GREAT PLAINS

Trust and Asset Management

SECOND QUARTER 2019 *Because Money Matters.®*

The January Effect

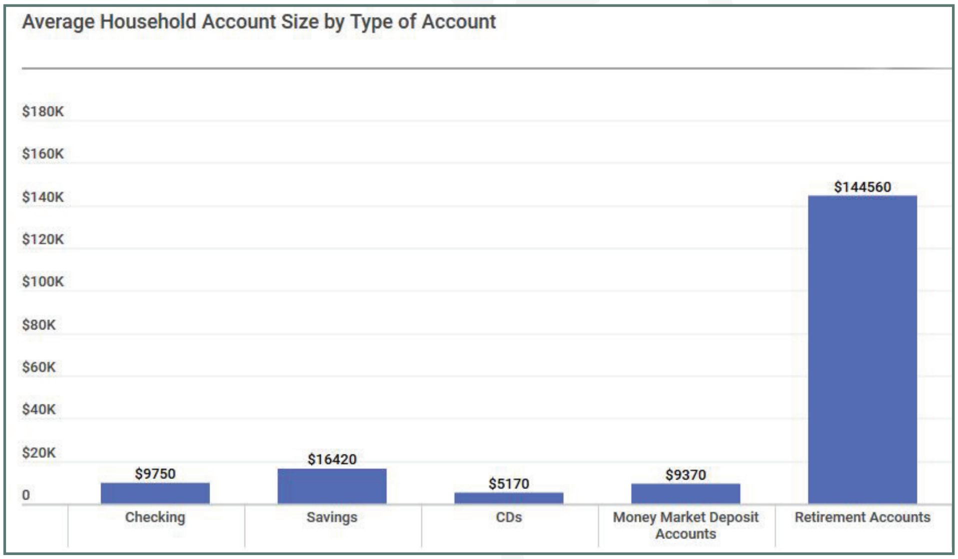
Through January 30, 2019, the S&P 500 was up more than 7 percent year to date. It was a very welcome rally after the December 2018 correction. Historically, when the markets are positive in January, that translates into a positive year for stocks. According to the Stock Trader's Almanac... since 1950, the S&P 500 has ended a calendar year higher following a positive January to start the year 87% of the time. As we all know, past performance is no guarantee of future results, but at least we have history on our side.

Americans Need to Save

Americans are lagging behind when it comes to saving money: The median American household has just $11,700 in total savings. And, 29% of households have less than $1,000. Not surprisingly, the Americans that earn the most have saved the most. Magnify Money used data from the Federal Reserve to break down the average and median balances by income. The top 1% of earners have a median balance of $1.13 million across various types of banking and retirement savings accounts.

As can be seen in the below chart, as of June 2018, among all households the majority of the average American household savings was by far in one or more retirement savings accounts, including individual retirement accounts (IRAs), 401(k)s and other types of retirement accounts.

While savings do not happen overnight, it does accumulate over time as long as one is diligent in setting funds aside and letting compound growth work for you. To further the point, investors who pull their money out of equities in volatile times may miss some of the stock market's biggest gains. History shows that some of the market's best days have followed periods of steep declines. ❖



Source: Federal Reserve, FDIC and MagnifyMoney estimates, June 2018

Interesting Facts:

More Monopoly money is printed in a year, than real money printed throughout the world.

The universally popular Hershey bar was used overseas during World War II as currency.

Bill Gates' goal was to become a millionaire before reaching 30 but instead he became a billionaire at the age of 31.

Every Alaskan citizen over the age of 6 months receives an oil dividend check of about $1,000 per year!

Benjamin Franklin designed one of the first American coins, and instead of saying "In God we Trust," it said "Mind your Business."

Only 8% of the world's currency is physical money, the rest only exists on computers.

Tax Return Planning

A recent report by the Internal Revenue Service reported average tax refunds so far this season are nearly 17 percent lower than last year. While that number could change as returns are processed, as there were delays due to the government shut down, there does seem to be a trend for lower refunds compared to last year. This is mostly due to the 2018 change in the tax laws.

One thing to remember about tax refunds, however, is that it is not the government simply giving you "free money". It is in fact money that you as a tax payer have over paid throughout the year and it is your own money that has been held by the government for the year, interest free.

