



Wealth Care LLC Monthly Commentary-April 2016

Sell Everything!

Remember January 11, 2016 (just ten weeks ago):

[Writing in the UK Telegraph](#) today Ambrose Evans-Pritchard says Andrew Roberts, and the interest rate strategy team at RBS, has advised clients to, "Sell everything except high-quality bonds. This is about return of capital, not return on capital. In a crowded hall, exit doors are small."

Since then:

Oil is up 50%

Commodities are up strongly. Emerging Markets are outpacing American markets.

The US stock market has moved from a Dow 30 index value of 16,398 to almost 17,700 (less than 4% from its all-time high). Most foreign markets are also strongly up.

Just another example of why you should ignore the headlines.



Here's another reason:

August 18, 2009: [Running Low on Ammo \(Reuters\)](#)

August 26, 2010: [The Fed Running Low on Ammo \(Wall Street Journal\)](#)

August 26, 2011: [DeKaser Says Fed 'Running Out of Ammo' For Economy \(Washington Post\)](#)

July 31, 2012: [Fed Running Out of Ammo \(Politico\)](#)

February 27, 2013: [Federal Reserve: What Happens When The Fed Really Does Run Out of Ammo? \(Time\)](#)

March 16, 2014: [Why The Fed Has No Ammo Left \(USA Today\)](#)

May 13, 2015: [Rate-Hikers At the Fed Are Running Out of Ammo \(CNBC\)](#)

February 9, 2016: [Global Central Banks Are Running 'Out of Ammo' \(CNN Money\)](#)



Would It Help?

The markets have gone nowhere for over a year. Aren't you worried?

Would it help?

Tax rates may rise in the future. Aren't you worried?

Would it help?

Stocks could go into a bear market any time now. Aren't you worried?

Would it help?

Future returns could be lower from current valuation levels. Aren't you worried?

Would it help?

Interest rates are negative around the globe. Aren't you worried?

Would it help?

You're brother-in-law makes more money than you. Aren't you worried?

Would it help?

The economy will go into a recession in the coming years. Aren't you worried?

Would it help?

We all have to make financial decisions with imperfect knowledge about the future. Aren't you worried?



Would it help?

Social security and Medicare programs will require changes in the coming decades. Aren't you worried?

Would it help?

What about the outcome of the Presidential election? Aren't you worried?

Would it help?

What if we see a repeat of 2008? What if China has a hard landing? What if Marc Faber is right for once and the stock market crashes? What if economic growth doesn't reach the same levels it hit in the past? Aren't you worried?

Would it help?

The point here is not that these issues don't matter to investors. Certainly many of them will have implications on the markets and your personal finances. It's just that at a certain point the majority of this stuff is completely out of your hands. You have no control over the outcomes of what happens with the markets, tax rates, politics or the economy. The best you can do is implement a sound financial plan that looks to minimize unforced errors and risks and gives you a high probability for success. Nothing good can come from constantly stressing out about things are out of your control.

You can't control most outcomes but you can control your reaction to them.-Ben Carlson



Blueleaf/Quarterly Reporting

For reasons of both transparency and security, we have moved portfolio reporting from Morningstar to Blueleaf (blueleaf.com). Most of you have logged in at least once, and we hope everyone will do so eventually. It is fully transparent-you can see your holdings, activity and performance 24/7. We have data back to July 1, 2015 in the system, and have archived Morningstar reports for any period before then. By having performance reports at the web site and bills in the portal there, we can avoid the insecurity of email in a time of increasing cyberfraud.

If you don't have your login, or need help, just write or call. If you would like a paper statement or a pdf file emailed to you, just write us and we'll do it. We think you will like this system much better!



Friends Don't Let Friends Use Brokers

Merrill sets new \$8 million bragging target for its top brokers



A Merrill Lynch building is shown in downtown San Diego, California March 18, 2014.

Reuters/Mike Blake



Merrill Lynch is dangling a new incentive in front of its brokers by creating a "recognition club" for those who bring in \$8 million or more a year from clients, more than doubling the top goals set by its securities industry rivals.

Until now, Merrill Lynch Wealth Management's top recognition club was its "Circle of Champions" for financial advisers who produced \$4 million of commissions and fees, or received 2.5 million of "production credits" for sales of products and services that qualified them for the firm's top sales payout.

In a sign that the Bank of America Corp ([BAC.N](#)) subsidiary expects new account programs and technologies to unleash new sales power, Merrill's new club doubles the criteria for entry as well as the cash awarded to its most elite advisers.

The new "Pinnacle Club" will pay its members \$10,000 in cash and additional benefits if they produce \$8 million of revenue or build up 5 million of production credits.

Club membership also gives members bragging rights as elite brokers, the ability to advertise their status on their websites, and priority when accounts of departing brokers are redistributed or when customers are referred to the broker-dealer from other parts of Bank of America, according to a description of the recognition clubs in Merrill's 2014 compensation booklet.

