



## Wealth Care LLC Monthly Commentary-December 2016

### Investment Thoughts

Of course, the big news this month was the US election. Perhaps the biggest “take home” is to ignore geopolitical events and their possible effect on your portfolio. We know these truths (or should):

We can't time the market

We can't know the effect of any non-catastrophic geopolitical event on the market

We should not have equity investments that do not have a time horizon of ten years or more-at which time any previous short term market move is meaningless.

So, as with Brexit, the election's effect on market prices was unpredictable.

You pay us for guidance and to keep you safe financially. Usually the right thing is to let us do nothing. Author Nick Murray beautifully says: “We do not protect clients by demonstrating that the noise is wrong, but by insisting quietly that it is irrelevant.” He goes on to describe our job at Wealth Care LLC as having three main components:

First, we provide personal in depth financial planning individualized to your goals.

Second, we provide some historical context-on subjects like relative market valuations, our opinions on long term future returns, and whether you are saving enough to reach your goals.

Finally, it is our job to help you avoid big mistakes-making poor investments, buying in the midst of market enthusiasm (real estate in 2005-6, tech stocks in 1999) and/or selling emotionally (2008-9).



As to what the markets may do for the **next** year or two-we don't know. But if a guess is mandatory, the level of general pessimism on market returns until the election bodes well. America is a wonderful country, and like his politics/personality or not, President-elect Trump is in favor of smaller government, lower taxes, and perhaps better trade terms with the rest of the world. Count me as an optimist.

We fully expect an interest rate rise in December and perhaps more in 2017. That's not bad, and in fact might be good. We are starting to see more inflation and expect commodity prices to increase. This will ultimately be a positive for emerging markets equities which remain inexpensive. Europe (and the Euro) has a big event coming up with a vote in Italy this month that may end up with Italy leaving the European Union.

## Taxes

With complete Republican control of the executive and legislative branches of government, it is reasonable to expect some tax breaks in 2017. Best bets include a top marginal bracket of 33% (from 39.6%) and elimination of the almost 4% surcharge on unearned income. Also, expect a strong push to eliminate the estate tax.

## Miscellaneous

### Honey for "best price" Web Shopping

<https://medium.com/@katesmccconnell/how-to-get-better-prices-on-amazon-automatically-b055729396a1#ah6jgvige>



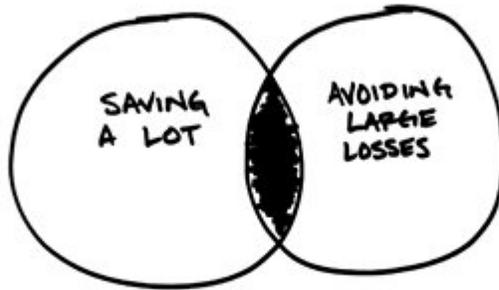
## Seven Lessons to Teach Your Children

1. That new toy you desperately want? Wait a week, and you'll be desperate for something else.
2. Folks who appear rich often aren't.
3. Just because you aren't paying doesn't mean it's free.
4. Mom and Dad might earn lots of money. But financial obligations probably devour 90 cents out of every dollar.
5. If you were paying the electricity bill, you wouldn't leave the lights on.
6. Those lottery tickets that get folks so excited? They're a state tax on stupidity.
7. When you leave home and live on your own, you'll kill for leftovers like these.

-Jonathan Clements

## Random Thoughts

**How to think about market volatility:** Pick a million random people from around the world every day. Some days, 51% would be in a good mood, 49% in a bad mood. The next day maybe it's the opposite. Other days, random chance could mean 8% of people are pissed off for no explainable reason. This is basically what the market is on a day-to-day basis.-Morgan Housel



"THE SECRET" TO HAVING ENOUGH WHEN  
YOU ARE 80

BehaviorGap.com

-Carl Richards

A safe investment is an investment  
whose dangers are not at that moment apparent-Lord Bauer

### The Big List of Great Money Advice

- The Joneses aren't as rich or happy as you think
- Get rich quick and get poor quick are sides of the same coin
- Your life is a better benchmark than the S&P 500



- The more complicated the investment advice, the more expensive and the less useful
- Spend less than you make. Always.
- Ask about anything you don't understand
- There is no such thing as job security
- A house is a place to live, not an investment
- No one knows what is going on with the economy
- The only sure thing about stocks is that there are no sure things
- Stocks tend to pay well because they are so volatile
- A raise in income shouldn't mean a raise in lifestyle
- Forecasting is for weather people
- Never reach for yield
- You will never have "enough" money
- There is an inverse correlation between performance and time spent watching financial news
- Diversification must occur within and between asset classes
- If it depreciates, don't pay interest on it (I'm looking at you, cars)
- You don't have to be rich to invest, but you have to invest to be rich
- Invest in your mind and your skills first
- Infrequent splurges bring the greatest happiness
- If it seems too good to be true, it is
- Max out your 401k match and contribution before you even consider watching CNBC
- Einstein never said that thing about compound interest but it's still magical
- If you're excited about an investment, it's probably a bad idea
- A penny saved is more than a penny earned
- Market corrections come more regularly than birthdays - expect them
- Debt is a four letter word too

(Nocturne Capital blog)

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