Allocate
-	Ins Ctrct/Stable Value	60.00%
-	Large Cap Growth	10.00%
-	LifeCycle 2020	10.00%
-	S&P 500 Index	10.00%
-	International Equity	10.00%
		100.00%

Delta Pilots 401k Plan Moderate Model

Symbol	Fund Name	Allocate
-	Ins Ctrct/Stable Value	36.00%
-	Large Cap Growth	16.00%
-	LifeCycle 2020	16.00%
-	S&P 500 Index	16.00%
-	International Equity	16.00%
		100.00%

Delta Pilots 401k Plan Aggressive Model

Symbol	Fund Name	Allocate
-	Ins Ctrct/Stable Value	19.00%
-	Large Cap Growth	27.00%
-	LifeCycle 2020	27.00%
-	International Equity	27.00%
		100.00%

- **NO CHANGE in the models**
- IN A MONTH WITH TRADES—

  THE NEW FUNDS WILL BE HIGHLIGHTED IN YELLOW
- **READ: If your 401k plan has *any* trading restrictions, you must keep track of your buy and sell orders. Fidelity does a poor job of defining what excessive trading is and has expanded that definition to include all funds.**
- **Future Contributions:** The models work smoothly if you direct ALL future contributions into the Ins Ctrct/Stable Value. Then, they will be automatically invested into the correct allocation when you make changes to follow a model.

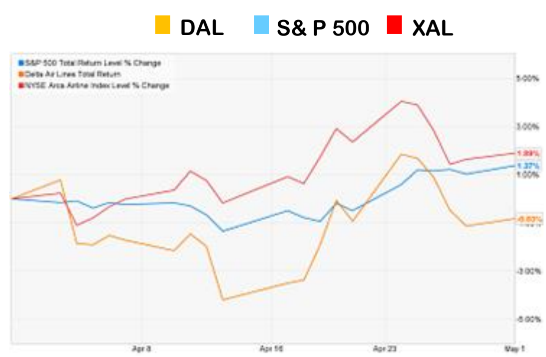
Fear & Greed Index

A neutral-ish reading of 45 for the F&G Index makes sense in light of how the S&P 500 performed during April. For two-thirds of the month, the market traded in negative territory before making gains over the last week or so of April to finish the month up +1%.

Bull Bear Oscillator vs. S&P 500 Index

Worry-Free 401k Flight Path Models™ - Delta

DAL-.



Delta stock traded in the red for most of April and reached its low for the month only a few days after releasing its first quarter earnings numbers. The company beat on earnings, but missed on revenue. DAL was down more than 4% at mid-month before rallying back into positive territory before closing the month out down around 1%. The S&P 500 was up 1% for the month, while the NYSE Airline Index (XAL) was up more than 1.6%

Delta Pilots 401k Plan (as of April 30, 2017)

Performance Stats

	YTD	1 Month	1 Year	3 Years	5 Years	10 Years	Inception
Conservative Model	2.70%	0.43%	9.20%	4.72%	20.70%	30.27%	89.32%
Annualized				1.55%	3.83%	2.68%	3.83%
Moderate Model	4.50%	0.70%	11.61%	7.42%	33.34%	54.69%	183.15%
Annualized				2.41%	5.92%	4.46%	6.31%
Aggressive Model	6.00%	1.20%	17.80%	12.32%	46.85%	85.73%	285.75%
Annualized				3.95%	7.99%	6.39%	8.27%
S&P 500	7.16%	1.09%	18.12%	35.07%	89.07%	99.37%	117.61%
Annualized				10.54%	13.59%	7.14%	4.68%

Beneficiaries

I'm sure most of you are glad the tax filing deadline has come and gone, although I suspect there are plenty of you that have postponed the inevitable with an extension. Either way, just getting through the April deadline seems to remove much of the anxiety surrounding taxes in general and can allow us to think about other important planning issues that need to be considered as well.

We haven't written about this in several years, and we continue to hear about circumstances that could easily be avoided with some simple planning. I just wanted to quickly remind you all about reviewing beneficiary designations and provide some simple guidelines to consider.

Understanding how assets transfer at death helps you create an estate plan that ultimately fulfills your wishes, but can also prevent unnecessary delays or outright headaches for your heirs. We would recommend reviewing all beneficiary designations on qualified plans (401k, 403(b), IRAs), insurance policies, and annuities at least every 3 years or at any major life event (marriage, divorce, death or new birth) to make sure these designations carry out what you desire.

Assets are generally transferred in the following ways:

1. **<u>Ownership</u>** – Certain assets that are held jointly automatically go to the surviving owner.
2. **<u>Beneficiary designation</u>** – Assets pass to the person(s) or entity designated as the beneficiary on certain contracts or accounts.
3. **<u>Trust</u>** – Assets transfer according to the terms of the trust.
4. **<u>Will</u>** – Assets that are not transferred by any of the above 3 methods will be distributed according to the terms of your will. If you don't have a will, assets will then transfer according to the laws of your state.

