

NOVEMBER 2017

# THE AIRWAYS ADVISOR™

A NEWSLETTER FOR AMERICAN PILOTS



Leading Authority on Successfully Investing Your 401k Plan

## CAPTAIN'S BRIEFING:

- **NO CHANGE** in the 401K models.
- **NO CHANGE** in the RSP models.
- **\*IMPORTANT:** Wells Fargo is considered a competing fund with All Weather, Cons. Fund and BrokerageLink—exchange with another fund instead of rebalancing!

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

## Captain's Table - [Inside an Index](#)

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**RSP UPDATE:** The election window will close on Nov. 17, 2017. **Make your elections now, if you haven't already!** Details for the election window and instructions for how to make a distribution election are provided in decision guides that were mailed to RSP participants, on the 401k site and **our summary on page 8.**

***With Halloween in the rearview mirror now, it makes you wonder: why do we like to be scared so much in the first place?***

Experts will tell you there are several reasons, but basically fear works on our bodies like a stimulant. When we get frightened, a lot starts to occur in us physically. Our hearts beat faster. We breathe more intensely. We perspire and get butterflies in the pit of our stomachs. There's also a hormonal component. When we perceive a threat, we feel more physically powerful and strong. We also feel more intuitive emotionally. This jolt to our physical and mental state is a feeling that we as humans are naturally drawn to. In those fearful moments, we're more in tune with our senses. In many real ways, we're more "alive."

## ECONOMIC NEWS

The U.S. economy remains lively and has been growing for the last 99 months (i.e., no recession), an expansion exceeded in length only 2 times since 1900, according to the National Bureau of Economic Research (NBER). It's also picking up steam: for the first time since 2014, the U.S. economy has recorded back-to-back quarters in which GDP has grown at an annualized rate of at least 3%. Economists had expected growth to moderate in Q3 because of Hurricanes Harvey and Irma. However, the 3.0% growth achieved in Q3 may be hard to sustain moving forward. Since employment gains are responsible for about half of GDP growth, and with September's unemployment rate clocking in at 4.2%, a rate at the lower end of the spectrum, there is limited room for employment to boost GDP growth moving forward.

Sentiment indexes in Europe have been mixed recently. One German business climate survey hit a record high in October, which is notable considering the backdrop of uncertainty surrounding Brexit, Catalan independence, and the final makeup of Angela Merkel's ruling coalition. Uncertainty abounds in the United Kingdom as well. In the wake of the June 2016 Brexit vote, business investment has been flat, owing to uncertainty over the U.K.'s future relationship with the EU.

In Asia, Chinese economic indicators suggest a slowing economy, but one still firmly in growth mode. In Japan, Prime Minister Shinzo Abe won a landslide victory in the recent general election, opening the way for a push to amend the country's pacifist constitution. Abe campaigned on the idea that the threat from North Korea requires leaders to remove any doubt over the legitimacy of Japan's military. Abe's victory was received well by investors as the Nikkei 225 Index pushed through 22,000 for the first time in 21 years.



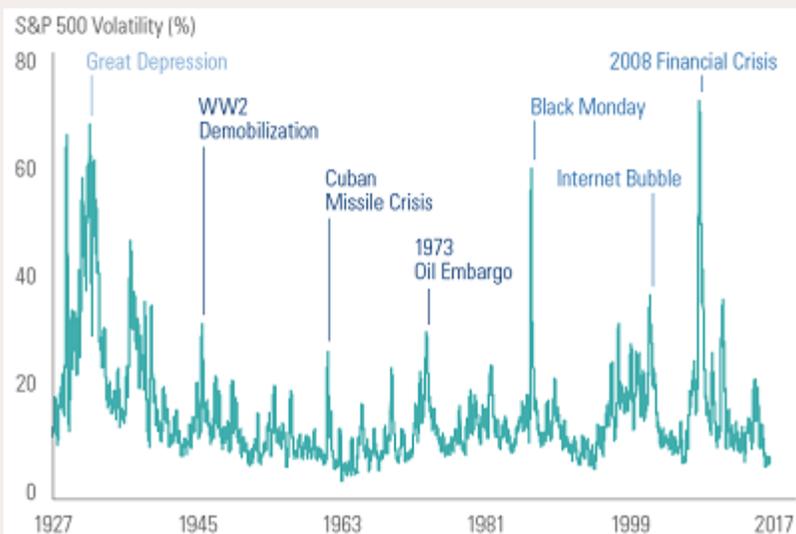
Source: Goldman Sachs Global Invmt Research, Natl Bureau of Economic Research, and GSAM.



