



Financial

E-newsletter January 2017

Table of Contents (click on the link to be taken directly to an article):

- [Ops Center: Deadlines and Tax Document Mailing Schedule](#)
- [The Future is Now](#)
- [Beware of the Grandparent Scam](#)
- [Living Longer? We're Planning on it!](#)
- [Joel's Corner: Can Crocodiles Play Basketball?](#)

Ops Center: Deadlines and Tax Document Mailing Schedule

As we once again turn the calendar to a new year, it's also time to turn our attention to last year's tax returns. Please take note of the following:

- **IRA/Roth Contributions:** Check contributions or requests to transfer money to an IRA/Roth need to be received by **Monday, April 10** to allow adequate time for processing.
- **TD Ameritrade 1099 Mailing Schedule:** 1099s should be mailed from TD Ameritrade no later than **February 15**. You should receive your forms 5-7 days after mailing.
- **Schedule K-1s (for some alternative investments):** The mailing deadline for Schedule K-1s is **March 15**. These forms will be mailed directly from the general partner.
- **Reminder! Submit College Financial Aid Applications (FAFSA):** New in 2017, you now report earlier year (2015) income so you do not need to wait for 2016 taxes to be completed.

If you have any questions about your tax forms, please contact our office.

The Future is Now

The news is so full of negativity these days that you may have missed many of the great developments and amazing innovations that will inevitably be impacting our economy and even more exciting, our

lives. Our world will change quickly over the next few decades and there is much to be excited about! How can you not smile when you think about flying warehouses? So take a break from the drama and check out these headlines:

- Tesla believes their second generation autopilot could reduce crash rates by 90%. [1](#)
- The first GMO non-browning apples will go on sale in the US next month. [2](#)
- A cardboard delivery drone is currently being developed to deliver supplies to isolated areas and then biodegrade after a few days. [3](#)
- Lab grown meat is getting more cost effective and thus could become affordable to the common consumer. Doing so could dramatically reduce industrialized farming across the world. [4](#)
- Amazon wins patent for a flying warehouse that will deploy drones to deliver items in minutes. [5](#)
- Swedish supermarkets have begun to replace sticker labels on fruits and vegetables with hi-tech natural branding using lasers. [6](#)
- A robotics expert predicts kids born today will never drive a car. [7](#)
- 2016 was the year solar panels finally became cheaper than fossil fuels. [8](#)
- Wind power now runs all electric passenger trains in the Netherlands. [9](#)
- Want to increase your water intake but find water boring to drink? The Right Cup tricks your brain into tasting a sugary drink! [10](#)

— **Andrew Cialek**

Beware of the Grandparent Scam

Despite repeated warnings, senior citizens continue to be duped out of thousands of dollars with the Grandparent Scam. This scam targets well-meaning seniors who think they are helping a family member get out of trouble. Here's how it works.

The grandparent receives a call from someone impersonating his or her grandchild pretending to be in crisis. Typically, the grandchild will ask for money to be wired via a Western Union outlet to get out of a third-world jail or overseas hospital, but local crises can cause the same desperation for help. The other part of the scam is that the grandchild will insist it be kept secret.

Over the past couple of years, this scam has become more sophisticated. The con artists are using social media and phishing websites to get personal information to make the scam more convincing. Although the scammers seem to have gotten smarter, here are some basic red flags to watch for in any situation.

- Be wary of offers that require you to act quickly or require you to give personal information like your social security number and/or bank information.
- Do your due diligence first, particularly if the scammer insists that a person or service requires an immediate wire payment or balance transfer.
- Avoid situations where secrecy is mandatory.

- Finally, if an opportunity is too good to be true or too bizarre, it probably is and you don't want to be a part of it.

