



This Publication Brought To You Courtesy Of:

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## CLIENT BULLETIN

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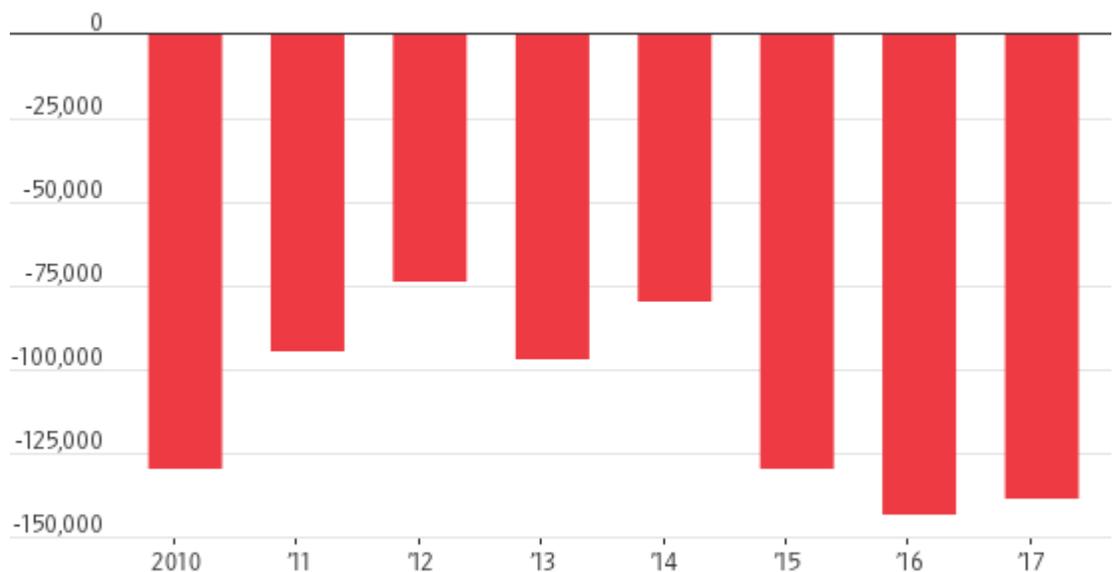
### ➤ *Back to Work*

American employers reported an increase of 304,000 new net jobs in January 2019, the **one-hundredth consecutive month** of job gains in our country, i.e., from October 2010 through January 2019. An average of 202,000 new jobs each month has been created over the 100-month run (source: Department of Labor).

### ➤ *You Can Check Out Any Time You Like; And You **Can** Leave*

More and more people are leaving the Golden State. Total emigration from California to other states between 2006 and 2017 was third highest in the nation behind only New York and Illinois. For many former Californians, the high cost of living outweighed the climate and a strong economy. California has some of the highest utility bills and taxes in the country and the median home price soared 83% between 2012 and 2018. Ex-Californians have flocked to neighboring states like Nevada, Idaho, Utah and Arizona.

Net migration in California



Note: Net migration excludes births and deaths  
Source: Census Bureau

### ➤ *One Espresso Please*

27% of millennials surveyed spend more money on coffee each month than they set aside and invest monthly for their eventual retirement (source: Lendedu.com).

## ➤ *Already Spoken For*

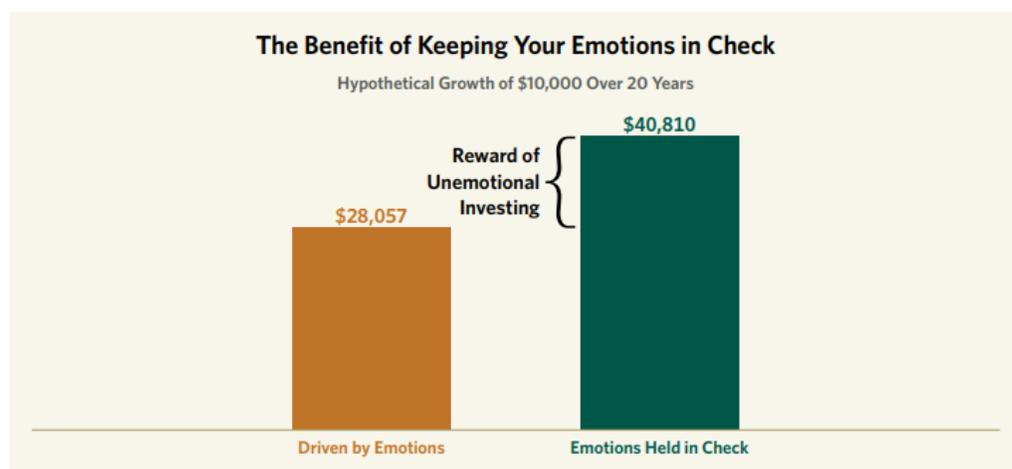
Pretty soon Congress won't need to meet to set a budget. During the current fiscal year, **mandatory** expenses (Social Security, Medicare, interest on the debt etc.) are twice as large as **discretionary** expenses (\$2.695 trillion to \$1.334 trillion). 10 years from now estimated mandatory expenses of the US government will be **three times** as large as discretionary expenses (\$4.584 trillion to \$1.530 trillion). And that's with some pretty favorable assumptions about the growth of mandatory expenses over the coming decade (source: Congressional Budget Office).

## ➤ *One Day, One Year*

Over the last 40 years, the worst **annual** return for the bond market was a 2.9% decline in 1994. Over the past 10 years, the stock market has averaged roughly six **days** per year that produced a larger one-day decline than that worst **year** in the bond market (source: Bloomberg Barclays).

## ➤ *Hold Those Emotions*

Emotions are a curse when it comes to successful investing. The accompanying chart puts a price on those emotions. The green bar represents the growth of \$10,000 invested in the average



Source: *Quantitative Analysis of Investor Behavior* by Dalbar, Inc. (March 2018) Lipper and Davis Advisors. Dalbar computed the Average Stock Fund Investor Return (above, "Driven by Emotions") by using industry cash flow reports from the Investment Company Institute. The Average Stock Fund Return (above, "Emotions Held in Check") figures represent the average return for all funds listed in Lipper's U.S. Diversified Equity fund classification model. The average annual return for these two were 5.3% and 7.3% respectively. Dalbar also measured the behavior of an "asset allocation" investor who uses a mix of equity and fixed income investments. The annualized return for this type of investor was 2.6% over the time frame measured. All Dalbar returns were computed using the S&P 500 Index. Returns assume reinvestment of dividends and capital gain distributions. The fact that buy and hold has been a successful strategy in the past does not guarantee that it will continue to be successful in the future. The performance shown is not indicative of any particular Davis investment. **Past performance is not a guarantee of future results.**

## ➤ *Life in the Future*

We recently moved the time frame for our financial planning models from age 100 to age 105. This usually elicits a chuckle from clients, but... consider what Dr. Andrew Futreal, Ph.D., Chair of Genomic Medicine at the MD Anderson Cancer Center says: "Cancer is a disease of the genome. Every person's cancer is different and every tumor has its own unique abnormalities at the genetic level. Some of these abnormalities are clinically significant and, if identified, can be exploited to improve cancer detection, management and treatment." The cost of sequencing a human genome has dropped from **\$100 million** in 2001 to **less than \$1,000** in 2018 (source: National Human Genome Research Institute).

*The opinions voiced in this material are for general information only and are not intended to provide specific advice or recommendations for any individual.*