“You’re flying toward an unknown financial future— WE HAVE CHARTS!”

## CAPITAL MARKETS

It was in October of 2007, 10 years ago last month, that the S&P 500 peaked before beginning a painful 17-month tumble that resulted in a more than 50% drop in value. What a difference a decade makes. The volatile, plummeting market action that prevailed 10 years ago has given way to the steadily rising, record-breaking markets of today. The major indexes climbed to record highs in September and then, as solid quarterly earnings reports began rolling in, did so again in October. Every major U.S. stock index advanced each week in October, extending the streak of positive weeks to seven in a row. The Dow topped the 23,000-point mark for the first time ever in October, and it was the index's fourth 1,000-point milestone of 2017, a year that began with the index slightly below 20,000. It took only two and a half months for the Dow to climb from 22,000 to 23,000. All the while, market volatility has remained near record-low levels. In fact, volatility in the third quarter was the market's least volatile quarter on record.

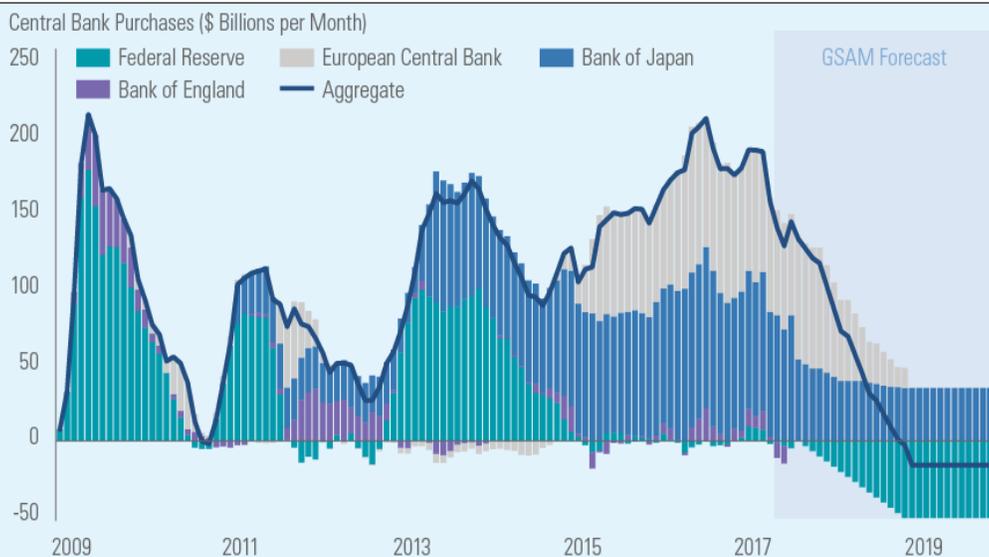


Source: Haver and GSAM.

International stocks advanced in October as well. The MSCI EAFE Index, the primary equity benchmark for stocks from Europe, Australasia, and the Far East, posted a gain of more than 1.5% during the month. Japan's stock market advanced to its highest level in more than two decades in October, while emerging market stocks, as tracked by the MSCI Emerging Markets Index, posted gains of more than 3%.