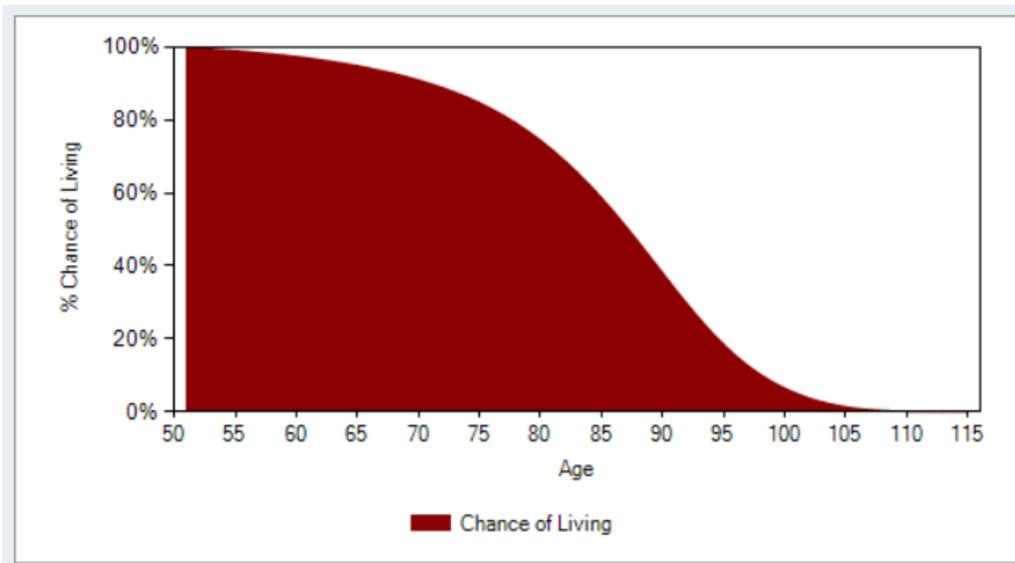
If you think you might have fallen victim to a scammer, you should report it to your local authorities, the Better Business Bureau, the Internet Crime Complaint Center and/or the Federal Trade Commission.

— **Beth Ashe**

Living Longer? We're Planning on it!

You can throw a rock these days and hit a new article or study about how people are living longer due to technology, research and advances in medicine. This is fantastic news, but you can imagine the potential problems that could arise if people aren't financially prepared for longevity. So what are we doing to make sure that you are planning appropriately?

When we work with clients to build their plans, we look at the statistics of the chance of living to a certain age based on current age and gender. Our data comes from the RP-2000 Mortality Table that is published by the Society of Actuaries. This table is widely accepted by the financial services industry and is also used by the IRS and ERISA to calculate funding for pension plans. We also take each client's current health and family history into consideration. To begin, we look at the 20th percentile of the chance of living to a particular age. For an example of this, check out the chart below which shows the life expectancy of a female who is currently 50 years old. The life expectancy at the 20th percentile is around age 95. A lot of researchers use the average life expectancy, which would be somewhere around age 83 in this case. We use this higher age because we find that clients who plan for their future tend to take care of themselves and generally live longer.



RP-2000 Mortality Table (Society of Actuaries – www.soa.org)

We're also encouraging most clients to delay the start of Social Security benefits until age 70, if possible. The reason for this is that for each year you delay taking your benefits up to age 70, you receive 8% more in annual benefits for life. For most people currently in the Social Security age range, if you live beyond age 81, it is better for you to have delayed claiming your benefits until age 70 compared to taking them at age 66. Many people elect to take their benefits as soon as possible because they view the possibility that they may not live long enough to get the most benefit as the biggest risk. However, research is showing us that the biggest risk for most Americans is that they outlive their assets; therefore, it's better to wait to claim those benefits in order to receive a larger lifetime benefit. Of course, there are exceptions to every rule and claiming strategies should be looked at on a case by case basis.

Another way to prepare for longevity is incorporating what we call "Elder Care Funds" into plans. These funds are simply savings that are usually incorporated in your investment assets. It's not an insurance policy or anything you have to pay out. Rather, it's a way to plan and budget for expenses that occur later in life that we don't often consider. We've seen firsthand that there are needs that arise long before someone is eligible for Long Term Care Insurance benefits. Examples include things like having someone to take care of your lawn, weed a flowerbed or go to the grocery store once a week.

