



## Clarion Newsletter

January 2014

### 2014 Has a Positive Ring to It Investment Property Owners Ready to Sell Rental Properties

As disclosed in prior articles in the Clarion, we lay no claim to possessing special powers nor do we admit to owning a crystal ball. Our predictions, forecasts and general hyperbole are based solely on personal opinion, best guesses and a few random thoughts. In this article we offer a little of all the above. We hope you find some of it to be helpful and other parts to be insightful and maybe a little bit amusing, so take it for what it is worth!

In January 2013 I announced at our monthly seminar my personal prediction for a 20,000 Dow by the end of 2015. At the time the Dow was trading at about 13,500. Given the stinging, lingering impact of the Great Recession, my prediction at the time seemed overly ambitious to most. The Dow had risen from 7,949 on day one of President's Obama's first term, but few felt good about the economy in January 2013 in spite of the market's strong rebound. As I write this article the Dow is trading at about 16,550 just one year later. Who knows, maybe a 20,000 Dow is not unrealistic by the end of next year. In any event, the economy appears to be headed in the right direction as the jobless recovery continues.

Year-end numbers for 2013 will not be out for a while, which will be subsequently revised once more reliable data becomes available. But so far the numbers are looking pretty good in terms of the economy in general, not only in the U.S. but around the world as well. Europe, our largest trading partner, seems to be recovering from their financial crises. At least things are improving for our friends on "the continent" to the point where the news provides little coverage these days about the banking, debt and credit crises many countries were facing only a few short months ago. Canada, Brazil, Singapore, Australia, China and many other countries seem to have stronger economies as we enter 2014.

Looking at this January compared to one year ago in the U.S. unemployment is down, domestic production is up, the GNP continues to grow, banks have

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#### Upcoming Seminars

Tuesday, February 11  
Thursday, March 20  
Wednesday, April 16

#### Portfolio Review

Call us today to make an appointment to get your financial New Year's resolutions on track!

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866-557-1031



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stabilized their balance sheets shedding much of their bad debt, interest rates remain low, savings is growing, consumer debt has decreased, General Motors and AIG, etc. have successfully paid off all of their debt to the U.S. government, and consumer confidence is growing; all of which point to the possibility that our economy will continue to grow this year and beyond. Is the recession over? For sure, but another one is definitely on the way if history continues to repeat itself.

The Affordable Health Care Act, or Obama Care if you prefer, took effect on January 1 giving millions of people access to affordable health care previously not available to them. There will be many more changes in the medical services industry as our population continues to age. It seems all of us these days have a loved one or know someone affected by elder care, long-term care, a debilitating disease, or who needs help living alone. Most elderly people don't need nursing homes but many require help with daily activities. When providing that support is not practical for the family, assisted living could be the answer. The demographics of the aging Baby Boomers will have a tremendous impact on health care services across the country in the years to come. We have been evaluating what this means to our clients on both a personal and investment level, and want to ensure all clients address the need for on-going elder and long-term health care related expenses in their financial plan and investment portfolio. In addition, beginning in January we will be introducing to our clients new investment options in health care, senior housing, medical office buildings and other health care-related investments.

Crooks are afoot. One can no longer take too many precautions to protect their privacy and assets from those who would steal them. ClearView sends out encrypted emails when including important personal information such as account numbers and Social Security numbers. We keep all client paper records under lock and key in our office and all electronic records are securely stored offsite. We shred all confidential information disposed in the office. We strongly encourage all clients to take extra caution in protecting their personal and private information.

Here are a few tips for your financial and physical health and welfare in 2014 and beyond:

1. Buy a small shredder and shred all statements, reports and other materials that contain confidential information such as account numbers or Social Security numbers. Never throw these types of documents "out with the trash".
2. If you have a loved one who appears to have early stages of dementia or Alzheimer's disease, get them into a doctor as soon as possible. Early diagnosis of Alzheimer's could result in improved treatment. At this point in their lives they are also very susceptible to financial fraud and theft, so look for signs of elder financial abuse with your friends and loved ones.
3. Get a physical every year, whether you think you need one or not. We all need one!
4. Read all of your credit card and bank statements carefully each month to ensure all charges are correct and appropriate. Request at least one free credit report each year from each of the three credit reporting agencies at [AnnualCreditReport.com](http://AnnualCreditReport.com).
5. If you do not have one, get a Living Trust from an attorney and ensure the Trust is "funded" with all of your appropriate investments. Call us if you need a referral to a good attorney specializing in this area