## CENTRAL BANK POLICY

After having already raised rates twice in 2017, the Fed kept interest rates unchanged at its most recent meeting. The minutes from the Fed's mid-September meeting show that policymakers appear to be leaning toward raising interest rates one more time, in December. Fed Chair Janet Yellen presided over what most believe will be one of her final meetings as chairman, and speculation swirls about who will replace her. President Trump is likely to tap Fed Governor Jerome Powell to be named chair. Among the leading candidates, he is viewed by many as closest to Yellen on his policy views, and he is set on normalizing interest rates.



Source: Haver and GSAM.

The European Central Bank (ECB) announced in late October that it would begin slowly tapering its stimulus program. The ECB will halve its bond-buying program, and only buy €30 billion worth of European bonds each month starting in January 2018 and ending in September, a period longer than the six-month interval some had feared. The current amount is €60 billion a month. ECB president Mario Draghi said that interest rates will stay at present levels well past the end of the quantitative easing program, with the central bank keeping open the option of increasing the size and duration of QE if necessary. In addition, the ECB said it will reinvest the principal from maturing bonds for an extended period after the end of the bond-buying program.

Even as its peers in the U.S. and Europe begin to wind down stimulus, albeit ever-so-slowly, the Bank of Japan (BOJ) will continue its extraordinary monetary policy, keeping its short-term interest rate at -0.1% and maintaining its yield curve control and asset purchases. The BOJ's argument is that extraordinary measures continue to be needed for an extraordinary problem. Their main problem is that, in terms of people, Japan is shrinking. The country's strict immigration policies and its low birth rate mean that economic growth via more workers just isn't an option. In 2010, Japan's population was 128 million. By 2100, it's projected to fall to 85 million, a drop of 34%! (source: The Brookings Institute).

## Velocity Composite Fund Score™ Ranking

American 401k Plan						
Ticker	Fund Name	Score	YTD	1MoPerf	3MoPerf	
-	US Lg Cap Grth Stock	1221	33.95%	3.33%	6.49%	
-	US Sm Cap Gr Stk Idx	1043	17.69%	1.54%	6.93%	
-	US Lg Cap Stk Idx	971	17.12%	2.34%	4.77%	
-	US Lg Cap Val Stock	968	14.20%	1.66%	4.23%	
-	US Mid Cap Stk Idx	946	11.62%	2.27%	4.66%	
-	Emerging Markets Stk	944	34.05%	3.47%	5.38%	
-	International Stock	940	26.05%	1.69%	4.16%	
-	Target Date Fund 2060	939	19.20%	1.76%	3.84%	
-	Intl Dev Mkts Stock	937	22.55%	1.53%	4.06%	
-	US Sm Cap Val Stk Idx	906	5.61%	0.15%	4.64%	
-	US Lg Cap Val Stk Idx	871	9.17%	0.75%	2.53%	
-	US Lg Cap Gr Stk Idx	845	25.32%	3.86%	7.12%	
-	Target Date Fund 2055	822	19.18%	1.76%	3.83%	
-	Target Date Fund 2050	815	19.19%	1.76%	3.84%	
-	Target Date Fund 2045	811	19.18%	1.76%	3.84%	
-	Target Date Fund 2040	793	19.00%	1.74%	3.79%	
-	Target Date Fund 2035	770	17.73%	1.61%	3.55%	
-	Target Date Fund 2030	747	16.41%	1.48%	3.29%	
-	Target Date Fund 2025	726	15.31%	1.37%	3.08%	
-	Target Date Fund 2015	687	12.29%	1.11%	2.54%	
-	Target Date Fund 2020	687	14.03%	1.27%	2.84%	
-	Post Retirement	666	10.13%	0.88%	2.13%	
-	US Small Mid Cap Stk	581	12.94%	1.02%	2.06%	
-	Diversified Bond	537	3.85%	0.05%	0.73%	
-	US Bond Index	537	3.29%	0.06%	0.49%	
-	Inflation Protection	537	2.15%	0.22%	0.67%	
-	High Yield Bond Idx	523	6.93%	0.29%	0.97%	

**Definitions & Notes:** 1. **Tickers** The majority of the funds in the American 401k and RSP Plans 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.