Tax time is certainly stressful, but for many it may present a real opportunity to start a meaningful savings program. For more than two-thirds of Americans, their tax refund is the single largest payment they'll receive all year. So, instead of planning that next vacation, it might be a good time to fund your IRA or other savings vehicle. ❖

Back in 1981...

This article was published Monday, May 18, 1981 in the Kansas City Star business pages:

Prime rate raised to 20%

By the Associated Press

New York - Several major banks today raised their prime lending rate to 20 percent, becoming the first banks to charge that rate since early February.

The boost was initiated by Morgan Guaranty Trust Co., New York, the nation's fifth-largest commercial bank, and matched by a number of others, including Manufacturers Hanover Trust Co. of New York, the fourth-largest, and First National Bank of Chicago, ranked No.9.

It came just one week after banks boosted the rate to 19.5 percent. A month ago, the rate charged by major banks was 17.5 percent.

The increase came amid concern that the Federal Reserve Board will again tighten credit in an effort to slow monetary growth and fight inflation. The board's policy-making Open Market Committee is meeting today.

After relatively slow growth early in the year, the nation's basic money supply surged at an annual rate of 18.7 percent in April. That apparently has led to credit tightening by the Fed that has pushed up interest rates. ❖

RMDs: The Basics, plus a Charitable Donation Option

If you are age 70 or older, you are probably familiar with RMDs, but may not be sure as to how they really work or the details involved. If you are much younger than 70, you probably haven't given any thought to RMDs, but becoming familiar with them now can be useful in planning for retirement and preventing surprises later.

An RMD, short for "Required Minimum Distribution," is the amount that the IRS requires a Traditional (not Roth) IRA owner to withdraw from his/her IRA each calendar year beginning at age 70 ½. This amount is calculated using IRS tables and depends on 1) the account balance at previous year-end and 2) the life expectancy of the IRA owner. If the IRA owner is deceased, a non-spouse beneficiary will have to take the RMD, most often based on his/her own life expectancy. Or, if the deceased IRA owner's spouse is the sole primary beneficiary, he or she may treat the IRA as his/her own and begin RMDs from the inherited IRA at the age of 70 ½ .

In short, RMDs work as follows: Once the IRA owner is 70 ½, the RMD must be taken by December 31 of each calendar year. An exception to this is the first year (during which the IRA owner turns 70 ½); then it must be done by April 1 of the following year, but the second distribution is also still due by December 31 of that same following year. The RMDs continue until the IRA is depleted. RMDs must be taken even if the IRA owner is not retired or does not need the money.

Why does the IRA have this rule? The rationale behind RMDs is to insure that funds put away in an IRA are actually used as income during retirement. And of course, once the funds become income, they will be taxed. In other words, IRAs are intended to encourage retirement savings through tax-deferrals, but not to allow for indefinite tax sheltering.

An IRA owner may withdraw more than the RMD amount during any given year. However, the extra amount cannot be carried over to the next year. Therefore, if you take out more than the RMD amount one year, it will not reduce the RMD you must take in any future year.

The rules governing RMDs from Traditional IRAs also apply to SEP and SIMPLE IRAs, but not Roth IRAs. If you have more than one of any of these accounts, an RMD is calculated for each account. Distributions from a Roth IRA or workplace retirement plan, such as a 401(k), may not be used to satisfy the RMD for a Traditional, SEP, or SIMPLE IRA.

The rules do, however, provide for some flexibility. For example, you may add together the RMDs for each separate IRA you have and withdraw the total RMD amount from any one account or combination of two or more accounts.

RMDs must be taken by December 31 of each calendar year.

Another option for RMDs is called a Qualified Charitable Distribution, commonly referred to as a QCD (yet another abbreviation!). QCDs allow IRA owners over 70 ½ to make a charitable contribution directly from his/her IRA to the receiving charity and exclude it from gross income for tax purposes. These distributions are limited to $100,000 per year; married individuals filing a joint return may exclude $100,000 from each spouse's IRA. Any such contributions apply toward the RMD for the year in which the donation was made. Please make sure your tax preparer is aware of any QCD's made from your IRA to insure that they are reported correctly on your tax return.

