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CLIENT BULLETIN

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➤ *Social Security Changes*

On November 2nd President Obama signed into law new regulations eliminating strategies available for maximizing the amount of social security benefits received. The favorable strategies are available to couples who have not filed for social security yet and are both age 66 or older before 4/30/16 when the new regulations are presumed to take effect. Anyone who is eligible and makes an election before 4/30/16 will be grandfathered. Our office will be evaluating each client's individual situation and contacting anyone who could benefit from making a social security benefit decision before the deadline.

➤ *Missed it by That Much*

Changes like this are designed to put the Social Security system on a sounder financial footing. When President Franklin D. Roosevelt first proposed the Social Security program in 1935, his financial people projected that total Social Security expenditures would reach \$1.3 billion by 1980 (yes, they did make 45 year projections in those days). Actual outlays through 1980 were \$149 billion so the original estimate was off by about 99%. (Source: Social Security).

➤ *Get Insured*

It will become more costly to go without health insurance in 2016. Anyone not covered by Medicare, Medicaid, an employer plan, a private plan or coverage through a state or federal exchange in 2016 will pay a fine of the greater of \$695 per person or 2.5% of income – up from \$325 per person or 2.5% of income in 2015. (Source: Affordable Care Act)

➤ *Greek Debt Anyone?*

Greece, which has not been able to borrow any money in the global debt marketplace since July of 2014, hopes to issue sovereign debt again in the first half of 2016. What interest rate would you require to lend money to them? (Source: Financial Times)

➤ *Permanent Extension*

Congress passed and President Obama signed legislation recently that extended certain tax provisions. Unlike past tax “entender” legislation, many of the provisions were permanently renewed, giving taxpayers some clarity for future decisions. The most popular provisions that are now permanent include permitting taxpayers 70 ½ or older to make distributions directly from an IRA to a charity, and allowing distributions from 529 education accounts for computer equipment and software to qualify for tax-free treatment.

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➤ ***Not So Graying Nation***

We have all heard plenty of statistics about the impact of the baby boom generation in the U.S. There are approximately 78 million baby boomers who were born between 1946 and 1964 and roughly 10,000 of them turn age 65 every day. By one measure however, the baby boomers are being overtaken by Millennials, those born between 1982 and the early 2000's. Millennials are also called the "Echo Boom" because they are the kids of the Baby Boomers. The change is demonstrated through a question – what age represents the largest single age group in the United States? Take a guess before going on.

➤ ***Not So Graying Nation II***

The surprising (to me) answer is 22, meaning there are more 22 year-olds in the U.S. than any other age. As a matter of fact, the second most populous age is 23 and the third most is 21. It isn't until 4th place until you get to a baby boomer – age 53. Much of the reason has to do with immigration. Most age groups up to age 40 are getting larger each year while those 40 and over, where immigration drops off drastically, are declining in size.

➤ ***Oil Impact***

The International Monetary Fund warned in October that most countries in the Middle East, including Saudi Arabia, will run out of cash within 5 years if oil prices do not rise above the \$50 mark. The drastically reduced cost to pump a barrel of crude oil in the U.S. – down from \$70 a few years ago to \$35 today - leaves those countries with much less control over the price of a barrel of oil. This is a far cry from the 70's when the Organization of the Petroleum Exporting Countries (OPEC) launched an embargo that caused crude oil prices to quadruple. Technological advances such as coaxing more oil from shale formations in the U.S. have changed the economics of petroleum.

➤ ***Continuing Education***

I attended a continuing education seminar in early December. One session was presented by a thanatologist. If you're like me, you have to look that word up in the dictionary. It is someone who studies death and the process of dying. The session covered not only death but also aging, dementia and Alzheimer's. These are crashing problems that no society has ever faced.

➤ ***Continuing Education II – What Do You Really Mean?***

The type of longevity we are experiencing presents challenging questions. For example, when asked “do you want to be kept alive by machines?” most people would say no. When asked “if there was a 70% chance you would have a full recovery if you were able to survive for a month after an incident, would you like to be kept alive by machines?” the answer might change. Another question – if you have severe Alzheimer's and get pneumonia, do you want to be cured of the pneumonia and returned to a state where you don't even recognize yourself in the mirror? The point of the session was to not just have all of the documents we should all have (durable powers of attorney, directive to physicians etc.), but to talk to your family and loved ones so that they know your wishes in these types of circumstances and can carry them out.

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