



Financial

E-newsletter

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Farewell to Kristen and welcome Bethany

Kristen Kopanda will be leaving at the end of June to join The Vanguard Group in Charlotte, NC. We thank her for her commitment to our clients – we wish her all the best for a bright future. At the same time, we welcome Bethany Creger who will help us continue to provide the service you have come to know and expect.

Medicare planning

Turning 64 this year? It's time to start planning for Medicare. Don't wait until you're 65. Talk to us soon to insure you are prepared.

12 things to contemplate when considering Long Term Care insurance

As with many lists, some of the following points of interest may or may not apply to your particular situation; however, this is a list of things to ponder and plan around as you consider the various circumstances concerning your long-term care options.

Long Term Care insurance (LTCi):

1. Is a significant risk for affluent people.
2. May be necessary to consider because of the inability to rely upon a spouse or your children because of death, divorce, frailty, familial issues, etc...
3. Reduces your exposure and permits you to gift money to family and charities prior to death.
4. Helps to ensure that individuals receive care.
5. Can alleviate family stress concerning whether to use available funds to provide care, as well as offset potential financial losses resulting from that care.
6. Aids in the distribution of funds so they can be utilized in a manner beneficial to the recipient; supports guilt-free freedom of choice.
7. Gives you the ability to remain independent and not burden your family.
8. Supports your healthy/surviving spouse's lifestyle before and after death.
9. Allows you to use your assets for what they were intended. Even though a person may be under care, they still can see their grand-children and take cruises, etc.
10. Protects your heirs. Each spouse's assets are vulnerable to being used for the other spouse's care in the event it is necessary. A prenuptial agreement does not provide protection from legitimate LTC needs.
11. Provides peace of mind; allows you to make guilt-free choices knowing you will be able to have the care you desire while not financially burdening your surviving spouse or other family members.
12. Has the potential to provide valuable tax breaks.

Also, keep in mind that buying LTCi now maximizes the leverage on the 5% compound increases, as well as lowers the cost to you two-fold. Understandably, both age and health are a factor, so by acting now you are saving money.

As you begin to think and plan, remember that as your JSW Financial planners, we are here to help you navigate through all the questions and decisions concerning LTCi. Please call us so we can begin personalizing options that are tailor-made to suit your unique situation and help prepare you for the future.

~ Sara Bohn

Have cat and dog assets? Think about turning them into charitable gifts

Have a small CD at a bank that's paying very little in interest but you continue to allow it to continuously roll over into another one because it's not worth the time to do something differently? How about those 10 shares of GE stock that Grandma gave you when you graduated college? What about the \$5,000 life insurance policy you bought right out of college that's been paid up for years. Why not put these assets to better use while possibly saving some money on taxes, and feeling good about doing it at the same time?

The point I'm trying to convey is that many individuals I speak with have one or more of these "Cat and Dog" assets. Little savings accounts, a few shares of stock they received as part of a gift or inheritance, or a small burial life insurance policy they no longer need. We're always forgetting about these assets and not really considering them when thinking about our wealth in its entirety. If you have no need for it, why not give it as a gift?

In addition to the feel-good factor of giving, there could be some tax benefit to the gift. For example, donating stock that has appreciated substantially in value can save you money in 2 ways. Firstly, you are able to deduct the full value of the gifted stock. Secondly, you avoid the capital gains tax you would have had to pay upon selling the stock.

Gifting life insurance is slightly more complicated; however, you can make a more significant impact in the distant future, of course. ☺ You can choose to gift the policy to the organization, in which case they become the new owner and beneficiary, and you receive a tax deduction. Or you could elect to keep the policy and name them as one of the beneficiaries upon your passing. This option doesn't afford you a tax deduction but you will retain control of the policy and have the ability change the beneficiary in the future, should you so desire.

In addition to your church and local community foundation, think about gifting to local museums, public or non-profit private schools, food banks, animal shelters, YMCA, and Big Brothers Big Sisters, etc... Indeed, non-profit or charitable organizations can be easily overlooked but are vital to our communities. As charitable giving is down in these challenging economic times, even a small gift from you can facilitate a significant impact in your community.

Please think these things the next time you get the CD rollover notice or your annual mailing from the insurance company on that paid up burial policy.

- **Mike Jones**

Joel's Corner: How About Some Good News? : Adam Smith's "Invisible Hand" is Pointing to Some!