US Airways RSP Plan						
Ticker	Fund Name	Score	YTD	1MoPerf	3MoPerf	
-	Small Cap Equity	1148	10.38%	1.07%	4.66%	
-	Mid Cap Stock	1126	16.63%	2.06%	4.25%	
-	Lg Cap Grth Equity	1111	25.89%	3.12%	5.45%	
FXAIX	Fid 500 Indx IPR	1108	17.07%	2.33%	4.76%	
-	International Equity	1103	23.64%	1.75%	4.19%	
-	Lg Cap Value Equity	1082	13.13%	1.71%	4.34%	
-	Emerging Markets	957	31.55%	2.78%	5.59%	
-	Growth Fund	933	15.20%	1.56%	3.48%	
-	BTC LP IDX 2025	933	8.52%	0.97%	3.19%	
-	WF Stable Fund	915	1.33%	0.15%	0.42%	
-	Conservative Fund	889	8.43%	0.80%	1.92%	
-	All Weather Fund	889	11.81%	1.17%	2.69%	
-	BTC LP IDX RET	854	8.25%	0.60%	2.46%	
-	Bond Fund	852	3.27%	0.05%	0.42%	
-	Real Asset Fund	810	4.14%	0.98%	1.38%	

The funds in the new American 401k Plan were created for the plan and have an Inception Date of October 31, 2015. Therefore, proxies are used to calculate returns and scoring for these funds, for time periods including dates prior to October 31, 2015. 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 (hypothetically) which funds the system would buy today, if the market was a Defined Bull Market. Rankings dates are the last business day of each month.

## Worry-Free Flight Path Models™ - American

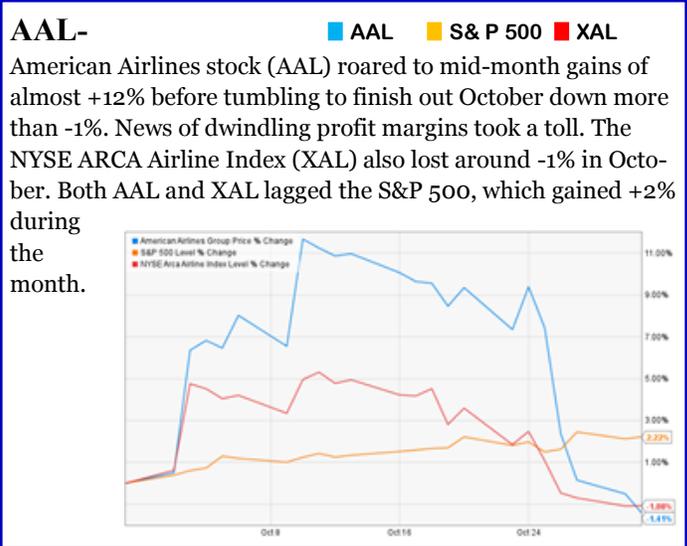


**Fear & Greed** At the end of September, the Fear & Greed needle was at 90, a reading of Extreme Greed. October was a good month for the markets and quarterly earnings data has been mostly positive, but by month-end the Fear & Greed reading had slipped to a 72. While a sentiment of Greed still prevails, perhaps investors are beginning to feel this market may be topping.



