



BARTHOLOMEW & COMPANY

PROVIDING TRUSTED FINANCIAL ADVICE SINCE 1994.

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Bartholomew & Company President, Thomas J. Bartholomew has been named to the **Financial Times Top 400 Financial Advisers** list for 2019, making it the fifth consecutive year he has received the award. This list was published in a special section of the newspaper's U.S. edition on Thursday, April 18, as well as on ft.com.

The **Financial Times 400** is based on each advisor's performance in several primary areas, including assets under management, asset growth, compliance record, experience, credentials, and accessibility. Approximately 960 applicants were considered, and 400 (41.6% of candidates) were recognized. For the full methodology*, please visit ft.com.

Click [here](#) to read the full press release on our website.

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InvestmentNews
BEST PLACES TO WORK 2019
FOR FINANCIAL ADVISERS MULTIYEAR WINNER: 2018 & 2019

Mergers & Acquisitions: What's in the Deal for Investors?



Merger and acquisition (M&A) activity in North America and Europe reached its second highest level on record in 2018. There were 19,501 deals worth \$3.6 trillion — a 6.3% increase in deal volume over 2017. There was also

a rise in mega deals exceeding \$10 billion.¹

Collectively, U.S. corporations had plenty of cash to spend after a long string of solid profits and a significant tax cut.² High stock prices also provided plenty of equity for deals involving the exchange of stock, while relatively-low borrowing costs made it possible to finance acquisitions.

The primary goal of a merger or an acquisition is to boost earnings growth by expanding operations, gaining market share, or becoming more efficient. Here's a closer look at these important transactions and some possible implications for investors.

Deal-making terms

An acquisition is the purchase of one company by another that is paid for with stock, cash, or both. The target firm is absorbed by the buyer, and the buyer's stock continues to trade. The target firm's shareholders may receive stock in the buying company and/or have the option to sell their shares at a set price.

A true merger occurs when two companies of roughly equal size combine into one and issue new stock. In this case, stockholders of both companies generally receive shares in the new company. Some transactions that are technically acquisitions are announced as mergers when the deals are friendly, with both sides agreeing to fair terms. When one company purchases a controlling interest in another against the wishes of the target, it's known as a hostile takeover; these transactions are typically announced as acquisitions.

Benefits and opportunities

Synergy is the financial benefit that is expected from the joining of two companies. This might be achieved by increasing revenue, gaining access to talent or technology, or cutting costs.

Bigger corporations typically benefit from economies of scale, which enables them to negotiate lower prices for larger orders with suppliers. In addition, combining two workforces into one often results in headcount reductions. Some mergers result in industry consolidation, but government regulators may scrutinize deals and/or block mergers that threaten competition. In other cases, companies may join forces across industries for strategic reasons or to diversify their lines of business. Disruptive competition from technology giants is one reason companies have been pursuing large mergers and novel cross-sector acquisitions.³

For better or worse

A successful merger should create shareholder value greater than the combined value of the separate companies. To accomplish this, the buyer must have an accurate assessment of how much the target company is worth.

When a deal is first announced, the share prices of both companies are likely to move up or down based solely on investor expectations. Of course, even a well-received merger could eventually be viewed as a disappointment if the merger fails to create enough value.

When a company pays more than the value of the other company's assets, the difference is recorded as "goodwill" so that assets match up with liabilities. Sooner or later, underperforming companies may have to take a write-down in that goodwill value, causing the company's share price to be discounted. Thus, only time will tell whether any particular deal will pay off in the form of future earnings growth or investor returns.

The return and principal value of stocks fluctuate with changes in market conditions. Shares, when sold, may be worth more or less than their original cost. Investments offering the potential for higher rates of return also involve higher risk.

¹ PitchBook Data, 2019

² U.S. Bureau of Economic Analysis, 2018

³ *The New York Times*, May 3, 2018

How to Recover from a Mid-Life Financial Crisis



Only 48% of workers ages 45 to 54 are confident that they will have enough money to last throughout their retirement.

Source: 2018 Retirement Confidence Survey, Employee Benefit Research Institute

A financial crisis can be scary at any age, but this is especially true when you're in your 40s or 50s. Perhaps you're way behind on saving for retirement or have too much debt from unnecessary spending. Or maybe an unexpected challenge, such as a job loss, illness, or break from the workforce for caregiving responsibilities, took a direct hit on your finances.

Regardless of how you got to this point, it's important to develop a strategy that will help you re-establish financial stability.

Regain control

Start by accepting the reality of your situation. This may be easier said than done when you'd rather avoid the anxiety, stress, and guilt that you may feel when you have money issues. It's okay to feel these negative emotions as part of the recovery process. They are likely to pass with time as you come up with a plan to regain control.

Review your spending

Another step is to create a budget to help establish a positive cash flow. If you're spending more money than you earn, you'll need to cut back on your discretionary spending immediately. If you've made cuts and your monthly income still isn't enough, you'll need to figure out a way to cut your fixed expenses or increase your income.