Since people are living longer, they're typically spending a larger portion of their lives in retirement. While the idea of playing golf every day sounds wonderful, when you think realistically about having a tee time every single day for the next 40 years, the idea tends to lose its luster. We are coaching clients who are preparing to retire from stressful jobs to find something to do part time that they really enjoy. Not only does this ease you into the new retirement lifestyle, but it also delivers some extra cash flow while you're waiting to claim those Social Security benefits. If you don't really need the income, we often suggest finding a cause that you're passionate about and volunteering some time. Keep an eye out for more about this topic from us in the future.

Thanks to all of the technology and developments in the medical field, it's true that humans are living longer. Our job is to help you be confident that you can relax and comfortably enjoy life knowing that you've planned for all of this.

— Ashley Coake

Joel's Corner: Can Crocodiles Play Basketball?

Stepping Back from all the Emotion and Viewing Reality

Written January 23, 2017

Regardless of your political view, you have to agree that the coming years will definitely impact the emotional cortex of your brain. The picture embedded below in this article likely reflects your feelings on the economy and market ahead. First, don't let it. The wisdom and leadership of this country is much bigger than a single president!

Second, separate campaign rhetoric from reality. In my opinion, the likely outcomes of the new administration's promises are the following:

- Tariffs of any lasting impact are simply saber-rattling. Yes, there may be some short-term tariffs for negotiating purposes, but Trump (and everyone else) definitely knows that restricting trade limits economic expansion. So business owners should not waste their time strategizing about any long-term impacts of tariffs.
- Taxes:
 - Lower capital gains taxes are likely, probably towards the end of 2017.
 - Lowering of corporate and pension taxes will depend on revenues.
 - Repatriation of profits offshore will play a major role.
- Supreme Court: expect a long, long battle for each nominee.
- Fixing inner cities: that is more of a political placation.
- Energy independence: this is a twenty- five-year plan; not four to eight years; but a good start helps.
- The developed nations will work together to rid the world of ISIS...but not all terrorism.

Having opined about these specifics, government, as usual, will change and a lot of necessary programs like Social Security, Medicare and the defense budget will be paid simply from savings and more efficient budgeting...this while continuing to reduce the deficit. Don't forget inflation will help us out of this debt on the back end, in about a decade or so.

So personally, I am optimistic about the near-term future of the economy and market...even as the surfer in the picture. We just have to stay vigilant...sleep with one eye open...meaning, keep your Comfort Zone in our Wealth Care plan in the 80s. (Don't fall off your surfboard.)



Most of the above will be solved with jobs. The mandate from the electorate was that jobs are more important than any other national issue, thus Trump's election. Facts show the average family is worse off economically than two decades ago; our government has not managed our economy well.

So the question in most clients' minds is: "How is it possible to increase jobs while technology is removing them faster than companies shipping jobs overseas?"

My thoughts:

- True, there will be 16 trillion jobs replaced by machines by 2055. (Yes, I will only be 108.)
- Today, less than 5% of jobs are automated; by 2055 it will be 50%.
- Automation is a good thing; we need it to survive:
 - We are an aging economy with a job shortage within the next decade.
 - Our culture of workers is changing with the millennials going forward.
 - Boomers learned a few skills very well; performed those 45 years.
 - Millennials are in a constant learning culture; performing many skills over 60 years.
 - College will not be needed to provide the technical skills for the middle class replacing manufacturing jobs.
 - Humans will work WITH machines; humans will assist robots vs robots assisting humans today.

Finally, robots and automation will not be able to replace humans. Yes, things that require deep calculations and a lot of information are the jobs robots will be doing. But computers cannot do the “simple” thinking.

For example, ask Google, “What is the depth of the Red Sea?” and it will have the answer in less than a second. But ask it, “Can crocodiles play basketball?” and it cannot provide an answer. Yet my grandson, Emerson, in kindergarten would say, “That’s ridiculous, Buddy! Crocodiles cannot play basketball.”

Even after this stressful 18 months, keep surfing. We will be fine.

Until next time,

Joel

Investment advice is provided by Wealthcare Capital Management LLC, an SEC registered investment advisor.

Citations.

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