

Summer 2019



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INVESTOR NEWSLETTER

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Cover story:

Coping with an unexpected retirement?
Are you ready?

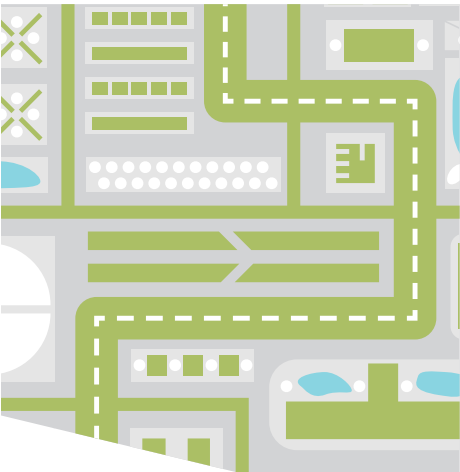
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COPING WITH AN UNEXPECTED RETIREMENT?

Many of us dream of retirement — finally taking time to travel the world, spending more time doing the things we love or just stopping to smell the roses. But what would happen if retirement came before you had planned? Would you be ready?

According to the Employee Benefit Research Institute's 2019 Retirement Confidence Survey, 40% of workers have to retire earlier than planned due to either a change at their company or a health issue. An unexpected retirement can leave you in a tailspin and cause you to make drastic financial decisions with adverse repercussions. Use the tips in this article to avoid unintended tax implications and early withdrawal penalties.

Minimize tax implications

Your first step should be to review all your possible sources of income. The order in which you tap into those sources of income will have a major effect on how far your assets will go.

Draw money from your taxable accounts first.

Next, if you are age 59½ or older, withdraw from tax-deferred retirement accounts, such as a 401(k) or a traditional IRA.

If possible, save a Roth IRA for last so that those investments can continue to grow tax-free as long as possible.

Avoid early withdrawal penalties

If you withdraw money from a 401(k) or traditional IRA before you are age 59½, you could be subject to a 10% early withdrawal penalty (on top of the withdrawal being subject to ordinary income tax). There are some exceptions to the 10% early withdrawal penalty with regard to covering certain expenses. Please consult with a tax professional for more details on specific qualifications for this exemption.

You may be able to withdraw contributions (but not earnings) from a Roth IRA without incurring the early withdrawal penalty, as long as the Roth IRA has been owned for at least five years before contributions are withdrawn. You won't pay income tax or a penalty until your total withdrawals exceed

your total contributions. (Certain exceptions may apply if you rolled over amounts from a traditional retirement plan to your Roth IRA.)

You may be able to withdraw money from your 401(k) if you leave your job in the year you turn age 55 or older, provided that you have left the assets in your employer's 401(k) plan. If you roll your 401(k) over into an IRA, you cannot withdraw before age 59½ without incurring a penalty.

Think twice before filing for Social Security

The panic of a sudden retirement may have you rushing to claim Social Security benefits. *When* you elect to start receiving Social Security will have a big impact on your overall benefits. The earliest you can start receiving benefits is age 62. But you will receive a smaller monthly benefit than you would if you waited until full retirement age or even later. Of course, delaying Social Security benefits may not be an option for you.

Age	Potential benefit received	Benefit result
62 until full retirement age	70%	Reduced monthly benefit
66 or 67 depending on year you were born	100%	Full monthly benefit
70	124%	Increased benefit

Source: Social Security Administration

Talk to your financial advisor

Planning for income in retirement is a primary investment goal for many and a major source of stress for most. Working with a financial advisor can help you mitigate that stress by setting a course for your retirement goals and developing a plan in case your circumstances unexpectedly change.