Reduce your debt

It's likely that debt is one of the reasons why you're facing a financial crisis. One survey found that people between the ages of 45 and 54 reported the highest amounts of debt overall, totaling \$134,600.¹

To reduce your overall debt, identify the amount and interest rate for each obligation you have. Then tackle it by paying off the debt with the highest interest rate first, then the next highest, and so on.

You might also consider restructuring your debt. This involves negotiating new repayment terms with creditors so you can meet your monthly expenses and pay off your debts within a reasonable amount of time. If you can't afford to hire a professional credit counselor to help you manage or restructure your debt, check with your local Consumer Credit Counseling Service (CCCS) office or another nonprofit credit counseling service to receive assistance at low or no cost.

You should also consider other options, such as seeking part-time work for extra income or liquidating assets, that can help you pay off debt more quickly.

Rebuild your funds

Chances are you've drained your emergency savings fund. If so, you'll need to build it back up. Otherwise, you'll risk racking up credit card debt or dipping into your retirement savings when the next crisis hits.

It's okay to start small. Set aside a percentage of your paycheck each pay period to go into your cash reserve. Continue adding money after reaching your goal.

Revisit your financial relationships

In order to prevent another financial crisis, what changes will you need to make to your current financial relationships? Consider the following.

- **Career.** Do you need to increase your income with a second or a part-time job? Is there room for growth in your current career, or should you consider additional education or training to help boost your earnings?
- **Home.** Do you currently live in an expensive location? Does it make sense to downsize your home or move to a lower-cost area?
- **Family.** If you're financially supporting adult children, can you reduce or discontinue it? Similarly, if you support your elderly parents, can your adult sibling(s) share the financial burden of care?
- **Habits.** Do you overspend to reward yourself? Are you an emotional shopper? Do you buy things you actually want, or are you just trying to keep up with the Joneses?
- **Health.** Can you make a lifestyle change to improve your health to help avoid future issues and potentially reduce medical costs?

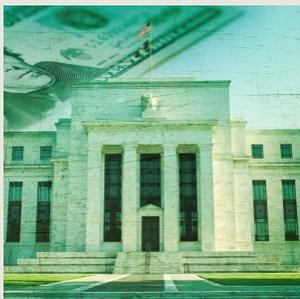
Some of these changes will require careful research (e.g., moving or changing careers), whereas others can be easier to implement (e.g., avoiding shopping sprees or reducing aid to adult children).

Reassess your finances periodically

As you get back on the right financial track, it's critical to monitor your progress. Failure to do so in the past might have contributed to your crisis, so make it a habit to periodically review your finances. You might benefit from working with a financial professional who can help you stay on track with your financial goals as your situation changes.

¹ 2016 Survey of Consumer Finances, Federal Reserve Board (most recent data available)

How Does the Federal Reserve Affect the Economy?



The Fed's mission

The Federal Reserve is the central bank of the United States. Its mission is to provide the nation with a safer, more flexible, and more stable monetary and financial system. For more information on the Federal Reserve, visit federalreserve.gov.

FOMC meeting schedule

The Federal Open Market Committee meets eight times a year. Scheduled FOMC meetings in 2019: January 29-30, March 19-20, April 30-May 1, June 18-19, July 30-31, September 17-18, October 29-30, and December 10-11.

If you follow financial news, you've probably heard many references to "the Fed" along the lines of "the Fed held interest rates," or "market watchers are wondering what the Fed will do next." So what exactly is the Fed and what does it do?

What is the Federal Reserve?

The Federal Reserve — or "the Fed" as it's commonly called — is the central bank of the United States. The Fed was created in 1913 to provide the nation with a safer, more flexible, and more stable monetary and financial system.

Today, the Federal Reserve's responsibilities fall into four general areas:

- Conducting the nation's monetary policy by influencing money and credit conditions in the economy in pursuit of full employment and stable prices
- Supervising and regulating banks and other important financial institutions to ensure the safety and soundness of the nation's banking and financial system and to protect the credit rights of consumers
- Maintaining the stability of the financial system and containing systemic risk that may arise in financial markets
- Providing certain financial services to the U.S. government, U.S. financial institutions, and foreign official institutions, and playing a major role in operating and overseeing the nation's payments systems

How is the Fed organized?

The Federal Reserve is composed of three key entities — the Board of Governors (Federal Reserve Board), 12 Federal Reserve Banks, and the Federal Open Market Committee.

The Board of Governors consists of seven people who are nominated by the president and approved by the Senate. Each person is appointed for a 14-year term (terms are staggered, with one beginning every two years). The Board of Governors conducts official business in Washington, D.C., and is headed by the chair (currently, Jerome Powell), who is perhaps the most visible face of U.S. economic and monetary policy.

Next are 12 regional Federal Reserve Banks that are responsible for typical day-to-day bank operations. The banks are located in Boston, New York, Philadelphia, Cleveland, Richmond, Atlanta, Chicago, St. Louis, Minneapolis, Kansas City, Dallas, and San Francisco. Each regional bank has its own president and oversees thousands of smaller member banks in its region.

The Federal Open Market Committee (FOMC) is responsible for setting U.S. monetary policy. The FOMC is made up of the Board of Governors and the 12 regional bank presidents. The FOMC typically meets eight times per year. When people wait with bated breath to see what the Fed will do next, they're usually referring to the FOMC.