### American 401k Plan (as of October 31, 2017)

	Performance Stats						
	YTD	1 Month	1 Year	3 Years	5 Years	10 Years	Inception
Conservative Model Annualized	8.56%	1.01%	12.32%	12.69%	33.26%	41.85%	101.41%
				4.06%	5.91%	3.56%	4.20%
Moderate Model Annualized	12.45%	1.57%	12.65%	27.15%	56.77%	80.99%	214.17%
				8.34%	9.41%	6.11%	6.97%
Aggressive Model Annualized	16.59%	1.99%	24.44%	25.07%	54.78%	89.87%	275.97%
				7.74%	9.13%	6.62%	8.10%
S&P 500 Annualized	16.91%	2.33%	23.63%	36.31%	102.72%	106.38%	172.24%
				10.88%	15.18%	7.51%	6.07%



### USAirways Pilots RSP (as of October 31, 2017)

	Performance Stats						
	YTD	1 Month	1 Year	3 Years	5 Years	10 Years	Inception
Conservative Model Annualized	7.11%	0.89%	6.75%	10.32%	32.78%	71.32%	80.66%
				3.33%	5.83%	5.53%	3.54%
Moderate Model Annualized	10.72%	1.34%	14.35%	20.93%	74.29%	132.74%	151.61%
				6.54%	11.75%	8.81%	5.58%
Aggressive Model Annualized	14.92%	1.91%	16.98%	25.13%	50.47%	149.55%	172.64%
				7.76%	8.52%	9.58%	6.08%
S&P 500 Annualized	16.91%	2.33%	23.63%	36.31%	102.72%	106.38%	172.24%
				10.88%	15.18%	7.51%	6.07%

## American 401k

American 401k Plan Conservative Model		
Symbol	Fund Name	Allocate
-	AA Fed Credit Union	60.00%
-	U.S. Lg Cap Stk Idx	10.00%
-	US Sm Cap Gr Stk Idx	10.00%
-	U.S. Lg Cap Grth Stock	10.00%
-	US Mid Cap Stk Idx	10.00%
		100.00%

American 401k Plan Moderate Model		
Symbol	Fund Name	Allocate
-	AA Fed Credit Union	36.00%
-	U.S. Lg Cap Stk Idx	16.00%
-	US Sm Cap Gr Stk Idx	16.00%
-	U.S. Lg Cap Grth Stock	16.00%
-	US Mid Cap Stk Idx	16.00%
		100.00%

American 401k Plan Aggressive Model		
Symbol	Fund Name	Allocate
-	AA Fed Credit Union	19.00%
-	U.S. Lg Cap Stk Idx	27.00%
-	US Sm Cap Gr Stk Idx	27.00%
-	U.S. Lg Cap Grth Stock	27.00%
		100.00%

## US RSP

USAirways RSP Plan Conservative Model		
Symbol	Fund Name	Allocate
-	WF Stable Fund C	60.00%
FXAIX	Fid 500 Index IPR	10.00%
-	Small Cap Equity	10.00%
-	Large Cap Growth	10.00%
-	Mid Cap Stock	10.00%
		100.00%

USAirways RSP Plan Moderate Model		
Symbol	Fund Name	Allocate
-	WF Stable Fund C	36.00%
FXAIX	Fid 500 Index IPR	16.00%
-	Small Cap Equity	16.00%
-	Large Cap Growth	16.00%
-	Mid Cap Stock	16.00%
		100.00%

USAirways RSP Plan Aggressive Model		
Symbol	Fund Name	Allocate
-	WF Stable Fund C	19.00%
FXAIX	Fid 500 Index IPR	27.00%
-	Mid Cap Stock	27.00%
-	Large Cap Growth	27.00%
		100.00%

- IN A MONTH WITH TRADES — THE NEW FUNDS WILL BE HIGHLIGHTED IN YELLOW

- **AA 401k** NO CHANGE in the models.
- **US RSP** NO CHANGE in the models.

- **READ:** Your 401k plan has trading restrictions, so you need to 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 following, the AA Fed Credit Union for the 401K and Wells Fargo Stable Value Fund for the RSP.
- **\*IMPORTANT:** Wells Fargo is considered a competing fund with All Weather, Cons. Fund and BrokerageLink— exchange with another fund!