Columbia Threadneedle Investments and its affiliates do not offer tax or legal advice. Consumers should consult with their tax advisor or attorney regarding their specific situation.

take another look

\$ MUNICIPAL BONDS

Changes under the Tax Cuts and Jobs Act of 2017, particularly the \$10,000 cap for state and local tax (SALT) deductions, helped spark additional interest in municipal bonds. In fact, through the end of May the municipal bond market had seen 21 straight weeks of inflows, while supply over that same period was lower than both the previous year and longer term averages.¹

We anticipate demand will continue to outpace supply as we head into the summer months, where issuance in the municipal market has typically trended lower. Since 2012 between June and August, net supply has averaged negative \$30 billion, as maturities have outpaced new issuance over those months, with 2019 shaping up to follow the familiar seasonal pattern.

Fundamental credit health remains quite strong, and a windfall of record April tax collections has further bolstered most state budgets. Drivers of municipal credit health can be unrelated to strength or weakness in the broader economy — a feature that makes them particularly attractive in later stages of an economic cycle — which typically leads to low or negative correlations with equities. This is relevant because the end of June

marked the current economic expansion as the longest in U.S. history. Though we are not forecasting an imminent recession, recent data indicates that growth has clearly moderated from its post-tax-cut highs.

One argument for considering municipal bonds in today's environment is that munis have typically fared relatively well in periods of slowing growth or market uncertainty. In fact, they've generated positive returns in 31 of the last 35 years.² In more recent history, the dramatic equity volatility in the fourth quarter of 2018 saw equities, as measured by the S&P 500, fall by 13.5%, while the Bloomberg Barclays Municipal Index returned 1.69%.³ We anticipate near-term market volatility to remain elevated, making the risk characteristics of munis even more appealing.

Concerns over slowing global growth, Brexit uncertainty, lackluster domestic economic data, and the possibility of protracted trade disputes with some of our largest trading partners have softened the tone coming out of the Federal Reserve. This supports our view that rates are likely to remain contained

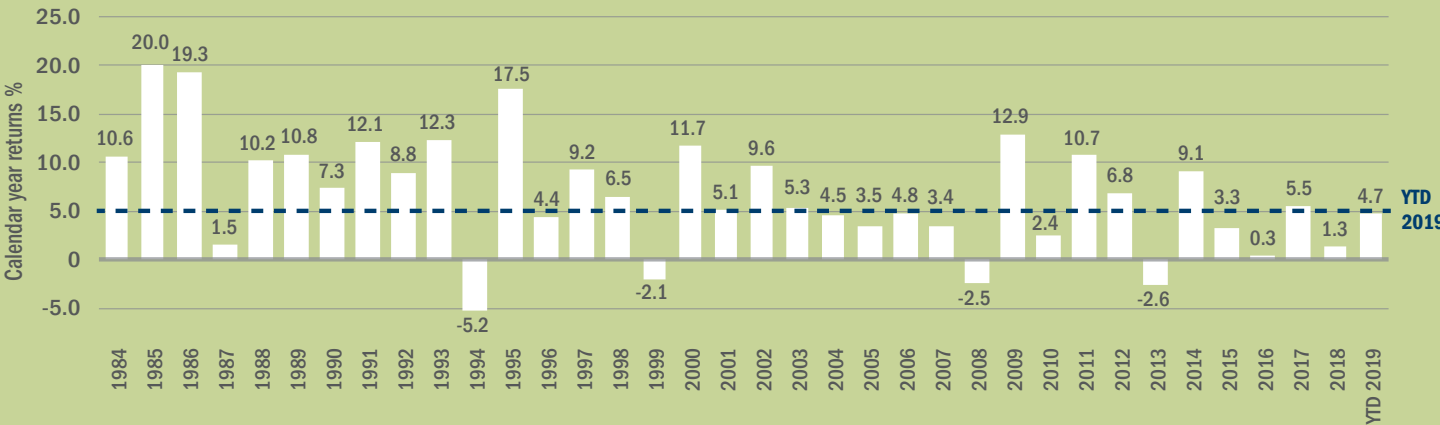
this year. Given the prospect of a more bond-favorable interest rate environment, we believe that municipals are poised to remain an attractive asset class for the remainder of the year, especially after considering the tax benefits. While munis have started the year well, with the Bloomberg Barclays Municipal Index returning 4.71% through the end of May, 22 out of the last 35 years have ended with total returns in excess of that mark.

