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SENIORS/BOOMERS NEWSLETTER

'the retirement experts'

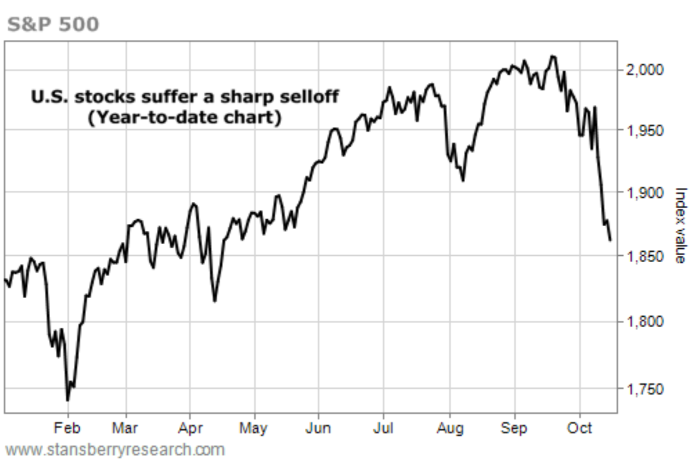
NOVEMBER 2014

If you think nobody cares about you............. try missing a payment or two !!!!!!!!!!!!!!

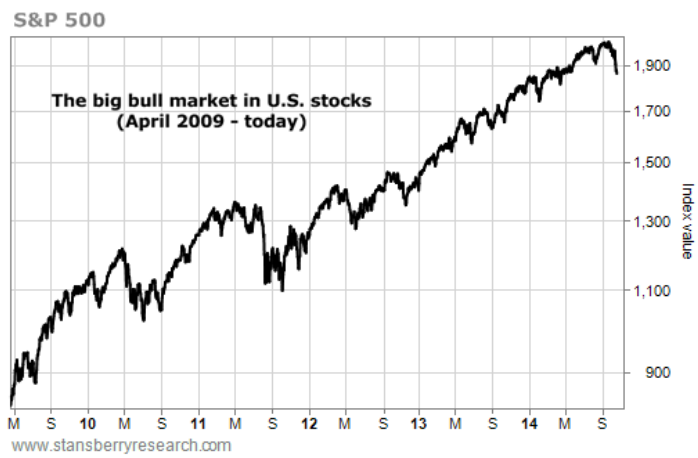
In view of the stock market volatility that we have seen so far in October, I thought it may be useful to, once again, suggest that every investor take a longer view approach when analyzing their investments and try to look past the short-term noise and gyrations.

The following two charts, I believe will put this advice in perspective. The first chart, courtesy of Stansberry Research, shows the moves in the S&P 500 since the start of the year.

The drop-off in October, taken by itself, looks terrifying. We went from a high of 2011 falling all the way to 1862...a drop of 8.5% between September 18th and October 16th .



The 2nd chart will give you a sightly different picture. This chart illustrates the movement of the S&P 500 over the past five years.



What you'll see here are a couple of things:
1st – there have been more than a few drops in the index over the past 66 months.
2nd – the drop over the past 4 weeks, when viewed over the longer picture, doesn't really look that ominous after all.
3rd – if you drew a line which touches every low point and then drew a second line above it, touching all the high points you would see a rising trend since the market bottomed in March of 2009. As they say on Wall Street, 'the trend is your friend'.

Until we see the trend reverse...and a looming recession...and a tighter monetary policy...and lower corporate earnings, I believe we should try and keep the BIG picture in focus.

10 Ways to Save On Health Insurance

Health Insurance expenses are taking a bigger and bigger bite out of our annual budgets. Here are several ways on how to keep those costs at a little more reasonable level:

1. If you are in a network plan, make sure you stay in your network. This is the most expensive mistake people can make.
2. Compare costs for different procedures at different centers. Your heath care provider's web site will probably help with your search. One example in Kiplinger's showed a MRI costing $238 at a radiology center vs $$2191 at a local hospital.
3. See if your surgeon practices at different centers and ask what the hospital fees are for each. His/her fees won't change but the hospital ones sure will.
4. If you can, get your lab tests done at an independent facility instead of the hospital. Just make sure that the center has a contract with your insurer.
5. Generic drugs can save you a great deal of money, provided your doctor says that they are OK. There are many large pharmacies where you can pick up a 90 day supply for $10. Also, keep in mind that some of those same pharmacies actually charge less than what your insurer may bill you as a copay. It pays to check.
6. Some medications can be split in half if the doctor agrees to prescribe a double strength (which frequently doesn't cost much, if any more). It's quite simple: cut the pill into two doses at home.
7. Schedule your procedures near the end of your plan year, after you've already met your deductibles.
8. Always compare overall costs of your health plan and prescription medications during your open-enrollment period with Medicare.
9. Don't be afraid to ask for a discount..especially if you pay cash.
10. Healthcare Bluebook is your free guide to fair pricing for health care costs. Go to https://HealthCareBlueBook.com

An idealist is one who, on noticing that roses smell better than cabbage, concludes that it will also make better soup. **H.L.Mencken**

There are many idealists who view the stock market as a fair arena where common sense prevails and where if you do your due diligence you will succeed.

Unfortunately, this is not usually the case. The people who have a chance to make money follow some basic rules of engagement:

I'm going to give you some famous quotes from famous investors, which I hope you'll find illuminating.

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“Wall's Street's graveyards are filled with people who were right too soon” - William Hamilton.