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- of law.
6. Have an annual financial check up with us to ensure your financial goals and objectives are being met and you are on track to attain and/or maintain your financial independence. We like to conduct portfolio reviews with clients at least once per year, but as often as the client prefers.
  7. If you/your spouse have an IRA that you expect will be passed on to you/your spouse, review the investment to ensure it is set up to pass on to you/your spouse in the most tax efficient way possible. Call us to discuss this if you have questions.
  8. Before traveling abroad, ensure you have ready access to a substantial amount of cash for medical emergencies, unanticipated cash requirements and expenses, or to extend your stay an extra week or two on that south sea island you are just not ready to leave!
  9. Cash is King. Be sure to maintain substantial liquidity invested conservatively and kept readily available for when you need it, at home or abroad.
  10. Plan ahead. Most people don't, keeping them from achieving their dreams.
  11. If you or loved ones are thinking about the possibility of senior housing or assisted living in the future, start the process now. There is much to learn. Consider one of the private retirement communities that provide four different accommodation levels at one location including (1) independent living (2) assisted living (3) special care units for Alzheimer's and dementia, and (4) skilled nursing facility. These communities allow seniors to move from one facility to another on campus as needed.
  12. The choices for elder care have become increasingly diverse in recent years. Options now include low budget to luxury facilities, studios to suites, kosher dining rooms, homes that cater to certain ethnic groups, and even facilities near college campuses that cater to alumni.
  13. If you provide the funds for your parent's assisted living facility, you might qualify to deduct the payments. If two or more siblings help out, the family members might be able to take turns claiming the deduction via a multiple support agreement. Consult your tax advisor for more information.
  14. Establish a durable Medical Power of Attorney (MPA) if you do not have one now. They come as a standard part of a Living Trust referenced in item 5 above. If you do not have a Living Trust with an MPA, you can establish one separately.
  15. Exercise more, eat well, travel, spend your money and have a great life in 2014!

As always, please call us any time we can be of assistance. We look forward to working closely with you in the months and years ahead.

## Looking Back at 2013

### How good a year was it for the economy? Statistics tell the tale.

Was 2013 a terrific year for stocks? Absolutely. The good news wasn't limited to Wall Street, however: the unemployment rate fell, the economy revved up, home prices rose and inflation pressure was minimal.

Bulls triumphed. Christmas Eve brought the Dow's 49th record close of 2013: 16,357.55. The S&P 500 settled at 1,833.32 on December 24 - a new all-time peak - while the NASDAQ ended the day at 4,155.42. The YTD



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gains on Christmas Eve were stunning: DJIA, 24.83%; S&P, 28.55%; NASDAQ, 37.62%. As you read this, these indices may have climbed even higher since.<sup>1,2</sup>

GDP improved. Our economy expanded just 0.1% in the fourth quarter of 2012, but things got better in 2013. The Bureau of Economic Analysis measured GDP at 1.1% for Q1, 2.5% for Q2 and 4.1% for Q3.<sup>3</sup>

The job market began to turn around. In November, the jobless rate hit a 5-year low of 7.0%. From August through November, non-farm payrolls grew by an average of 204,000 jobs per month, compared to average growth of 159,000 new jobs a month from April to July.<sup>4</sup>

Homes grew more valuable. In late November, the September edition of the S&P/Case-Shiller Home Price Index showed a 13.3% year-over-year gain. Prices hadn't risen so dramatically in a 12-month period since February 2006.<sup>5</sup>

The Consumer Price Index barely rose. It was flat in November, and that put yearly consumer inflation at only 1.2%; the annualized gain in the core CPI was also minor at 1.7%. As recently as the summer of 2011, consumer inflation was approaching 4%.<sup>6</sup>

The recovery seemed to acquire more momentum. After years of troubling economic developments, 2013 was refreshingly positive. If the economy hasn't quite healed yet to where it was before the recession, indicators such as these suggest it won't be long until that day.

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Citations.

- 1 - [foxbusiness.com/markets/2013/12/24/stock-futures-steady-ahead-durable-goods-data/](http://foxbusiness.com/markets/2013/12/24/stock-futures-steady-ahead-durable-goods-data/) [12/24/13]
- 2 - [usatoday.com/money/markets/overview/](http://usatoday.com/money/markets/overview/) [12/24/13]
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- 5 - [tinyurl.com/jvl25lh](http://tinyurl.com/jvl25lh) [11/26/13]
- 6 - [marketwatch.com/story/consumer-prices-unchanged-in-november-2013-12-17](http://marketwatch.com/story/consumer-prices-unchanged-in-november-2013-12-17) [12/17/13]

***Happy New Year!***

*ClearView thanks all of our clients for their support and allowing us to be their financial advisor.*