Frequently asked questions regarding beneficiary designations include:

1. **I have a current will. Isn't that enough?** No. Regardless of what your will says and as current as it may be, beneficiary designations supersede anything in your will. For example, you update your will but leave an ex-spouse as beneficiary on your IRA or 401k. The beneficiary designation is more important than the will and may not reflect your current wishes if circumstances have changed.
2. **Do I need contingent beneficiaries?** It is not required, but it is an excellent idea. If you haven't named a contingent beneficiary and your primary dies before you, or at the same time, the assets will be distributed according to the rules in your retirement plan or IRA upon your death.
3. **Can I name a beneficiary who is not my spouse?** Yes, however, some plans do require spousal consent in that situation. Also, keep in mind that some non-spousal beneficiaries may have different options available to them when they inherit assets.
4. **Can I name a trust as beneficiary?** Absolutely, however, be careful. Naming a trust as beneficiary can give you flexibility for overseeing the distribution of assets, but it can also impact taxes and how mandatory minimum distributions are taken out of retirement accounts.
5. **Can I create a beneficiary for non-qualified accounts that don't normally have a beneficiary designation?** Yes, this is most common with brokerage accounts or bank accounts. The most common method is to include TOD (transfer on death) instructions. This does not create joint ownership on the account but does provide for direction of where the assets go without having to probate the assets.

This list certainly does not exhaust all the questions and planning opportunities that surround the issue, however, what is key is that it is considered and reviewed on a regular basis. As mentioned earlier, if you haven't recently reviewed all the beneficiaries on your current or former employer's retirement accounts, IRA's, insurance products, annuities, and after tax account with TOD instructions, I encourage you to take the time soon as this can be a much bigger issue than an annual tax return.

Chris

***Chris Lott, CFP®, CPA** is a Managing Partner at Smith Anglin Financial, and is a member of the firm's Investment Committee. He regularly meets with prospective clients, counsels existing clients, leads investment portfolio analysis and develops materials for communicating with the firm's clientele and target markets.*

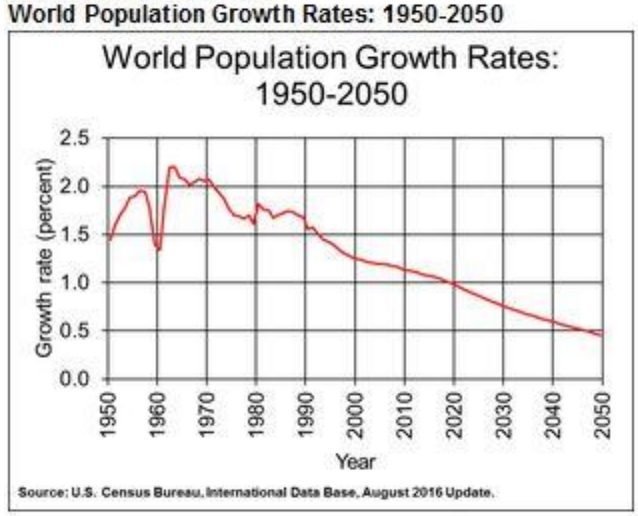
***Experts at the Captain's Table**: All members have a wide and varied background in all areas of wealth management. Most importantly, the members have worked extensively with professional pilots at American, Delta, Federal Express, Southwest, United – and every airline that merged into these along the way – for more than 85 years combined. They know your world, your benefits, how to retire in the best way, and what is needed at each life-stage in retirement to get you to your goal.*

CENTRAL BANKS

Minutes released from the March meeting of the US Federal Reserve Board's confirm that the Fed plans to continue tightening monetary policy by raising the fed funds rate again later this year. However, the Fed is expected to keep interest rates unchanged when it concludes a two-day meeting to be held the first week of May. Some Fed watchers think the Fed may pause in raising rates for several months due to the recent slump in US GDP, but the Fed will likely feel compelled to continue tightening sooner as there are signs that inflation is building. The Fed also wants to reduce the size of the agency's $4.5 trillion portfolio of U.S. Treasury and mortgage-backed securities accumulated over the years in the wake of the Great Recession as well. In contrast to the US, the European Central Bank (ECB) and the Bank of Japan (BOJ) are sticking to their loose to ultra-loose monetary policies. ECB President Mario Draghi acknowledged that downside economic risks have diminished in Europe but offered no hints as to if or when the ECB will begin to dial back its asset purchases. In Japan, the BOJ indicated it will maintain its present ultra-loose monetary policy amid signs of slightly stronger domestic growth yet still-very-low inflation.

