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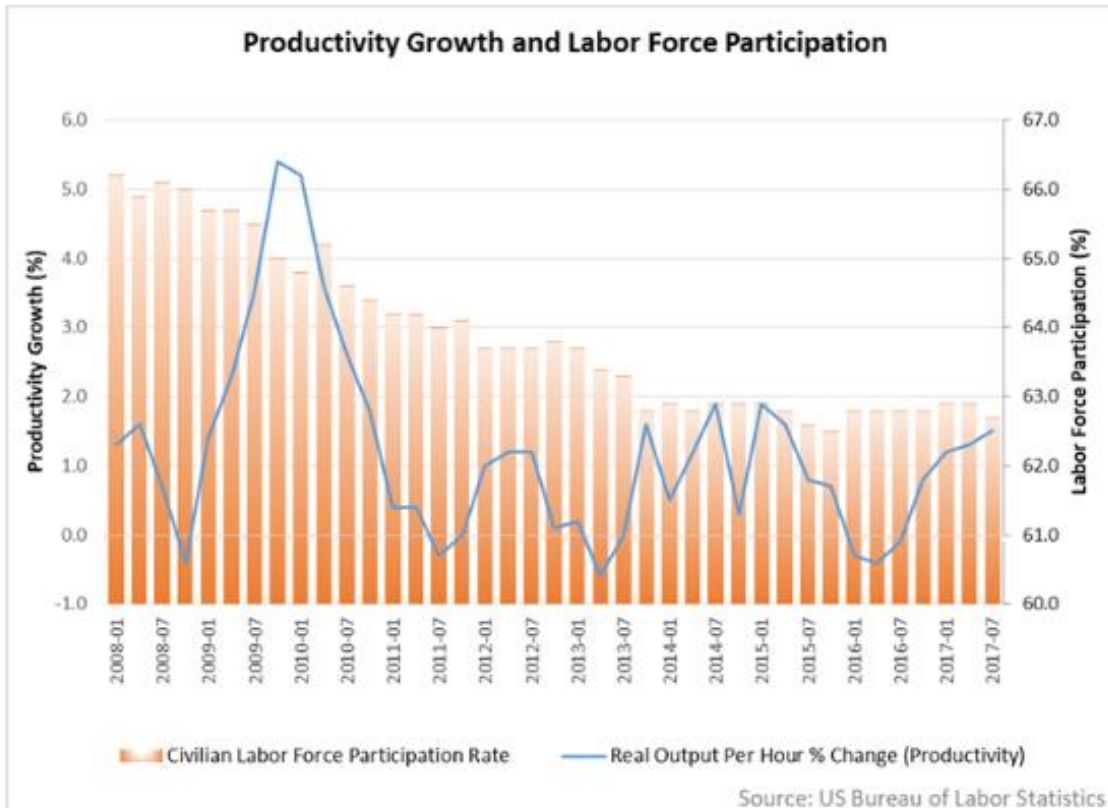
# GALLOWAY



## The Economy

*by Pierre Brachet, CFA – Portfolio Manager*

2017 ended on a solid note for the US economy as the holiday shopping season topped forecast and fourth quarter Gross Domestic Product (GDP) is expected to be near +3% again. Going forward, most economists expect the economic expansion to continue, however the GDP growth rate should revert to a more moderate level.



Analysts predict that unemployment will reach 3.5% by the end of 2018 which would put it at its natural rate. The natural rate of unemployment is the result of frictional unemployment (workers coming and going from jobs ) and is not the direct results of poor economic conditions. At that level, production (GDP) growth relies more heavily on improvement in labor force participation or a significant boost in productivity. Unfortunately, with massive numbers of baby boomers retiring each month, the participation rate has been on a steady decline over the last decade and is not expected to turn around in the near future.

In addition, "since 2005, the growth of labor productivity has been noticeably slower than it was previously for reasons that are not fully understood. The slowdown partly reflects cyclical factors related to the severe recession that occurred from 2007 to 2009 and the ensuing weak recovery" (source: "CBO's Economic Forecasting Record: 2017 Update"). Unfortunately, the Congressional Budget Office (CBO) also predicts limited improvement in productivity over the next 10 years.

As a result, although GDP growth may top the 3% mark for the full calendar year 2017, the feat could be a one hit wonder and growth should return to levels we've become more accustomed to since the end of the last recession.

Fortunately, growth seems to be picking up some steam in foreign economies making investment opportunities in those countries more desirable than they were just a couple of years ago. For more information on how we can help you, contact us at 877.778.2351.



**GALLOWAY**

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Pierre's Weekly Market Updates.**



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## Key dates to Know for 2018 Tax Season

The Internal Revenue Service announced early January that the nation's tax season would start on Monday, January 29<sup>th</sup>, 2018 and April filing deadline would be Tuesday, April 17, 2018 rather than the traditional April 15<sup>th</sup>. Why? April 15<sup>th</sup> lands on a Sunday and Monday is Emancipation Day – a legal holiday for the District of Columbia. "Under the tax law, legal holidays in the District of Columbia affect the filing deadline across the nation."

**Mark your calendars – April 17<sup>th</sup>, 2018 Filing Deadline.**

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## IAFF-FC Financial Wellness Academy

PSF/Galloway will be speaking at **2018 Vincent J. Bollon Affiliate Leadership Training Summit (ALTS)** in Lake Buena Vista, Florida. Regional Vice President Chris Hoerchler, will be presenting a new Financial Wellness workshop on January 30<sup>th</sup> at 10:30AM. Financial Advisor Todd Thomas will also be available for questions after the workshop and during the convention at the PSF/Galloway table. Stop by and sign up to win a Bass Pro gift card!

If you would like to learn more or schedule an appointment during the convention, please call us at **877.778.2351**.

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## Ask PSF/Galloway!

*by Brad Standage – Financial Advisor*

**Question:** Should I take on more risk when the market is doing well?

**Answer:**

This is a topic that has come up in many meetings; wanting to take more risk in your account. Please keep in mind that risk is not an abstract concept. Risk is real and has real consequences.

If you have already met with one of our financial advisors, we have had a conversation about risk. We always do our best to make sure the amount of risk you are taking is based on what is going on in your life and to help meet your retirement goals. Just because the market is doing well does not necessarily mean it is an appropriate time to take more risk. We prefer to make changes to your risk tolerance based on changes in your life which will allow you to extend the time until you need to start taking distributions, or lower the amount you plan on taking in retirement.

Focusing on your personal goals is key to financial success. Sitting down with your financial advisor at least once a year can ensure your goals are on track. Call us at **877.778.2351**. We are here to assist you, which includes determining when and if it is an appropriate time for you to take on more risk.

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## Recent PSF/Galloway Client Retirements

We congratulate those PSF/Galloway Clients who have recently retired. We thank you for your service and hope you enjoy the next chapter in your life!

- **Assistant Chief Lynn Parkin** – Avondale Police Department – 30 years
  - **Captain John Vardian** – Phoenix Fire Department – 36 years
  - **Sergeant Mark Njaa** – Mesa Police Department – 30 years
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