

## Meeting Ben Bernanke By Sandy



In June, I was fortunate to attend an Elite Summit conference and personally meet Dr. Ben Bernanke, past chairman of the Federal Reserve. While a very humble man, he taught himself calculus at age 12 and scored 1590 out of 1600 on the SAT. He graduated from Harvard and MIT, and taught at Stanford and Princeton. He went on to guide us through the financial meltdown of our financial markets and banks in 2008 and 2009. He gave a “behind the scenes” review of what went on during that crisis and it was fascinating to hear of the weekend meetings when Washington Mutual became Chase, Merrill Lynch was taken over by Bank of America and Lehman Brothers was the 4<sup>th</sup> largest investment bank in the US when it failed and filed for bankruptcy. None of us want to live through events like that again.

### *Summer is here and time for celebration*

Summer is here and time for celebration, travel and fun. Sandy’s daughter, Nikki, is leaving for the University of Missouri in August. Nikki will meet high heat and humidity for a new experience and will be missing her local ocean and beach in no time. Sandy already has football tickets to see the Mizzou Tigers play during her parents weekend visit. This is her only child so life will be a new experience for Sandy as an empty nester. *continued on page 2*

## Market Update by Carol

Market performance for the first six months of 2014 continued to increase with the major indexes posting new records on almost a weekly basis. For the year the S&P 500 gained 6%, Nasdaq increased 5.5%, Dow Jones was up 1.5% and bonds were up 2.8%. Gross domestic product (GDP) shrank 2.9% in the first quarter. This is usually a sign of a coming recession but economists blame the negative GDP on the severe weather on the east coast. 2nd quarter GDP is expected to be positive and offset the 1st quarter plus show increased growth. This is what is driving the stock market increase. At present our outlook for the market and the economy is positive, but we remain cautious as any changes (higher oil prices, political gridlock, foreign politics and wars) will likely result in a market correction but we expect it to be short-lived and continue to be invested for the long term.

### *New IRA Rollover ruling by Carol*

Starting in 2015 the IRS will only allow one IRA rollover per year. Many times we use the term rollover and transfer interchangeably but there are subtle differences that you should be aware of. There are two ways to move money between IRAs:

1. Transfers between trustees. The IRA owner never touches the money. The trustees transfer via a request from the account holder to transfer the money to another account at another company (trustee). For example, you can transfer your Vanguard IRA to a Schwab IRA. Or your old 401K to an IRA at TD Ameritrade (as long as the check is not made out to you directly). These are considered transfers and can be done as many times as you want.
2. Rollovers. This method is when the IRA owner takes the money as a distribution and they have 60 days to rollover (put back) the amount in an IRA account. The IRS will only allow this method once a year.

Planning note: For those of you that have old 401K/403B/457 plans or IRAs invested in bank CDs, this can affect you. Some 401K/403b/457 providers make you take the distribution as a check made out to you instead of the new trustee. If this is the case and you are thinking of moving the money to an IRA in order to have more investment choices then I recommend that you do this in 2014.

### *Summer is here and time for celebration... continued*

Carol's youngest child of three, Kyle, will also be leaving the nest to attend Whittier College. She plans to celebrate her newfound freedom by cruising to Alaska with her husband, Jorge, in late August. Erin, other the other hand, is quite envious of Sandy and Carol's farewell to the trials of parenting during the teenage years. She still has a few more years of being the daily homework nag & human ATM. To console herself, she will be spending early August on the Big Island of Hawaii with her husband Shawn, daughter Ashley, & son Anthony.

We hope you all have a wonderful summer and get out and enjoy the beautiful California climate.

~Sandy, Carol, & Erin

### *Hospice by Erin*

Sadly, we had several clients pass recently and have another on hospice at the moment. Thankfully, we were notified of our client's health concerns prior to their passing. There are reasons that your advisor should know. For example, if the IRA required minimum distribution (RMD) has not been taken prior to death, the IRA will pass to the beneficiaries and then the RMD will be taken out and become taxable income to the beneficiary. In certain situations, it is more tax efficient if the RMD is removed from the IRA prior to death. You also want us to have time to make changes to the portfolio if need be; confirm the trust, will, codicils & amendments on file are current; and review beneficiaries names and percentages and make sure they are on file with the custodian. If you have a friend or family member in failing health, please remind them to let their estate planning attorney and advisor know to be sure everything is in order. We will miss our clients that have passed recently but are thankful for the many long years that we knew them.