Are you getting tired of constantly hearing about global problems from the mainstream media? These examples from the first week of June are just a sample of some headlines you may have heard recently:

- Spain's financial woes spark fresh Euro-zone jitters
- Weak U.S. job market data adds to flood of bad news
- Chinese manufacturing activity declines
- IPO market goes cold after Facebook debut disappoints

Now, let's see what Adam Smith's "invisible hand" has to say about positive factual research and data we can glean from the muck of the global crisis:

- Boston Consulting Group Study (released March 2012):
An emerging renaissance in American manufacturing is slowly occurring as Adam Smith's "invisible hand" is gradually turning the tables in favor of the US. Low wages and low-cost manufacturing used to make Chinese markets tough for U.S. manufacturers to break into. Today, rising wages in China are giving American companies second thoughts about moving their manufacturing jobs to China. A report in March by the Boston Consulting Group found seven industry groups, selling about \$200 billion in Chinese-made imports, that will likely shift production back to the U.S. to dodge rising costs in China. The researchers estimated that could add between \$20 billion to \$55 billion to U.S. gross domestic product before the end of the decade. U.S. export gains in Chinese and other global markets will create between two million and three million American jobs, lower the U.S. unemployment rate by between 1.5 to 2.0 percentage points and cut the U.S. merchandise trade deficit by 25 to 35 percent, according to the study. (Source: Bloomberg)

One responsibility we have as citizens of the United States is to make certain our elected officials are consistently setting our country's welfare as a priority over their own political futures and affiliations —and the only way we can affect change is by voting out those politicians who would seek to outsource American jobs, while striving to keep those who in office that desire to see America succeed.

- The US economy is part of a “global loop;” not an economic island:
The global marketplace is moving rapidly. Growth and change are everywhere as the world’s economic needs evolve and opportunities for the right companies emerge. Investors who recognize key issues such as the effects of *Global Rebalancing (most frequented by the Invisible Hand)*, *Raw Materials and Resources*, constant *Innovation and Transformation*, and *Great American Companies* could be in a position to benefit from this infinite global loop.

The U.S. has the greatest advantages of anyone in this global marketplace because of our creativity and our solid background of beliefs in God, family and country... in that order.

- Innovation and Transformation: An example...
With U.S. sponsored space flights falling in number, private industry is picking up where NASA left off. In late May, Space Exploration Technologies Corp. became the first private company to dock a spacecraft with the International Space Station, located 240 miles above earth. NASA actually contributed \$381 million in seed money for the venture, and has contracted with SpaceX – the brainchild of PayPal founder Elon Musk – to begin shuttling cargo to the station.
(Source: The Wall Street Journal)

As a citizenry our attitude **must** change. We cannot keep thinking that the government should provide everything. That is not government’s role. Sustainable growth and a healthy economy for all citizens are the responsibility of the people. The government works for the people. The people need to take back that responsibility. Private/Public partnerships in education, transportation, and energy are all examples of changes in attitudes that we must embrace sooner rather than later.

- Myth: The US is falling behind.
Perhaps reports of the U.S. losing its lead in global business innovation are a little premature. Patent applications in the U.S. reached 535,000 in 2011, the highest ever – and 2 ½ times more than just 20 years ago. The domestically originated share of all U.S. patent applications has declined, primarily because patent applications from China have soared in recent years. Nonetheless, the U.S. remains the primary source of life-changing inventions: Of the 320-plus innovations that the Encyclopedia Britannica judged to have the greatest impacts

on human life, roughly half came from U.S. inventors and U.S. firms. (Source: Strategas Research)

Ultimately, we need to stop allowing the mainstream media to mold our thinking. Remember that negative news sells readership and subscriptions and causes us to listen to “new reports,” when most of these articles are nothing more than journalistic rhetoric. Do your own thinking. Free-thinking is what our democracy stands upon. **Vote** and vote your own mind. That’s what facilitates the movement of Adam Smith’s “invisible hand”... and will better our society, and the global economy, in the long run.

The United States is going to be fine and because of your actions, we will be able to leave a great legacy to the generations that follow, and they will have the American spirit to carry on that same legacy.

Until next time,
Joel

P.S. At a later time we may discuss how Hong Kong was an experiment by China on Adam Smith’s philosophies of how a nation builds wealth.

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