



### State tax update

Due to recent legislation, Maine largely conforms to the federal tax changes made at the end of 2017. One important caveat: Estate taxes. Maine's tax threshold for 2018 is \$5.6M indexed for inflation each year, so even if you're not affected by estate taxes on the federal level, you may be on the state level.

### Charitable gifting strategies

With December quickly approaching, consider these strategies:

- **IRA Rollover Gift:** If you're 70½ or older, you can donate up to \$100,000 to charity from your traditional IRA and not pay income tax on the distribution.
- **Make gifts of appreciated securities** to avoid capital gains tax.
- **With the higher standard deduction** under the new tax law, look at bundling 2-3 years' worth of gifts into one year so you can exceed the \$12,000/\$24,000 standard deduction threshold and itemize.

### Are you withholding enough?

With recent changes to the standard deduction, you may want to revisit your withholdings. The IRS provides a helpful calculator at [www.irs.gov/individuals/irs-withholding-calculator](http://www.irs.gov/individuals/irs-withholding-calculator)

## Investing During Periods of Market Volatility

With the midterm elections around the corner, there is some understandable anxiety around the financial markets and how they might respond over the next few months. Recent price action this fall is a stark reminder that no market cycle is immune to bouts of volatility. Leading up to early October, we experienced a period of 74 consecutive days where the S&P 500 did not register a single day with a 1% move up or down. This was the 10<sup>th</sup> longest streak of minimum volatility on record. However, as we know, things can change very quickly.

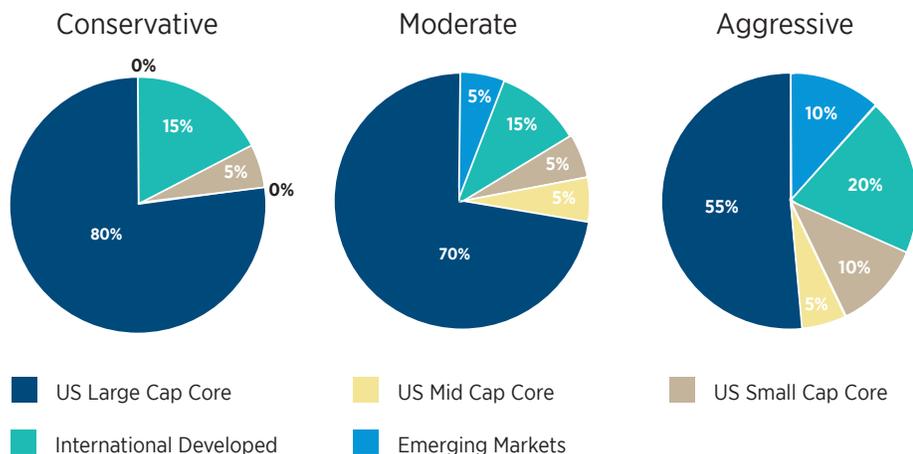
Our Investment Committee is currently looking at this market weakness opportunistically; specifically, we're considering adding to the Financial, Energy and Healthcare sectors, presently underweighted in portfolios, while also looking at opportunities that may arise in the small cap, mid cap and international markets. An interesting note: Since 1950, the fourth quarter performance of the market during Midterm Election years has been up an average of 7.8%. Only time will tell, but we will continue to monitor market developments closely, keeping an eye on rising interest rates, tariffs, inflation and Federal Reserve Policy as we look towards 2019.

## Enhancing Asset Allocation Strategies

*Bon Appétit* magazine recently named Portland, Maine the Best Restaurant City in 2018—an impressive accolade for a small city. Creative restaurateurs carefully select their ingredients and are experts in adapting their menus to the evolving palates of patrons coming from near and far. At Camden National Wealth Management, we believe our success stands on many of the same foundations as Portland's award-winning restaurants.

Our Core Equity process begins with rigorous investment research, using both Fundamental and Technical disciplines. Our Investment Committee selects each stock for inclusion in client portfolios after careful analysis. Portfolios are customized to meet specific needs and objectives, and throughout this process, we constantly make changes to reflect current economic conditions.

## Equity Asset Allocation Strategy



Complementing our Core Equity strategy, we implement tactical exposures to a variety of asset classes. Introducing Small Cap, Mid Cap, International and Emerging Markets exposure may make sense for certain clients' portfolios. Studies have shown that tactical weightings to these disparate asset classes can reduce overall portfolio volatility while potentially improving returns. Owning assets that aren't highly correlated can provide smoother returns during volatile periods. The charts above give a visual of some of our current allocation strategies for different levels of investment objectives.

The fourth quarter rise in volatility provides an excellent opportunity to review your investment objectives and planning goals. A sound plan will help insulate you from anxiety-inducing headlines and keep you focused on your well-constructed objectives.

## Estate Plan Essentials

A comprehensive estate plan is essential not only to ensure your assets are distributed according to your wishes, but also to protect you should you become incapacitated. Other concerns may include a desire for privacy, owning real estate in multiple states, or owning real estate in a state (like Maine) with a much lower estate tax limit.

Given recent tax law changes, now is an excellent time to create or review your estate plan, keeping in mind that beneficiary designations, health care directives and powers of attorney may need updating with changes in your family status. Our complimentary financial planning process helps identify our clients' unique objectives to keep them on track. We will also review all key estate documents to ensure they accomplish each clients' goals and are in line with current estate and tax planning strategies. In addition, Camden National Wealth Management can act as Trustee, Co-Trustee or Personal Representative for our clients, thus ensuring a smooth transition.

## Our team continues to grow

**Stephen B. Olore**  
Senior Vice President,  
Director of Technical  
Research & Analysis



**Stephen Olore** joins us from People's United Wealth Management and brings over 30 years of experience in investment management. Prior to joining People's in 2013, Stephen was the founding partner of Frederick Capital Partners, and he previously worked at Winslow, Evans and Crocker, a private investment firm. He began his career with Shearson Lehman Brothers.

In his new role, Stephen shapes investment strategy through trend and market analysis within a variety of asset classes, resulting in actionable investment opportunities within and as a complement to our rigorous fundamental investment process. He also serves as Portfolio Manager for individual and institutional clients.

Stephen holds a Bachelor's degree in finance from Fairfield University, and he is a member of the Association for Chartered Market Technicians (CMT).



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