### APPROXIMATE Future Publication Dates

12/5/17  
1/4/18  
2/5/18  
3/5/18  
4/4/18  
5/3/18

## Bull Bear Oscillator vs. S&P 500 Index



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## from the CAPTAIN'S TABLE

### Inside an Index

The seasons are changing, but not much seems to be changing with stocks. Leaves are falling. Stocks prices are ascending. Another day, another new all-time high. Even the first trading day of Q4 welcomed new highs, and the Dow Jones Industrial Average crossed 23,000 for the first time on October 18th. The media seems to set off fireworks each time we cross another “thousand” so it’s never hard to lose track, but is there really that much reason to celebrate? It’s time for some back to basics on the Dow as we near the halfway point of the final quarter of 2017.

The Dow, short for the Dow Jones Industrial Average, is a stock benchmark that is over a century old. Charles Dow created the Dow back in 1896 to serve as a measure for the U.S. economy, and it originally included only 12 companies. The benchmark calculation was really simple... add the stock prices for those 12 companies and divide by 12. Makes sense for a benchmark labeled an “average,” right? Over the years the benchmark has accumulated more stocks, and it currently holds 30 of the largest companies in the U.S.

Initially, the Dow was made up of railroads, various manufacturers, and utilities. Today, the Dow still represents some of the largest industrial companies, but it also represents a fair share of financials, cyclicals, healthcare, and some information technology, although not a lot. The Dow has certain nuances, or flaws, and the first I can point out is the method used to determine its holdings. Dow stocks are currently determined by a committee, and there really are no clear-cut rules or criteria for becoming a member holding. Holdings change based on market conditions and based on a what I’ll call an “eye test,” for lack of a better term. So there’s really not a whole lot to the Dow’s “composition methodology,” if you want to call it that.

Also important is the weighting methodology, which determines how much percentage share a stock gets in the index. Indexes like the S&P 500 and many other major benchmarks are built based on company size, or capitalization weighting (“cap weighting” for short). If an index is cap weighted, then the biggest companies make up the largest share of the index. The Dow is a price-weighted

index, so the actual stock price plays a very large role in the composition. Currently, the Dow’s three largest holdings are Boeing (7.5%), Goldman Sachs (7.1%), and 3M (6.9%), and all of their share prices trade in the \$200’s. Apple is currently the 7th largest holding, even though its cap weighting and revenues outsize the likes of Boeing and Goldman Sachs combined. Apple’s revenue is more than twice as much as Boeing and seven times as much as 3M. Go figure.

So where are Google, Amazon, and Facebook? They’re not reported in the Dow. A Bloomberg article recently looked into Dow holdings and made a few interesting observations. First, we haven’t seen a lot of big companies split their stock price. Stock splits are maybe old fashioned, and a higher share price is possibly some sort of accomplishment for these companies. It’s great for them, but high stock prices don’t make Google or Amazon easy additions to the Dow. Amazon’s earnings reports are no stranger to being openly criticized, and stretched P/E multiples don’t make it an easy add to the Dow. Also, Google has multiple share classes, which complicates matters. But maybe Facebook replaces a dusty old holding someday?

The Dow’s biggest problem is that a portfolio of 30 stocks is not as diversified as most investors should be. Concentration can quickly create wealth, but the opposite is also true as well—it can quickly destroy wealth. There have been single trading days where the Dow closed higher by over 5%, but there have also been days when it closed lower by more than 7%. Many investors would be out of their comfort zone with down days like that.

The second biggest problem that I see is the weighting method. Price weighting is a flawed method for a building an investment benchmark. It’s fine when your top holding is up 70% for the year, which is where Boeing currently stands; that’s actually great for Dow investors. But, what about when your smallest stock holding is up \$1, and your largest stock holding is down \$1? In percentage terms, your smaller holding has a larger numerical gain compared to the larger holding’s loss, but your larger holding is your larger holding, so you suffer. Price weighting also creates situations where the top 10 holdings of the 30 holding benchmark can make up nearly 55% of the portfolio. That’s a lot of concentration to those 10 companies that became the top 10 based mainly on stock price!

