



## Financial Planning Tips

### Save more for retirement in 2019

The IRS raised the annual savings limits on 401k and 403b accounts to \$19,000 (\$25,000 for individuals 50 years and older). Contribution limits for traditional and Roth IRAs also increased to \$6,000 (\$7,000 for individuals 50 years and older).

### Maine estate tax decoupled from federal exemption amounts

This fall, legislation passed in Maine “decoupling” the state estate tax exemption from the federal estate tax exemption. Maine’s 2019 estate exclusion amount is \$5,700,000. Families should also note that Maine does not allow “portability,” which means a surviving spouse cannot take over any unused exemption amount from their deceased spouse. If you have questions about these changes, we can help you determine how this legislation affects your specific situation.

### ABLE accounts

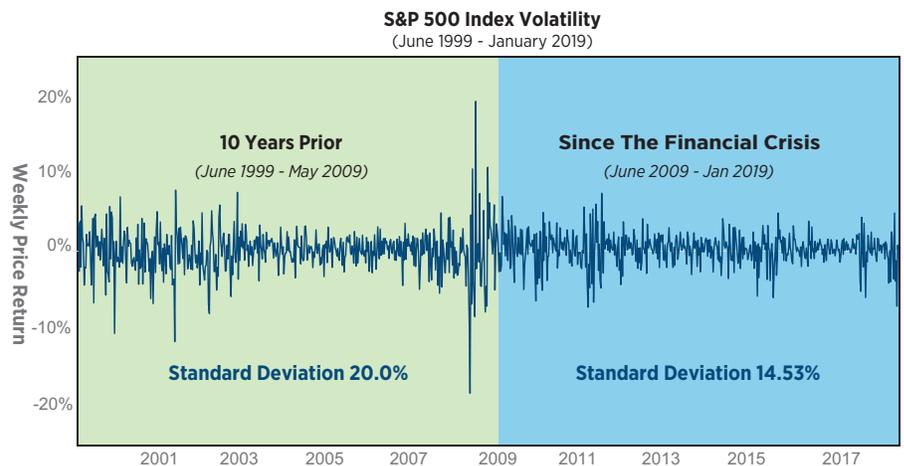
In 2018, legislation in Maine passed authorizing the establishment of a program under the federal Achieving a Better Life Experience Act (“ABLE”). ABLE accounts help those who become disabled before age 26 achieve greater financial freedom and autonomy by giving them the opportunity to pay for certain expenses without jeopardizing their disability benefits. This makes it possible for an ABLE account to complement, or even replace, a Special Needs Trust.

For further details about whether an ABLE account might be appropriate for your situation, please contact your Relationship Manager.

## Our Market Perspective: Quality Matters

We believe our portfolios have a natural resilience during periods of market disruption due to our active approach to investment management, as well as our focus on high-quality, lower-volatility equity and fixed income securities. Short-term volatility can also offer an opportunity to acquire oversold investments with favorable growth potential.

Since the 2008 financial crisis, markets have enjoyed unusually high levels of liquidity and a sustained period of historically low interest rates. Keeping interest rates near 0% in the years following the financial crisis had the unintended consequence of driving investors toward riskier, lower-quality companies in pursuit of yield. Monetary stimulus boosted the value of stocks and bonds of all types, while market volatility remained subdued. The S&P 500’s volatility has tracked approximately 30% lower in the decade since the financial crisis than it did during the previous 10 years (see chart below).



Source: YCHARTS

As interest rates have normalized, volatility has returned, with the stock market weathering two corrections of at least 10% in 2018. The market downturn accelerated as the year ended, posting the worst December performance in 10 years. Underscoring the market’s move in December was a 2.7% drop on Christmas Eve, which the Dow Jones Industrial Average followed with a 1,000-point surge the day after Christmas.

Continued on reverse side

Market volatility has continued into early 2019, driven by a complex set of challenges, including the partial shutdown (and temporary reopening) of the federal government, trade wars with China and slowing global growth.

The combination of compressed stock valuations, higher corporate borrowing costs and elevated interest rates all suggest that financial conditions are tightening. As the economic cycle reaches a mature phase, we expect pronounced market ups and downs in 2019. These movements will likely increase the performance gap between the market's winners and losers. Passive investors, long accustomed to returns driven by market-wide momentum, will now have to accept increased performance drag from lower-quality companies within a given index. For example, the Russell 2000 declined 20% in the fourth quarter of 2018, as more than a third of the companies in the index failed to turn a profit last year. The economic environment will make active management indispensable in 2019 and beyond. In other words, quality matters.

## Privacy and the Maine Probate Code

In general, "probate" is a legal process for valuing a deceased person's estate, determining a Personal Representative and beneficiaries, and distributing the estate to the beneficiaries. Our team is a resource for clients who are navigating the probate process, or who are serving as guardian and/or conservator for a loved one. For larger estates, we also serve in the role of Personal Representative, managing the distribution of estate assets. On July 1, 2019, a complete revision of the Maine Probate Code will take effect, and the changes will have a significant impact on the probate process and the appointment of guardians/conservators.

It is important to note that many (but not all) of the forms required in probate court proceedings are public record and, as a result, accessible online. Because the filings may contain personal information, some people may have concerns about the possibility of identity theft. In order to help clients navigate and understand the nuances of State law, our team is always monitoring changes and determining the impact on individual situations. There are strategies, for example, to ensure that filings from a probate proceeding remain confidential if privacy is a concern of yours. Your relationship team is here to answer questions and guide you through the process, each step of the way.

Camden National Wealth Management provides investment management, goals-based financial planning, and trust and estate services to individual and institutional clients in Maine and throughout the United States. Our highly credentialed team averages 25 years in the business and includes Chartered Financial Analysts, estate planning attorneys, CTFA Trust specialists and Financial Planners. Together, we bring a customized investment and planning approach to meet each client's unique financial needs.

Camden National Wealth Management's products and services are not deposits or other obligations of the institution and are not guaranteed by the institutions nor are they insured by the FDIC. The products are subject to investment risks, including possible loss of the principal invested. Nothing in this document is intended to convey legal or tax advice. Please address any tax and legal questions with your professionals. Circular 230 Disclosure: To ensure compliance with requirements imposed by the IRS, we inform you that any tax advice contained in this information (including any attachments) was not intended or written to be used, and cannot be used, for the purpose of (i) avoiding penalties under the Internal Revenue Code or (ii) promoting, marketing or recommending to another party any transaction or matter addressed herein.

## Fiduciary Capabilities

As fiduciaries, we offer advice and guidance on a variety of estate, tax, charitable and financial planning matters, which often affect multiple generations. Two members of our team, Marsha Osgood Connors and Lauren Epstein, graduated from the University of Maine School of Law and are licensed attorneys in multiple states (Marsha in Maine and Florida; Lauren in Maine, New Hampshire and Massachusetts). They use their specialized legal training and experience to identify evolving planning issues affecting clients and their families, and each offers customized solutions to help clients fulfill their estate and tax needs.

Marsha and Lauren regularly partner with a client's legal and tax professionals to ensure the client's estate and tax plans meet their needs and align with their goals.



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