FINAL THOUGHTS: DEMOGRAPHICS ARE DESTINY

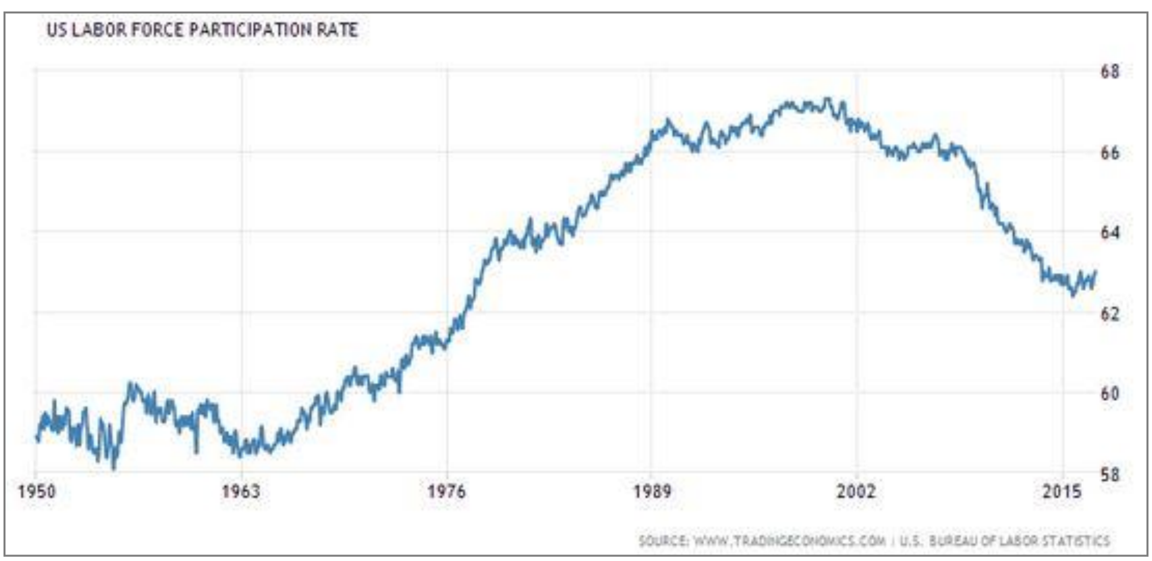
International Data Base
World Population Growth Rates: 1950-2050



Source: U.S. Census Bureau, International Data Base, August 2016 Update.

While it's natural to track the day-to-day, week-to-week, quarterly, and annual happenings in the world markets, sometimes it's helpful to pull way back and look at the big picture: what big things are the real drivers of the markets - of societies, even - long-term? One of the biggest influences on the future has always been demographics, and we are living in the midst of a major shift in demography that is without precedent in human history. The people living in the developed markets and China will see their populations age rapidly in the coming years, and it's going to impact virtually everything.

Bruce Wolfe and Russ Koessterich at Blackrock point out that the aging of our populations contribute to the economic environment in two big ways: it drives down economic growth, and it suppresses interest rates. These forces are problematic for politicians and policymakers whose goals are to drive up economic growth and facilitate environments where capital is rewarded with suitable returns. At its most basic level, economic growth is derived from a labor force making things and delivering services to others. Since our populations are beginning to skew older, and older individuals work less on average, all other things equal, our labor force will have fewer participants, meaning fewer goods and services.



(Continued on page 7)

FINAL THOUGHTS: (Continued from page 6)

The graying of China and much of the developed world also contribute to lower interest rates. Older people borrow less and save more. They tend to invest in safer asset classes and favor assets that throw off income, which means there will be an increased demand for bonds. Increased demand will mean less supply. Less supply will mean scarcity and higher prices. Higher bond prices will drive yields lower. And lower yields will mean lower interest rates in general. A lot to think about and some big problems to solve, but the markets seem to find a way to sort out a lot of these things themselves. Statistics show that the retirement savings set aside by older Americans are woefully insufficient for most of them. Since they'll be living longer and will remain healthier longer than any previous generation in human history, it may become apparent that working longer is both necessary and personally fulfilling. The truth is the world's developed countries need their older workers to stay engaged in the workforce. Maybe hard work pays off after all and keeps paying off. **We'll see …**

Is your credit card about to expire? Have you recently received a new card OR have you requested a new credit card because of vendor security issues?

To update new CREDIT CARD information BEFORE your credit card expires, either call us at 717-569-8162 or go to the "Update Credit Card Information" section under the Member's Tab.

@USPFA1

Reading someone else's copy?
Visit us on Facebook to get our New Member—3 months FREE offer now!

Like us on Facebook!
https://www.facebook.com/USPFA

Upgrade your 401k Autopilot Program℠ with BrokerageLink®!

Remove the restrictions imposed within the 401k platform fund choices and open your retirement savings to more investment opportunities.

- no longer limited to just the funds in the Delta Plan; you have access to hundreds of actively managed mutual funds, exchange traded funds (ETFs), and even individual stocks
- freedom to trade without fear of "frequent trading" warnings; and ETFs, stocks and similar securities are able to be traded during a trading day
- **Call today, 1-888-254-1727**

Manage My 401k for Me!

Are you too busy to keep up with your 401k? Do trips and time zones keep you out of the loop? Want to make sure changes are made automatically to your account?

The 401k Autopilot Program℠ is offered through Smith Anglin (not the newsletter). The firm provides *daily supervision*, going beyond the newsletter recommendations. All this for a fee smaller than the amount the market often fluctuates in a *day*. There is a $250,000 minimum combined 401k plus any transferred accounts.

Get your free Autopilot Starter Kit at www.smithanglin.com/401k-autopilotprogram/

Services provided through Smith Anglin, a Registered Investment Advisor