How does the Fed impact the economy?

One of the most important responsibilities of the Fed is setting the federal funds target rate, which is the interest rate banks charge each other for overnight loans. The federal funds target rate serves as a benchmark for many short-term interest rates, such as rates used for savings accounts, money market accounts, and short-term bonds. The target rate also serves as a basis for the prime rate. Through the FOMC, the Fed uses the federal funds target rate as a means to influence economic growth.

To stimulate the economy, the Fed lowers the target rate. If interest rates are low, the presumption is that consumers can borrow more and, consequently, spend more. For instance, lower interest rates on car loans, home mortgages, and credit cards make them more accessible to consumers. Lower interest rates often weaken the value of the dollar compared to other currencies. A weaker dollar means some foreign goods are costlier, so consumers will tend to buy American-made goods. An increased demand for goods and services often increases employment and wages. This is essentially the course the FOMC took following the 2008 financial crisis in an attempt to spur the economy.

On the other hand, if consumer prices are rising too quickly (inflation), the Fed raises the target rate, making money more costly to borrow. Since loans are harder to get and more expensive, consumers and businesses are less likely to borrow, which slows economic growth and reels in inflation.

People often look to the Fed for clues on which way interest rates are headed and for the Fed's economic analysis and forecasting. Members of the Federal Reserve regularly conduct economic research, give speeches, and testify about inflation and unemployment, which can provide insight about where the economy might be headed. All of this information can be useful for consumers when making borrowing and investing decisions.

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Bartholomew & Company has been recognized as a 2019 Best Places to Work for Financial Advisers as announced by *InvestmentNews*. Bartholomew & Company was chosen as one of this year's top-75 based on employer and employee surveys delving into everything from company culture, benefits, career paths and more. *InvestmentNews* partnered with Best Companies Group, an independent research firm specializing in identifying great places to work, to compile the survey and recognition program. To learn more about the *InvestmentNews* 2019 75 Best Places to Work for Financial Advisers, please go to www.investmentnews.com/BestPlacesToWork.



Do I need to get a REAL ID when I renew my license?

If you need to renew your driver's license, you may want to get a REAL ID. The REAL ID Act, passed by Congress in 2005, enacts the 9/11

Commission's recommendation that the federal government set minimum security standards for state-issued driver's licenses and identification cards.

Beginning October 1, 2020, residents of every state and territory will need to present a REAL ID-compliant license/identification card, or another acceptable form of identification (such as a passport), to access federal facilities, enter nuclear power plants, and board commercial aircraft. Although implementation has been slow, states have made progress in meeting the REAL ID Act's recommendations. A majority of states and territories, along with the District of Columbia, have complied with all REAL ID requirements. The remaining noncompliant jurisdictions have been granted a temporary extension from the Department of Homeland Security.¹

To obtain a REAL ID, you must apply in person at your state's department of motor vehicles (or other approved service center). Your picture will

be taken and signature captured electronically. You must provide more documentation than you would normally need for a standard driver's license or identification card. A REAL ID requires that you show (in original or certified form) proof of identity and lawful presence (e.g., U.S. passport, birth certificate), state residency (e.g., mortgage statement, utility bill), and Social Security number (e.g., Social Security card, paystub). In addition, if your current name doesn't match the one on your proof of identity document, you must prove your legal name change (e.g., marriage certificate).

When states first implemented REAL ID recommendations, applicants were faced with delays and long wait times. However, many states have since streamlined the process by allowing applicants to start the application process online. For more information on applying for a REAL ID, you can visit your state's department of motor vehicles website or dhs.gov/real-id.

¹ Department of Homeland Security, REAL ID Compliance Extension Updates, October 2018

How do I replace my Social Security card?



Chances are, you probably have your Social Security number memorized, so you may not have had to use your card in awhile. However, there

are times when you may be required to show your actual card, such as when you start a new job or need to access certain government services. Fortunately, replacing a lost or stolen card is a relatively easy process.

In order to obtain a new card, you need to prove your citizenship or lawful noncitizen status, and your age and identity from a list of approved documentation (e.g., U.S. passport, driver's license, birth certificate). All documentation provided must be either original or in certified form (notarized copies or photocopies will not be accepted).

Next, you need to fill out an *Application for a Social Security Card* and bring or mail the application, along with the approved documentation, to your local Social Security office. Once the Social Security Administration (SSA) has your information and verified your documents, you should receive a replacement card within 10 to 14 business days.

In certain circumstances, you may be able to apply for a replacement card online using a [my Social Security](#) online account. You can apply online for a replacement card if you:

- Are a U.S. citizen age 18 or older with a U.S. mailing address (this includes APO, FPO, and DPO addresses)
- Are not requesting a name change or any other change to your card
- Have a driver's license or state-issued identification card from a participating state or the District of Columbia

Be wary of businesses that offer to replace your Social Security card for a fee. The SSA provides those services free of charge. Keep in mind that you are limited to three replacement cards in a year and 10 during your lifetime, although certain exceptions apply.

For more information on replacing a lost or stolen card, visit the Social Security Administration website at ssa.gov.