Hamilton was one of the first editors with the Wall Street Journal. What the meaning of this quotation is a fundamental validation of another saying, “the market can stay irrational longer than you can remain solvent” (J. Maynard Keynes).

A perfect example (and there are many) is back in 1999 many traders began to short the NASDAQ when the index was trading at a P/E multiple of 100, 200 and higher. Logically, no one would ever expect an investor to pay such a lofty (insane) valuation. But this continued for more than a year.

Those short sales lost those rational investors a LOT of money. Had they made the same bet a year later, they would have made a fortune. Right call...wrong time.

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“I just wait until there is money, lying in the corner, and all I have to do is go over there and pick it up. I do nothing in the meantime” - Jim Rogers

Jim Rogers is one of the greatest investors and financial authors of the last 40 years. He practiced what he preached and made a small fortune.

His credo simply meant that he wouldn't rush to make an investment just because he had cash. No. He would wait until the odds of success were overwhelmingly in his favor.

He would make a move when an investment was 'stupid cheap' AND when the market trend was in his favor.

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“The elements of good trading are: 1. cutting losses. 2. cutting losses. 3. cutting losses. If you follow these three rules you may have a chance” - Ed Seykota

The theme here is very simple. Admit your idea didn't work and then get out of it. Every successful trader that I have ever read about made more bad picks than good ones. The trick is that if you cut your losses short on the bad ones and then let your winners run on the good ones...you will make money.

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“Buy when there is blood in the streets” - Nathan Rothschild

Just about everyone on the planet has heard these words quoted in the financial press. They are short and to the point. The time to buy when when a stock market or a company or an industry is so hated that the valuations are...to paraphrase Jim Rogers 'stupid cheap'.

It takes a lot of guts to do this because you are obviously running against the crowd; a contrarian in every sense of the word.

But stop and think about it. If something has been bid down to a ridiculous level it must mean that everyone who wanted to sell has sold; and the only investors left of any consequence must, by default, be buyers. Therefore, according to the principles of supply and demand, there will be more demand (buyers) and that means that prices will rise.

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MISCELLANY ☺

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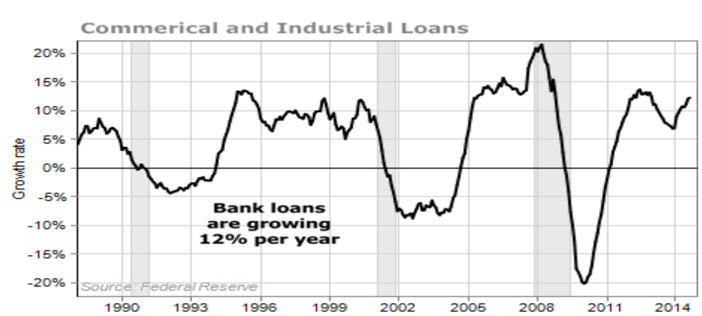
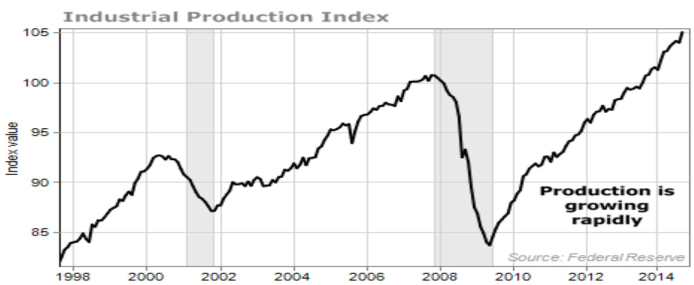
Just how healthy is the U.S. Economy?

I wanted to go through some facts and figures this month, to continue to give you re-assurance that the economy is not ready to fall off a cliff; at least not yet.

I came across a group of charts which give the phrase 'a picture's worth 100 words'... a crystal clear meaning.

At the risk of bombarding you with charts, I have decided to go ahead with the visual aids anyways. So without further ado, here they are!





So, there you have it. Until we start to see a breakdown in these charts, continue to invest. BUT, always do your due diligence before making the leap into a new investment.

FEDERAL TRADE COMMISSION ADVICE ON PROTECTING YOUR IDENTITY

How to Keep Your Personal Information Secure

Protecting your personal information can help reduce your risk of identity theft. There are ten main ways to do it:

1. Know who you share information with.
2. Store and dispose of your personal information securely, especially your Social Security number .
3. Ask questions before deciding to share your personal information.
4. Maintain appropriate security on your computers and other electronic devices.
5. Lock your financial documents and records in a safe place at home, and lock your wallet or purse in a safe place at work. Keep your information secure from roommates or workers who come into your home or office.
6. Limit what you carry. When you go out, take only the identification, credit, and debit cards you need. Leave your Social Security card at home. Make a copy of your Medicare card and black out all but the last four digits on the copy. Carry the copy with you unless you are going to use your card at the doctor’s office.
7. Before you share information at your workplace, a business, your child's school, or a doctor's office, ask why they need it, how they will safeguard it, and the consequences of not sharing.
8. Shred receipts, credit offers, credit applications, insurance forms, physician statements, checks, bank statements, expired charge cards, and similar documents when you don’t need them any longer.
9. Destroy the labels on prescription bottles before you throw them out. Don’t share your health plan information with anyone who offers free health services or products.
10. Place a security freeze on your credit report with the 3 main credit bureaus. This tool lets you restrict access to your credit report, which in turn makes it more difficult for identity thieves to open new accounts in your name. That’s because most creditors need to see your credit report before they approve a new account. If they can’t see your file, they may not extend the credit.