This Publication Brought To You Courtesy Of:

STEVEN F. CARTER
CERTIFIED FINANCIAL PLANNER™, Practitioner

CARTER FINANCIAL

4225 Executive Square
Suite 1030
La Jolla, CA 92037-1486
Phone: (858) 678-0579
Fax: (858) 546-0792
E-mail: steve.carter@lpl.com
www.stevecarterfinancial.com

CLIENT BULLETIN

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➢ *Bad Call*

The S & P 500 stock index hit its most recent bottom on March 9th, 2009, the end of a 17-month decline in which the index fell 57%. A weekly survey of stock investors indicated that 70% of them were bearish at the time, the highest measurement **ever recorded** by this study. Since then the S & P 500 has climbed approximately 150% or the equivalent of 21%/year. (Source: American Association of Individual Investors)

➢ *No Change?*

Medicare turns 50 years old next year, having begun in 1965. The age of eligibility for Medicare was set at 65 when the program began. At the time, the mortality age of the average American male was 62. The current age of eligibility is…65. The eligibility age for Medicare should be 73 if it had been adjusted to account for increases in life expectancy since 1965. (Source: Medicare, Centers for Disease Control)

➢ *About Time Again?*

Congress is constantly tinkering with the tax code, but the last **major** tax reform was phased-in over a two year period in 1988 when the top marginal tax bracket was lowered from 50% to 28%. (Source: Internal Revenue Service)

➢ *Smooth Sailing?*

Not much has been happening on the economic front the past few months. Reminds me of the western movie when the by-the-book cavalry colonel from back east (usually played by Henry Fonda) says, “Mighty quiet on the plains tonight.” Followed by the grizzled old Indian fighter (usually played by John Wayne) saying “Yeah. Too quiet”.

➢ *And Your Plan is What?*

38 of the 84 million American households (45%) that are headed by working-age people have $0 pre-tax retirement accounts such as a 401(k) or an IRA. (Source: National Institute on Retirement Security)

- ***Euro Survival?***

In the European Union, government debt burdens are high; many of the zone's members have broken political-economic models and the ongoing recessions and near recessions will almost certainly continue. But set against these difficulties, unity in the zone enjoys two broad supports, making a breakup unlikely.

- ***Pillar #1***

Support #1 is the continued commitment by the European Central Bank (ECB) – the European Union's equivalent of the Federal Reserve Bank. While the ECB has at times talked out of both sides of its mouth and dragged its feet, it has moved to relieve the financial crisis every time when push comes to shove. ECB President Mario Draghi has said that the bank will do whatever it takes to secure its currency (the Euro) and its zone. He and everyone else at the ECB have a powerful personal motivation to secure the zone and its currency – without a Euro there would be no reason for a European Central Bank – or their jobs.

- ***Pillar #2***

Support #2 is the tremendous pressure on Germany, Europe's paymaster, to sustain the euro and the Eurozone. As Europe's most significant and viable economy, Germany is entirely committed to protecting the euro. Germany has little option but to support the euro and Eurozone as it is presently constituted, the country is simply too tied to the euro and the union. If it were to let the common currency fail, it would do itself great economic and financial harm. German banks and other financial institutions hold over €400 billion in Spanish, Greek Portuguese and Irish obligations alone. This exposure amounts to 17% of Germany's gross domestic product. Dissolution of the Eurozone would consequently threaten Germany with such severe credit restraints that their economy would surely tip into recession. (Source: The Economist, May 25, 2013)

- ***New Geography***

Connecticut isn't the first place you think of when investing in an economic recovery in Europe. But could a New England-based online travel company really be more closely connected to an economic recovery in Europe than the continent's largest companies? Turns out it can be. Such is the case of Norwalk-based hotel-booking site priceline.com. Launched in 1998, the company largely catered to a U.S. consumer with its 'name your own price' business model. But the 2005 acquisition of Netherlands-based booking.com, a European hotels business, transformed Priceline from a domestically focused business to one that now generates more than 62% of its revenue from Europe - a larger percentage than Nestlé, HSBC, Roche and Novartis, the largest companies in the MSCI Europe Index. (Source: MSCI)