It’s amazing to see how far back the Dow has come since depths of the Financial Crisis, and even since the 2016 presidential election. In years like 2017, where stocks venture into uncharted territory, we often see a flurry of new all-time highs over the course of the year, and that’s exciting. But when it comes to the Dow relative to your finances, you have to draw a line between what’s exciting and what is meaningful. For most investors, a meaningful investment strategy involves being prudently diversified across a lot more than just 30 stocks.

It requires a thoughtful approach to investment choices, regardless of stock price, stock splits, or stock share classes.

It probably sounds like I'm picking on the Dow, and I am, but I've seen first-hand that informed clients are happier clients. Ultimately, you should know that your investment strategy is driven by something a bit more advanced than a math exercise we learned in middle school. If you want a better idea of what your personal benchmark should be, just give us a call. We'd be more than happy to help you better understand what stocks and the economy mean relative to your finances.

*Steve*

*Steve Anglin, CPA is a Managing Partner at Smith Anglin Financial, and the Head of the Tax Preparation Services. He is also responsible for Smith Anglin's compliance supervision. He holds a BBA in Accounting and a BBA in Real Estate, and numerous securities licenses and designations.*

*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.*

## WHAT SHOULD REALLY SCARE YOU

There's also a darker side to our fears and our desire to face them. Psychologically, it's appealing to vicariously experience what's unknown, forbidden, and even bizarre. This is why horror films are so popular with adults and why most kids love a good ghost story. Both allow us to explore a fearful experience in a safer way. After all, for most of us, our daily lives don't typically present ways to experience these intense feelings.

But Americans fear real world problems too. Chapman University in Orange, California polls Americans each year about their fears and recently released their Top Fears of 2017 survey.

(<https://blogs.chapman.edu/wilkinson/2017/10/11/americas-top-fears-2017/>). This is the fourth year the school has conducted the survey, and the top ten fears listed is instructive into what Americans are the most apprehensive about at that time, even though one could argue the fears may be driven by headlines in the media. Two top ten fears involved government and policy, four involved environmental issues, and another two related to war. However, the remaining two fears in the top ten, while not being sensational, are very telling. Both related to running out of money. It's apparent that Americans know deep down that they aren't saving enough for the future ... and they're dead right.

According to the Center for Retirement Research at Boston College, the balances for 401(k) and individual retirement accounts (IRAs) held by households ages 55 to 64 – basically families within 10 years of retirement - reached a median \$135,000 in 2016. Sadly, the Center found that half of households that are close to retirement have no 401(k) savings at all. A lot of Americans would tell you that, for them, saving for retirement just isn't an option. A recent survey found that 43% of survey respondents said they "have difficulty [even] making ends meet" (source: National Financial Well-Being Survey, Consumer Financial Protection Bureau). No wonder saving is so hard.

The data is just as dismal for Americans on the cusp of retirement. The median value of a retirement account for someone 65 and over is about \$60,000. Let's assume at 65 you're going to live another 20 years; \$60,000 isn't much to live on if you had to spread it out over two decades. This is important because the other two "legs" of the retirement "stool"—Social Security and pensions—are increasingly under pressure. As of January 2017, the average retiree receives \$1,360 per month from Social Security. That's \$16,000 a year, before taxes and Medicare premiums. About one-third of adults over 65 also collect a pension, but it's not usually a large amount of money. In fact, the median private pension was only \$9,376 per year, according to the Pension Rights Center.

So, for those who collect Social Security and are lucky enough to also collect a private pension, they are getting roughly \$25,000 a year in income. And those are the lucky ones. Anyone looking for more income is going to need to tap their personal savings or find extra income somewhere. That gets us back to the 401(k). That \$60,000 is roughly \$3,000 a year assuming a 20-year lifespan. That's not going to do much to move the needle. In fact, you'd need **10 times** that amount of savings, around \$600,000, to make a significant impact, but the vast majority of retirement plan balances aren't anywhere near that.