Brokers who qualify for Pinnacle as well as for Merrill's seven lower-tier recognition clubs also can participate with their significant others in "Top Advisor Summits" that are usually held over several days in resort areas.

In reporting first-quarter earnings last week, Merrill said its 13,725 brokers were on target to produce an average of \$1.06 million each this year, one of the highest averages in the brokerage industry. The average is skewed, however, by heavy hitters who could qualify for the new club. Fewer than 5,200 of its advisers had \$1 million or more of production in 2013.

A Merrill spokeswoman declined to comment about the new club.



Spokespeople at competitors such as Morgan Stanley ([MS.N](#)), Wells Fargo Advisors ([WFC.N](#)) and UBS Wealth Management Americas UBSN.VX, whose recognition clubs top out for brokers with \$2 million to \$3 million of annual revenue, did not immediately respond to questions about whether they would raise their top levels.

Brokerage firms are sensitive about discussing sales incentives as the U.S. Securities and Exchange Commission considers imposing a higher standard of customer care on their sales practices and the Financial Industry Regulatory Authority is warning the firms to vet potential hires more carefully.

Broker-dealers can sell any product considered "suitable" for a particular customer's net worth and risk appetite, even if they choose one that is more lucrative to the firm or adviser. Investment advisers who directly manage money are held to a higher standard that requires them to put their customers' interests ahead of their own.

The Dodd-Frank financial reform bill directs the SEC to decide whether to conduct studies on the care standards and decide whether to unify them.

Merrill's compensation guide notes that advisers who have received internal admonishments or were subject to action by any U.S. securities regulator cannot participate in a recognition club for the year these occurred.

(Reporting by Jed Horowitz; Editing by Lisa Von Ahn)



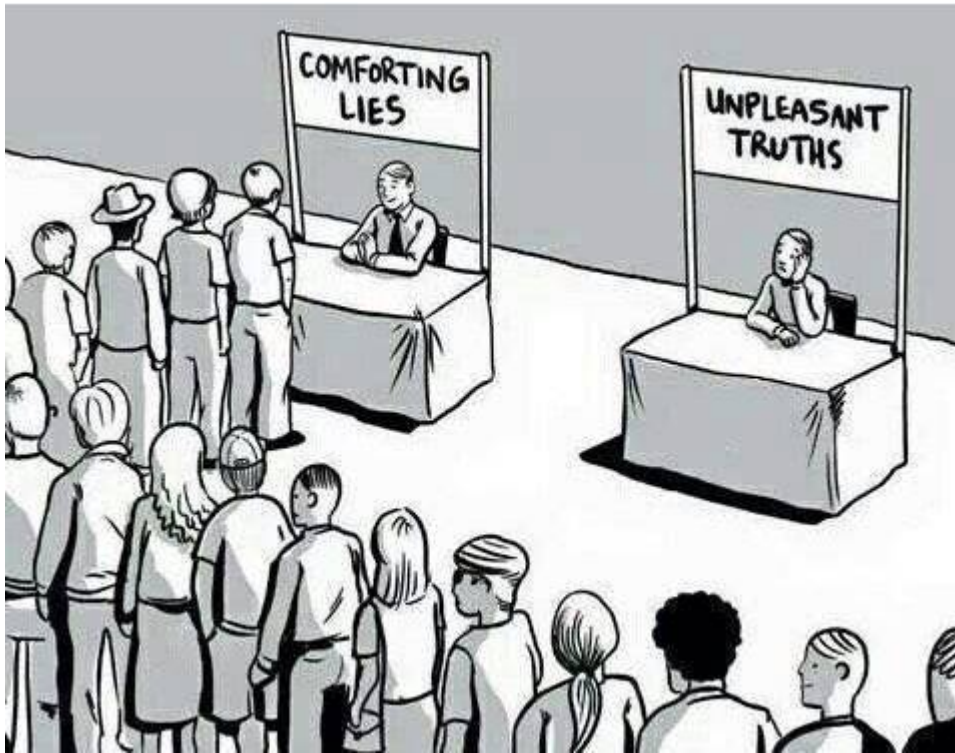
Random Notes

It is useless for the sheep to pass resolutions in favor of vegetarianism while the wolf remains of a different opinion. -- Dean William Inge

If you're smart, you know a lot. If you're wise, you know all you know is a little. Ben Carlson

Uber, the world's largest taxi company, owns no vehicles. Facebook, the world's most popular media owner, creates no content. Alibaba, the most valuable retailer, has no inventory. And Airbnb, the world's largest accommodation provider, owns no real estate-Scott Redler

Jon Stewart to [remark](#), "If I'd only followed CNBC's advice, I'd have a million dollars today — provided I'd started with a hundred million dollars."



Steven Podnos MD, CFP® for Wealth Care LLC 4-1-2016