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## CLIENT BULLETIN

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### ➤ *Social Insecurity*

For many of today's workers, the lifetime payroll tax contributions they make during their working years (FICA tax) will exceed the amount of social security benefits they receive in retirement. This is one more reason to make sure you maximize your social security benefits with wise choices and creative claiming strategies. Just don't ask your local security office how to do that. SSA employees can tell you the amount you will receive at various ages, but those are just the rules, not strategies. The agents look at your situation on the day of filing, not over a multi-decade retirement. We use a sophisticated software system to analyze the various options to help clients make choices with the goal of maximizing benefits over their lifetimes.

### ➤ *Longer and Longer*

The main reason that making a wise choice of social security benefits is important is the continued march forward of life expectancies. Updated statistics show that an average 65-year-old male has a life expectancy of 21.6 years (to age 86.6), an increase of 2 years in the last 15 years. An average 65-year-old female has a life expectancy of 23.8 years (to age 88.8 years). For a 65-year-old couple, there is a 47% chance that one of them will live to age 90. Keep in mind that these are *averages*, which means that ½ of people will be below average life expectancy and ½ will be above it. If you have good genes, eat a reasonably healthy diet, exercise and have access to medical care, chances are good that you will fall into the second category. (Source: Society of Actuaries)

### ➤ *Uncertain times?*

Our real-time access to world events and global violence is unprecedented. Ebola, fighting in the Ukraine and ISIS killings are just a few examples. As a result, it's no surprise that most people think we live in the most uncertain and dangerous times. The reality, however, is far from the perception. Americans are 95% less likely to die of an infectious disease than they were a century ago. From the standpoint of violence, we have seen a steady march in the right direction. In the time of Genghis Khan, over 11% of the earth's population was killed in battle, while the world wars and genocides of the 20<sup>th</sup> century saw almost 4% of the world's population perish in battle. By comparison, less than .01% of the world's population dies in battle today. It's important to remain in tune with the flow of news, but put today's dire news reports into the appropriate historical context. There has actually never been a safer and more peaceful time to be alive. (Source: Center for Disease Control and Statistics on Violent Conflict, 2013).

*Steven F. Carter, CFP® is a Registered Principal with and securities offered through LPL Financial, Member FINRA/SIPC.*

### ➤ ***Any Port in a Storm***

Until recently, roughly ½ of all U.S. cargo has flowed through ports along the West Coast including sneakers, soy sauce and auto parts manufactured in Asia. A recent labor dispute caused gridlock at ports along the West Coast with ships lined up for days. The biggest shippers, including Wal-Mart Stores, Home Depot and Target, didn't sit idly by. Supply chain flexibility allows shippers to diversify transportation modes and ports to avoid the congestion. It takes twice as long to ship goods through East Coast ports, but with lean inventories and scheduling deliveries to arrive just as they are needed, the shippers are making it work. It could be difficult for the West Coast ports to earn that business back. (Source: World Shipping Council)

### ➤ ***Back to the Future***

Self-driving cars have long been a staple of science fiction and futuristic prediction, but the potential economic impact of them is starting to become a reality. Automakers around the world, and several technology companies, are not just working on driverless cars but putting them on the street. Autonomous cars represent an opportunity for companies that have not traditionally been part of the auto industry. In addition to Google, Cisco Systems IBM and Intel are working on elements of the driverless car. Many other companies around the world are working on cameras, radar, sensors and other equipment that help cars drive themselves. Other companies are lining up to sell media to us since we will have all of that extra free time on our hands. The economic implications could be huge. Researchers at Morgan Stanley estimate the benefit of autonomous cars to the U.S. economy could eventually approach \$1 trillion. (Source: Financial Times).

### ➤ ***Wall Street Casino?***

Many commentators and authors selling books liken investing in stocks to a “Vegas Casino”. This is an erroneous analogy. The odds of winning any of the most popular games in Vegas of course never reach 50%, including Baccarat (48.8%), Roulette (44.7%) and Keno (23%). The longer you sit at a table in Vegas the worse your odds get because “the house always wins.” Investing is exactly the opposite. Over rolling 1-year periods since 1926, the odds of achieving a positive return investing in the S & P 500 stock index are 75%. Lengthen out your time frame to 5 years and your odds of “winning” go up to 87% and over 15 year time periods you have come out ahead 99.7% of the time, with the only two down periods coming during the great depression. With investing you are the “house” and the longer you invest the greater your chances of “winning”. (Source: Wizard of Odds, Morningstar Direct). The S & P 500 is an unmanaged index which cannot be invested into directly. Past performance is no guarantee of future results. Investing involves risk including possible loss of principal.

### ➤ ***Overpopulation?***

Thomas Malthus, the godfather of all demographic pessimists, stated “all the children born, beyond what would be required to keep the population level, must necessarily perish”. That's pretty harsh, but here's a reality check: the entire 7.2 billion population of planet earth could move to Texas and it would not have the population density of New York City. (Source: United Nations and World Bank)

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