



Wealth Care LLC Monthly Commentary-December 2015

From a Prominent Research Firm:



It is becoming increasingly likely that the asset classes that have performed the worst over the last five years will lead the pack over the next five years.



No Ordinary Disruption

One of the interesting books I read in 2015 is “No Ordinary Disruption: The Four Global Forces Breaking All the Trends”. In the book, the authors discuss the explosion in population trends (cities), adaption of technology, and the changes in global information and energy trends.

They point out that in the US, it took fifty years from the first telephone to a point when only one half of homes had one. It took thirty eight years for half of Americans to get a radio. Now, more than half of the US acquired a smartphone within five years. A mobile text program, WeChat went from zero to three hundred million Chinese users in two years. Seventy five *billion* apps have been loaded to iPhones worldwide.

More flat screen TVs and automobiles are purchased in China than in the US annually already. By 2030, over six hundred million people in emerging market countries will earn more than \$20,000 a year (sixty percent of all the global population that earns that much).

There are more cell phones than people on the globe. Three quarters of the world has a cell phone, most with the internet accessible. This means that three quarters of the world can connect via voice, web, and email at almost no cost.

Look at the graphic on the next page and just imagine the changes to come.



12 The Disruptive Dozen

Twelve technologies have massive potential for disruption in the coming decade



CHANGING THE BUILDING BLOCKS OF EVERYTHING

1. Next-generation genomics

Fast, low-cost gene sequencing, advanced big data analytics, and synthetic biology ("writing" DNA)

2. Advanced materials

Materials designed to have superior characteristics (e.g., strength, weight, conductivity) or functionality



MACHINES WORKING FOR US

6. Advanced robotics

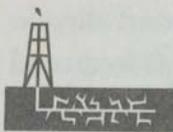
Increasingly capable robots with enhanced senses, dexterity, and intelligence used to automate tasks or augment humans

7. Autonomous and near-autonomous vehicles

Vehicles that can navigate and operate with reduced or no human intervention

8. 3-D printing

Additive manufacturing techniques to create objects by printing layers of material based on digital models



RETHINKING ENERGY COMES OF AGE

3. Energy storage

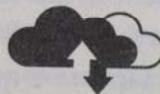
Devices or systems that store energy for later use, including batteries

4. Advanced oil and gas exploration and recovery

Exploration and recovery techniques that make extraction of unconventional oil and gas economical

5. Renewable energy

Generation of electricity from renewable sources with reduced harmful climate impact



IT AND HOW WE USE IT

9. Mobile Internet

Increasingly inexpensive and capable mobile computing devices and Internet connectivity

10. Internet of things

Networks of low-cost sensors and actuators for data collection, monitoring, decision making, and process optimization

11. Cloud technology

Use of computer hardware and software resources delivered over a network or the Internet, often as a service

12. Automation of knowledge work

Intelligent software systems that can perform knowledge work tasks involving unstructured commands and subtle judgments

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Personal Choices

These factors and dynamics are completely within your control. They are not dependent on others. It's your choice whether, arriving at your kid's soccer game late, you feel guilt for not having been there from the beginning or you're thankful that you're there at all. You may decide that a "no" from a prospect is a defeat, or a wonderful learning opportunity.

Your mindset is personal and manageable. Outside of calamity and trauma (and, often, even then, though that's not my topic this month), you can make what you choose to out of your days. What you tell yourself informs your behavior. The way you behave will influence others about how to respond.

Dan Gilbert of Harvard has studied the salutary effects of "synthetic happiness" and has concluded that people who make the best of the situation (e.g., "Being fired was the best thing that ever happened to me," or "That accident turned my life around") are genuinely happier than others who merely find joy in major life events (births, anniversaries, holidays, etc.).

Simple Acts

The very simple act of reminding yourself how beneficial your day was and how promising it's going to be is a major "self-intervention" in your improved state. Try it for a week, and see if it makes a difference.

My dogs view each new day with great relish. They don't dread anything. They sleep soundly at night. They always find something fascinating to do in the same yard.

I'm not sure what they're telling themselves, but it seems to work.-Alan Weiss



If You or a Friend Have Ever Been Sold an Annuity

A recent government inquiry into annuity sales uncovered the following (unsurprising) facts. The motivations to sell annuities is even more than outrageous commissions (7-10% commonly):

American Equity Investment Life has just concluded its San Francisco junket for agents with sales over \$3 million in annuities and life insurance sales. Its top 15 sellers (the Chairman's Club) will spend four days at the Calistoga Ranch & Spa in Napa Valley. Last year, these elite sales agents were given all-expense-paid trips to Disney World.