Your accountant or tax advisor can help you figure out the best plan for handling your RMDs according to your specific situation when the time comes. Great Plains is also always happy to assist you and will make sure things go smoothly in carrying out your personal plan. ❖

COLLECTIVE FUND PERFORMANCE

NET PERFORMANCE (3/31/2019)

PENSION FUNDS	YTD	ANNUALIZED 1 YR.	ANNUALIZED 3 YR.	ANNUALIZED 5 YR.	ANNUALIZED 10 YR.	ANNUALIZED 15 YR.	ANNUALIZED 20 YR.	ANNUALIZED 25 YR.
GPTC Large Cap Fund	15.05%	12.58%	15.28%	12.39%	16.11%	8.55%	N/A	N/A
Russell 1000 Growth Index	*16.10%*	*12.75%*	*16.53%*	*13.50%*	*17.52%*	*9.71%*	*N/A*	*N/A*
Growth Fund	14.65%	12.79%	13.71%	9.93%	15.94%	8.84%	8.04%	N/A
Russell 1000 Growth Index	*16.10%*	*12.75%*	*16.53%*	*13.50%*	*17.52%*	*9.71%*	*5.52%*	*N/A*
GPTC Small Cap Fund	21.48%	11.42%	17.28%	7.55%	14.27%	8.53%	12.52%	N/A
Russell 2000 Growth Index	*17.14%*	*3.85%*	*14.87%*	*8.41%*	*16.52%*	*8.71%*	*7.08%*	*N/A*
GPTC Equity Fund*	11.87%	13.51%	10.04%	4.18%	11.79%	9.80%	12.13%	11.62%
S&P 500 Index	*13.65%*	*9.50%*	*13.51%*	*10.91%*	*15.92%*	*8.57%*	*6.04%*	*9.80%*
GPTC Discovery	19.03%	10.31%	14.80%	11.06%	17.93%	10.33%	10.53%	N/A
Russell Midcap Growth Index	*19.62%*	*11.51%*	*15.06%*	*10.89%*	*17.60%*	*9.94%*	*7.98%*	*N/A*
GPTC Mid Cap Fund	20.21%	8.67%	11.11%	6.75%	13.92%	7.92%	N/A	N/A
Russell Midcap Growth Index	*19.62%*	*11.51%*	*15.06%*	*10.89%*	*17.60%*	*9.94%*	*N/A*	*N/A*
GPTC International Fund	11.19%	0.07%	10.45%	5.67%	9.43%	N/A	N/A	N/A
Morningstar Global Markets ex-US NR USD	*10.14%*	*-4.47%*	*8.24%*	*3.17%*	*9.59%*	*N/A*	*N/A*	*N/A*
GPTC Fixed Fund*	3.66%	8.97%	4.84%	-0.85%	8.49%	5.20%	6.38%	7.08%
BofA Merrill Lynch HY Master II Index	*7.40%*	*5.94%*	*8.69%*	*4.70%*	*11.24%*	*7.25%*	*6.70%*	*7.33%*

Past performance is not indicative of future results. Investments are not insured by the FDIC, are not deposits or other obligations of Great Plains Trust, and are not guaranteed by Great Plains Trust. Investments are subject to risk, including possible loss of principal invested. Performance for the GPTC Pension Funds are net of the 1% annual fee and include the reinvestment of interest and dividends.

**Includes 2018 voluntary payments to the fund by the fund trustee.*

GREAT PLAINS

Trust and Asset Management

When you work with Great Plains, you're putting your wealth in the hands of real professionals, not just some algorithm. Real people who have built real wealth. Real businesses. Not just for our customers, but for ourselves. We know firsthand the hopes, fears, ambitions and challenges that individuals and small business owners in Kansas City and nationwide face. It's what makes Great Plains the first name in wealth management. And it's always on a first-name basis.

OUR MISSION STATEMENT

To be a premier provider of investment and trust services to the business owner and high net worth/ income individual. We shall deliver responsive, reliable and informed service combined with a commitment to achieve superior long-term investment returns for our customers. We shall at all times deal honestly and respectfully with all clients and associates.

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