Given how difficult the situation is, you'd think people would be throwing money into retirement funds, but oddly they're not. Vanguard says that only 10.9% of 401(k) plan participants contribute the maximum amount allowed by IRS guidelines. That's partly because most people don't make enough money to contribute the total amount, but a lot of other people are just not incentivized enough to save. One thing's for sure: if we don't find some way to get people to save more, a lot of people are going to need to work well into their eighties, or they're going to outlive their retirement savings.

(Continued on page 9)

**As you probably have already heard, the Retirement Savings Plan for Pilots (RSP) is being terminated this November.**

The termination of this plan is actually a good thing since it gives you the opportunity to move your RSP balance to a place where you'll have more control over how it's managed, invested, and even protected against market risk. ... **But you need to act soon! ...**

**KEY FACTS:**

- **Your RSP distribution window is now open and closes on November 17<sup>th</sup>.**
- **Your RSP balance will be distributed according to the American 401k Service Center's pre-determined election if you don't actively make your own decision!**
- **Your RSP balance could miss time being out of the market depending on which rollover option you select below.**

In our opinion, the Company's "default" election for your RSP balance will likely **NOT** have been your first choice. Your choices, briefly.

You can choose to have the balance of your RSP sent to one of several different places.

- 1. You can rollover your RSP balance to your American 401k account, or to another 401k account you may have somewhere else; or**
- 2. You can rollover your RSP balance to a new or already established IRA at Fidelity, or to an IRA you have with another custodian; or**
- 3. You can direct the Company to simply cut you a check for your RSP balance. With this election, the balance of your RSP will be sent directly to you.** (Be careful when considering this alternative as the amount sent to you is considered a taxable distribution, and if you are under 59 ½ it is subject to a 10% penalty.)

**Essentially, the termination of the RSP is your chance to take control of these funds and move your RSP balance to a place where you'll have more control and a wider array of investment choices.**

The process of moving your RSP balance isn't hard, but the many choices you have can create confusion. Additionally, for those of you who were a participant in the Target Balance Retirement Plan (*the version before US Airways, Inc. amended and restated the Target Benefit Plan into the current RSP*), you have another layer in the decision-making process. But again, the good news is you are being given the option to get at your RSP balance early.

**Ultimately, the balance of your RSP will be transferred to an account with your name on it somewhere, or it's going to be sent straight to you in the form of a check.**

**So, if you want a say in how you get your RSP balance, you need to take action! Start by consulting the Plan Termination Decision Guide, or by calling Susan Patton, USPFA Administrator, at 717-569-8162 right away so she can put you in contact with a financial professional qualified to advise you on what choice is best for you.**

All the best,

**The USPFA Team**

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The good news for you is that the typical person reading this newsletter isn't average. As an airline pilot with American, you have good retirement plans that most of you are maxing out every year. On that note, 401k contribution limits are increasing next year, from \$18,000 to \$18,500.

One last thing: while it didn't make the fear list, we know that many investors are worried about "the next big crash." There's no crystal ball, but consider this. You have normal procedures for a long list of things that can happen while you fly. You know the weather forecast, and your flight instruments help you fine tune your outlook for the trip. You rely on those tools to help you best prepare for any surprises, and they can give you a pretty good indication of what to expect.

Market moves are not as easily measured and predicted, but economic and market data are helpful in forecasting trends. When you fly into bad weather, you rely on specific procedures for handling the turbulence and the rocky flight. Investing is similar in that you should rely on a consistent and disciplined approach to handling risk and volatility in the markets.

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.



## Upgrade your 401k Autopilot Program<sup>SM</sup> with BrokerageLink<sup>®</sup>!

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## 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<sup>SM</sup> 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.

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