Athene Annuity & Life's "Leaders of Olympus"-level sales agents (qualification: \$5 million of sales) will get a trip to the Ritz-Carlton Aruba in the Caribbean Sea, with a 24-hour casino and exotic cuisine on location. The brochure, surely designed to motivate agents to sell the desired products, talks glowingly about the nearby nightclubs, stunning landscape, and the opportunity to walk barefoot along the coast at dawn—perhaps after the agent and a guest have spent the evening pulling handles in the casino, where the odds of a real return are better than with an equity-indexed annuity. Athene's top ten sales agents, meanwhile, get an additional "ultra-luxe experience"—two more days in Aruba, executives suites for their hotel stay, and a privately chartered catamaran cruise. Last year's perk was a trip to Dublin, Ireland—and a three-day trip extension to Dromoland Castle on the Cliffs of Moher.

Lincoln Financial sent its top agents to South Africa in 2015 and to the Bahamas next year. Fidelity Guarantee & Life sent its "Power Producers" to the Four Seasons Resort in Punta Mita, Mexico. Mutual Trust, obviously watching its pennies, merely invited its leading sales agents to Laguna Beach, California. American National Insurance's top award was a five-day stay at the Cove Atlantis on Paradise Island in the Bahamas. Others simply give out sales credits that can be redeemed for a trip of the agent's choice.

Producers groups, field marketing organizations and independent broker-dealers are conduits for lavish perks paid for by the insurance company. These are typically golf events, transportation and lodging at luxury resorts, and the pipeline is so thick and varied that one person described some of these sales organizations as "glorified travel agencies." The most generous perk described in the



report was a 30-day trip around the world for two, with stops in Bora Bora, Tahiti; the Ritz on Grand Cayman Island; a trip to Monte Carlo and a week in Rome, Italy. The least generous: jewelry, gift cards and iPads

Rachel's Corner:

Social Security is Changing:

Last month, Congress passed a bipartisan budget deal that changed the laws regarding claiming Social Security benefits. The most sweeping change will affect those turning 62 after 2015 (many of you).

What Hasn't Changed:

You can still claim your retirement check anytime after 62 and the longer you wait, the more your benefit will be. After you reach full retirement age, your benefit will increase 8% per year until age 70. Additionally, the survivor's benefit remains the same—at the death of the first spouse, the surviving spouse can take whichever benefit is larger.

What Has Changed:

For the next six months, anyone who takes spousal benefits under the file and suspend strategy (suspending their own) can continue to benefit from that strategy until age 70.

After that, if someone claims and suspends benefits, all checks based on his benefits—including spousal—will be cut off. Additionally, those turning 62 after 2015 will lose the ability to take only spousal benefits at their full retirement age. So, when they apply for benefits, that's it—they will get either the spousal benefit, or their own—whichever is higher. Bottom line: it is no longer an option for both spouses to let their earned benefits grow until age 70 while one spouse collects a spousal benefits check.



For a more in-depth explanation of this change the law, see this article:

<http://www.forbes.com/sites/janetnovack/2015/10/30/when-should-you-claim-social-security-the-answer-just-changed-for-some-boomer-couples/>

(Steve's comment) Of note is that the changes were made suddenly and in a bill that was voted on at two in the morning. This would suggest to me that future changes in Social Security may be made without warning as well. My best hunch is that those under age 55 may see reduced benefits, or starting benefits at a higher age than now.

Miscellaneous

National Do Not Call Registry-Block Telemarketers

<https://www.donotcall.gov/default.aspx>

Shred That Boarding Pass After You Land

http://krebsonsecurity.com/2015/10/whats-in-a-boarding-pass-barcode-a-lot/?utm_source=nextdraft&utm_medium=email

Itools

<http://itools.com/>

A great place to find the "tools" of the internet, such as phone number look-ups, video searches, etc.



Random Notes

Luck is what happens when preparation meets opportunity.”-Seneca

When things are bad, we take comfort in the thought that they could always get worse. And when they are, we find hope in the thought that things are so bad they have to get better. – Malcolm S Forbes

Here are some good examples of things you probably shouldn't care about in your financial life:

- Your relative portfolio performance against a meaningless index or benchmark.
- How billionaire hedge fund managers are currently positioning their portfolios.
- How much money your brother-in-law is making.
- What Twitter traders are telling you about the markets.
- The next fiscal cliff or government shutdown.
- How many days in a row the market has risen or fallen lately.
- Whether or not Herbalife is a Ponzi Scheme or the buy of a lifetime.
- The brand new car or boat your neighbor just purchased (on credit).
- That really great penny stock your co-worker told you they just bought because of an email tip they received.
- How much your retirement portfolio has gone down (or up) in the past quarter.
- How much money people claim to earn on Fan Duel every week.
- People who call for a market crash every single year.
- The couple you read about who lucked out and put their entire life savings into Apple stock a decade ago.

~~Ben Carlson

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