



This Publication Brought To You Courtesy Of:

STEVEN F. CARTER
CERTIFIED FINANCIAL PLANNER™, Practitioner

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



CLIENT BULLETIN

September 2016

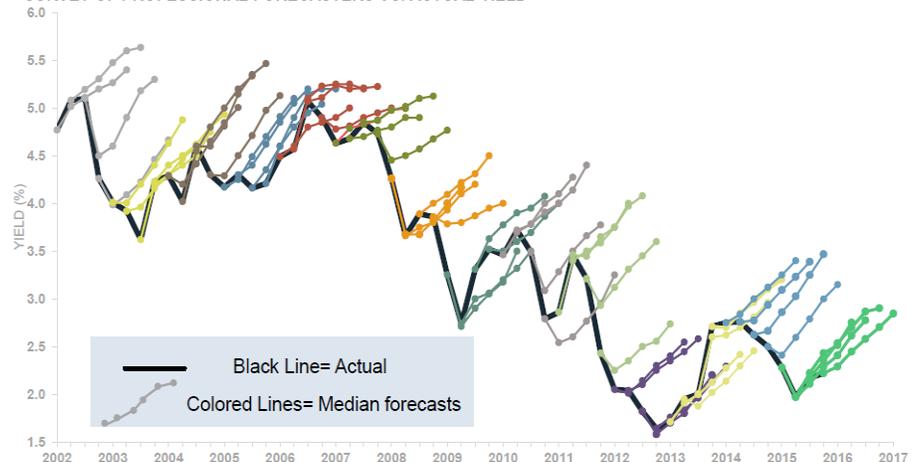
➤ *Not So Educated Guessing*

The chart to the right illustrates the uselessness of listening to “experts” who attempt to predict the future direction of interest rates. The black line represents the actual yield of the 10-year U.S. Treasury note, while the colored lines represent the forecasted level of interest rates by a group of professional forecasters.

(Source: Federal Reserve Bank of Philadelphia Quarterly Survey of Professional Forecasters.)

The black line represents the actual rolling 10-year note yield while the colored lines represent forecasted numbers. Each colored line represents five quarters of forecasts by the professional forecasters (median).

SURVEY OF PROFESSIONAL FORECASTERS VS. ACTUAL YIELD



➤ *Don't Trust the “Experts” II*

“Humanity is sitting on a time bomb. If the vast majority of the world’s scientists are right, we have just ten years to avert a major catastrophe that could send our entire planet’s climate system into a tailspin of epic destruction involving extreme weather, floods, droughts, epidemics and killer heat waves beyond anything we have ever experienced – a catastrophe of our own making.”

(Advertising for Al Gore’s “documentary” film *An Inconvenient Truth*, May 2006).

➤ *Car Mania*

The economy must not be in too bad of a shape if you are to believe car-buying statistics: in the first quarter of 2016, the proportion of new cars bought with financing rose to more than 86% and the average loan topped \$30,000. The average term for a new car loan is **68 months**. That's enough to make a financial advisor cringe. (Source: Experian automotive)

➤ ***Water, Water Everywhere***

In 2015, Americans consumed 11.7 billion gallons of **bottled** water, exceeding the consumption of **tap** water for the first time. Bottled water consumption grew 120% between 2000 and 2015 as increasing concerns over the health impacts of high-sugar beverages helped boost demand. Over the same time period, the consumption of carbonated beverages has declined 16%. (Source: Beverage Marketing).

➤ ***Oil, Oil Everywhere***

The United States currently has 264 billion barrels of oil reserves (defined as recoverable oil from existing fields and untapped areas as well as an estimate of future discoveries), the most in the world. Russia clocks in second at 256 billion barrels and Saudi Arabia's 212 billion barrels is third (Source: Rystad Energy).

➤ ***Progressive Enough?***

The top 5% of U.S. tax payers paid more in federal income taxes (\$721 billion) than the bottom 95% of U.S. taxpayers (\$511 billion) for the 2013 tax year, the latest for which complete data is available. (Source: Internal Revenue Service).

➤ ***Healthy, Wealthy and Wise***

Want to become financially independent? Beyond hard work and perseverance, there are several important behaviors shared by those who started with humble beginnings and became financially successful. These include: sleeping an average of 7.5 hours per night and getting up by 6:00 AM; reading two or more books per month; exercising an average of 3 ½ hours/week; maintaining a diligent to-do list; having a mentor; and last but not least, saving at least 20% of their income. It's not rocket science. (Source: The Millionaire Next Door by Thomas Stanley).

➤ ***\$ In, \$ Out***

A dual working couple in America making a combined \$95,000 that turned 65 years old in 2015 is projected to receive \$616,000 in **Social Security benefits** over their lifetime, 13% more than the \$543,000 they paid in Social Security payroll taxes during their working years. The same couple will receive \$422,000 in lifetime **Medicare** benefits, 3 times the \$140,000 they paid in Medicare payroll taxes during their working years. (Source: Urban Institute. All figures are 2015 present value numbers).

➤ ***Business Continuity***

In June the Securities and Exchange Commission proposed a rule requiring registered investment advisors to adopt a written business continuity plan in the event of a “significant business disruption” such as a natural disaster or act of terrorism. Carter Financial has had such a plan in place for years including a pre-arranged alternate physical location for business operations, backup and recovery of data, and communication protocols with clients and employees in the event of a disruption.

**The information contained in this newsletter is of a general nature and is not intended to be a substitute for specific individualized financial or tax advice. It should not be acted upon in your specific situation without further details and/or professional assistance. Investing involves risk including the potential loss of principal. No strategy or product can assure success or protect against loss. The economic forecasts may not develop as predicted and there can be no guarantee that strategies promoted will be successful.*