

Fall is here and I am happy by Sandy

I love fall: cooler weather, kids back in school, one quarter left until the end of the year and The Gail Moreno Memorial Golf Tournament. Our goal is to raise over \$15,000 for the Breast Cancer Angels this year. All donations go directly to the charity; our sponsors of mutual funds, companies, individuals, clients, and Asset Planning underwrite every dollar of the cost. *Continued on page 2*

A heart is not judged by how much you love, but by how much you are loved by others.

-The Wizard to the Tin Man

The Stock Market and the Economy By Carol

The 3rd quarter was essentially flat. Most or all gains in August were erased in September. Overall, major indexes are still positive for the year: S&P 500 +6%; Dow Jones + 2.8%; Bonds; +.27%. The stock market hit new highs and we know from experience there will be a correction and it appears to have started. We look at this as an opportunity to buy and many of our buy limit orders have executed in the past few days. Positive signs going forward are the lower prices in oil and gas, the strong US dollar and interest rates should stay put until next spring/summer.

The economy and the stock market have a lot in common, however the stock market is not the economy and the economy is not the stock market. The economy is a way of defining what we make, buy, sell and consume. The stock market is part of the economy, however its focus is very narrow, confined to securities that represent public companies. The economy is measured after the fact. The stock market responds instantly to changes and looks forward not backward. Many times the two are in sync. The past 2 years has seen the stock market out of sync with the economy with the stock market reaching new highs and the economy slowly recovering. It looks like they are finally getting in sync.

Year End Tax Planning

by Erin

In the coming months as December 31st approaches, we will be looking for ways to minimize taxes in the non-qualified investment portfolios.

Our mutual fund representatives will be sending out capital gain/loss estimates over the next three months and we anticipate gains this year, just not to the extent of last year's. Given the current market pull back, some recently purchased holdings have losses which could be sold to offset taxable gains. Capital losses can offset 100% of capital gains for the year. Losses above and beyond gains can be used to offset up to \$3,000 of ordinary income. Any excess losses can be carried forward into future tax years. Positions sold for tax loss harvesting can be rebought but the repurchase must happen at least 31 days later or the IRS "Wash Rules" will disallow the loss.

Additionally, recognizing some long term gains for clients that will fall under the 25% federal bracket will take advantage of the 0% federal capital gains tax .

Your Accounts & Email Security

There has been a rise in spoofed and phishing emails and they will only continue to become more sophisticated. Protect yourself:

1. Check the email address on each email- If the email is about your account at Chase bank, the email should be from Chase bank
2. Do not click on a link to go to a website if it is asking you to confirm account information
3. Open a new browser and type in the web address to view your account
4. Never give your log in or password in an email
5. Change your email and account password immediately if you did click on a link.
6. Run a virus scan on a regular basis or install security software if you have financial data on your computer

Sandy... continued

Baby boomers continue to hit their prime age for retirement and companies are offering incentive packages to retire. We have seen an influx of clients needing financial retirement planning. The average retirement age in the US is now 62, yet the average non-retired American now expect to retire at 66. Many baby boomers are reluctant to retire, perhaps due to lost savings in the 2008 market crash or insufficient savings even before the economic downturn. In an interesting turn, 11% of 18-29 year-olds expect to retire before age 55. With the majority of companies no longer offering pensions to their younger employees, I think the Gen X and Y need a reality check on how much they will need to save on their own- especially if social security is changed for those generations. The key determinate for predicting when one will retire is the value of their investments, followed by their health, inflation and the cost of healthcare. This data is from April 2014 and reflects a sample across all the US states.

College and Debt by Carol

I was asked to be the Financial Advisor in the LA Times Money Makeover story in August (article is enclosed). While there were many other financial issues with the family, the one item that blew me away was the amount of student loans that the wife had incurred (\$450,000+) while earning a degree to become a dentist. The family was surprised at how low the starting salary is for a general dentist.

Student loan debt is a problem that applies to many students. This debt will be with them for a very long time and will hinder their chances at obtaining new loans and moving forward. My advice is to make sure that college is worth the cost. Ask the following questions before taking out too much debt: What is the job market for my degree? What will my income be once I graduate? Can I pay the student loans off within 5-10 years? Make a plan. If you are accepted into two schools with the same reputation in your major but one is double the cost pick the one that gives you the better return (lower cost = better return). If you are studying a major that requires you to have a masters' degree, go to a less expensive school for the bachelors. This allows you to spend more on the masters, which is what employers look for and is more prominent on the resumé.