Bottom line

For investors seeking to keep more of what they earn, the SALT deduction cap has fundamentally shifted the demand for municipals upward. Coupled with issuance expectations that show flat to slightly lower supply for 2019, favorable supply/demand technicals could continue to drive positive municipal performance. Uncertainty is likely to persist in the near term, but munis may offer opportunities to own a tax-efficient, stable asset class with promising prospects ahead. Skilled active management that combines thorough credit analysis and expert navigation of a fragmented marketplace can help uncover those opportunities.

Even in an uncertain environment, municipal bonds show promise as a tax-efficient, stable asset class.

BLOOMBERG BARCLAYS MUNICIPAL INDEX²



¹ Source: Lipper, Inc.

² Source: Bloomberg Barclays Municipal Index: calendar year returns 1984-2018

³ Source: S&P 500 Index, Bloomberg Barclays Municipal Index: Total Return performance 09/30/18 – 12/31/18
Past performance is not a guarantee of future results. You cannot invest directly in an index.

Money Management Executive
names Leslie Walstrom one of the
top 10 women in asset management.

“Building a brand is about the people behind the brand. We have cultivated the idea that not everyone on the team has to be from the asset management industry. Different backgrounds offer different points of view.”

Leslie Walstrom
Head of North America marketing
Columbia Threadneedle



Leslie Walstrom, head of North America marketing for Columbia Threadneedle Investments, was named one of the top women in asset management for 2019 by *Money Management Executive*. She is among 10 women to receive the honor.

Since 2014, *Money Management Executive* has recognized women who make significant contributions in asset management. The publication encourages industry firms to nominate leaders by submitting an extensive questionnaire. Editors then review candidate qualifications to select the final list of women.

Her recognition underscores the commitment made by Ameriprise and Columbia Threadneedle to inclusion and diversity, including efforts to increase the leadership presence of women across the company.

“Every employee plays a role in creating a sense of belonging at our company. Leslie’s work is a wonderful example of the power we each have as individuals to make a positive impact on inclusion at Ameriprise.”
— Rudy Rodriguez, vice president, diversity & inclusion

Leslie joined Columbia Threadneedle in 2015, shortly after the firm’s global rebrand. Among many accomplishments, she has:

- Led a series of activities to increase visibility and perception of our global brand
- In collaboration with many internal partners, enhanced the digital experience for U.S. financial advisors to align with their needs and preferences
- Led the rollout of Columbia Threadneedle’s Consistency advertising campaign in the United States, which contributed to a surge in brand awareness of Columbia Threadneedle among financial advisors from 42% to 61% — an all-time high for the firm

ABOUT MONEY MANAGEMENT EXECUTIVE
Money Management Executive provides insight and analysis into the management, marketing, operations and technology used by successful executives at mutual fund, ETF and asset management companies.



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Get ready for Boston’s only triathlon. 07.28.19

PARTNERING WITH BOSTON MEDICAL CENTER TO ACHIEVE A HEALTHIER BOSTON
Funds raised through this year’s Boston Triathlon will support BMC’s Vision 2030 goal of making Boston the healthiest urban population in the world.

To achieve that goal, BMC will address complex chronic disease, mental health disorders, housing insecurity and homelessness, other key social determinants of health (such as food) and, especially, substance use disorders.
With everyone’s support, BMC hopes to raise \$125,000 to benefit the programs and services that will carry forward the aims of Vision 2030, reimagining lives and the health of whole communities as a result.

Get involved. Visit BostonTri.com



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America the beautiful



Summer is here, and many of us are dreaming of getting away. If you are planning a vacation, why not skip the conventional and consider somewhere off the beaten path? Some of the most majestic sights to behold are right here in the United States. We've highlighted some beauty spots around the country.



Kenai Fjords National Park
ALASKA



Horseshoe Bend
ARIZONA

NORTHWEST

Kenai Fjords National Park, Alaska

It may be the smallest national park in Alaska, but it offers up oversized beauty. Located at the edge of the Kenai Peninsula in south-central Alaska, the park is home to 40 glaciers. It boasts the Harding Icefield, one of the largest ice fields in the United States. Glaciers moving down the mountain from the ice fields carved the fjords, creating a natural habitat for marine wildlife, including sea otters, sea lions, humpback and orca whales, and puffins. Visit Exit Glacier, the only part of the park accessible by road, and hike the Harding Icefield Trail, an 8.2-mile round-trip hike that gains 1,000 feet in elevation each mile on the way up. Paddle the fjords or take a guided tour on sea or by air. You won't ever forget your visit to this glacial wonderland!

SOUTHWEST

Horseshoe Bend, Arizona

Horseshoe Bend is a horseshoe-shaped curve of the Colorado River, near the town of Page, Arizona. Best viewed from the west-facing cliff top, the overlook is a 1,000-foot drop to the river below. Less than a mile hike from the parking lot, this is a spot not to be missed. Located near the Glen Canyon Dam and Lake Powell, there are plenty of other activities for the family to enjoy as well.

NORTHEAST

Finger Lakes, New York

The Finger Lakes is a region in upstate New York named for its 11 long, thin lakes and renowned for its natural beauty. The area boasts several state parks featuring numerous waterfalls and gorges that will take your breath away. A nature lover's paradise, the area is tailor-made for outdoor recreational enthusiasts looking to boat, hike, fish, camp or just sit back and enjoy nature's beauty. The Finger Lakes is also known for its wineries and beckons foodies with its farm-to-table cuisine.



CENTRAL

Mackinac Island, Michigan

Looking to get away from it all? Look no further than Mackinac Island. Located on Lake Huron, you'll arrive by ferry, as no cars are allowed on the island. Visitors can walk, bike or be taxied around in horse-drawn carriages. The Island boasts the oldest golf course in Michigan and is famous for its fudge. Be charmed by its ninth-century Victorian architecture, take a walk through the past at its historic military forts, or just enjoy the natural beauty of this seaside destination.



SOUTHEAST

Dry Tortugas National Park, Florida

One of the most remote national parks in the United States, Dry Tortugas National Park is located approximately 70 miles west of Key West, Florida, and is accessible only by boat or seaplane. It is made up of seven small islets and is a unique eco-attraction. Rich in history, the chain of islands was discovered by Ponce de Leon in 1513 and was named for the sea turtles that populated the surrounding waters. Explore historic Ft. Jefferson, which was built after the War of 1812 to help protect the eastern border of the United States and was later used during the Civil War to house prisoners. Or make the most of the 67,000 acres of coral reef that surround Dry Tortugas, which gives snorkelers and skin divers an amazing opportunity to observe tropical flora and fauna in a protected area. Divers will love exploring the waters surrounding Dry Tortugas, home to numerous shipwrecks throughout the years. If you are looking for a remote paradise, Dry Tortugas is for you.



Columbia Threadneedle Investments is a leading global asset manager that provides a broad range of investment strategies for individual and institutional clients. With 450 investment professionals across 17 countries, we manage \$459 billion* across asset classes. Our global investment team debates and challenges their best ideas to make better decisions, leading to better outcomes for you and your clients.

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Investing includes risk, including the risk of loss of principal. Income from tax-exempt **municipal bonds** or municipal bond funds may be subject to state and local taxes, and a portion of income may be subject to the federal and/or state alternative minimum tax for certain investors. Federal income tax rules will apply to any capital gains. There are risks associated with **fixed-income** investments, including credit risk, interest rate risk, and prepayment and extension risk. In general, bond prices rise when interest rates fall and vice versa. This effect is usually more pronounced for longer term securities.

Diversification does not assure a profit or protect against loss.

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The **Bloomberg Barclays Municipal Bond Index** is considered representative of the broad market for investment grade, tax-exempt bonds with a maturity of at least one year. The **S&P 500 Index** tracks the performance of 500 widely held, large-capitalization U.S. stocks.

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* In U.S. dollars as of March 31, 2019. Source: Ameriprise Q1 Earnings Release. Contact us for more current data.

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