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**SENIORS/BOOMERS  
NEWSLETTER**

*'the retirement experts'*

*June 2015*

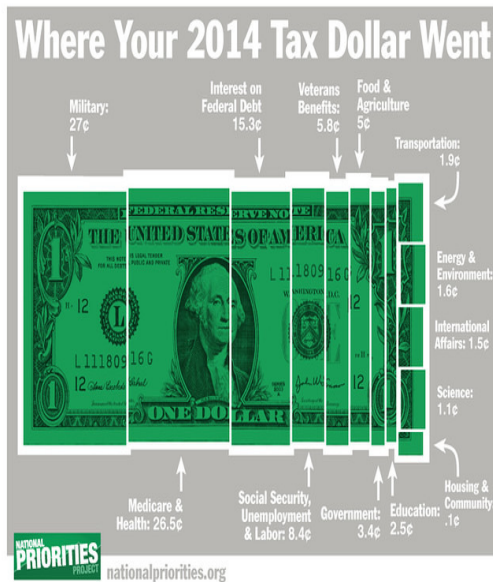
**Borrow Money From Pessimists ; They Don't Expect To Get It Back ...Steven Wright**

We all know that the federal government borrows money to pay the bills. As of this second (yes, it **does** change every second...check out this link <http://www.usdebtclock.org/> ) we owe a grand total

**\$18,245,191,478,672**

in government debt !!!

If you've ever wondered how our elected representatives spend our hard earned...and borrowed cash, here it is.



If you look at this graph closely you'll probably see the same thing that scares the #%\*! out of me. We are spending 15.3 cents of every dollar on financing

the interest payments on the money we owe. This, when we are at 0% on Federal Reserve interest rates.

Have you thought about what that number will look like if/when rates normalize up to about 3%. I don't even want to think about it.

**Can You Count On Dividend Income ?**

One of the challenges many older investors face when managing their cash flow pertains to income from dividends. Unfortunately, common stock dividends come with no guarantees. Companies are not required to pay them, and those that do, can suspend their dividends at any time as their business needs dictate.

Since there are no guarantees for dividends, should you rely on them for planning even a portion of your retirement income? Maybe yes. Maybe no. You have to consider the following points.

First, create a diversified portfolio of different dividend-paying stocks. If your dividends are coming from a single source, you run the risk losing what could be a significant portion of your income should the company decide to discontinue their dividend payments.

With a diversified portfolio, your regular dividend income stream could continue, buffered by the on-going payments of the other stocks in your portfolio. Although diversification does not guarantee against the risk of loss in a declining market, it can help to reduce the market volatility risk of your overall portfolio.

Second, when building your dividend-income portfolio, look for high-quality companies in sectors that have historically paid out a steady stream of dividends to shareholders. Finding these stocks can be

tricky, but there are a few good places to start.

Companies in stable industries or in highly-regulated markets such as banking and electric utilities are typically good candidates for a dividend-income portfolio. These companies usually face fewer threats to their business and fewer interruptions to their cash flow, making it less likely that they would have to discontinue dividend payments.

If you might have trouble putting together a solid portfolio in individual stocks there is another alternative. You can invest in a diversified portfolio of high-quality dividend-paying stocks by choosing a dividend income fund.

A dividend income fund offers diversification in a mutual fund investment. Plus, a fund offers the expertise of a professional money manager(s), who do the research and select the stocks on your behalf. This may be a safer and easier route to take.

**How To Make Money Trading Trends.**

Newton’s First Law of Physics states, “An object in motion tends to stay in motion with the same speed and in the same direction unless acted upon by an unbalanced force.”

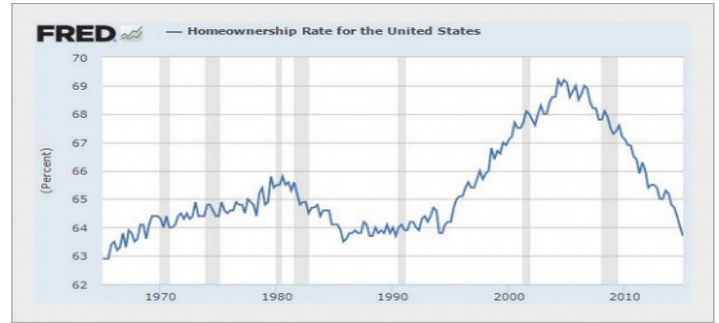
This is the compelling basis for trading trends as they are likely to continue unless acted upon by an outside force (such as disappointing earnings, a market panic, geopolitical events, etc.), and it’s the reason why some trends stay in place for years.

Here's an example:

The United States has had one of the highest levels of home ownership in the developed world. It peaked at almost 70% in 2004.

Since then, it has dropped like a stone. The graph in the next column illustrates the dramatic fall over the past ten years. By the 1<sup>st</sup> quarter of this year it has dropped to 63.7%. Yikes! So what gives? Is this the start of something new? The population is growing so where is everyone living?

**IN RENTALS**

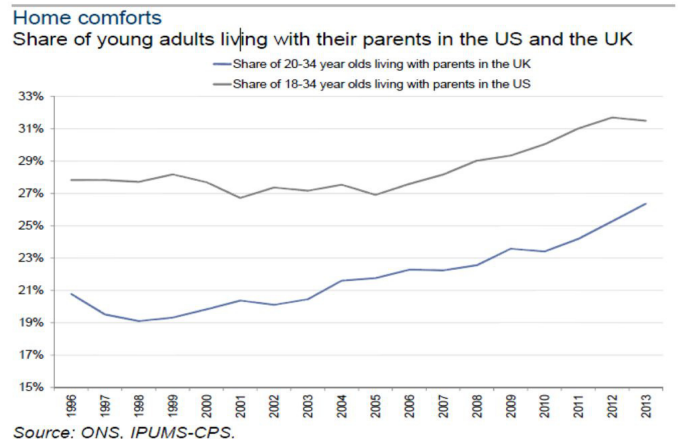


We already know that renter-ship has increased dramatically, and continues to do so, as the economy improves and more kids move out of their parents' basements and into rental apartments. Rental vacancies are at historic lows. Rents are soaring. The millennials are changing the housing landscape.



The reason is simple: increasingly fewer can afford to buy, instead having no choice but to rent, which in turn has pushed the median asking rent to record highs.

The other part of this equation is the delay in Millennials getting married and still living at home.



Data obtained by the Pew Institute from an analysis of the U.S. Census shows that only 51 percent of adults in the U.S. are currently married. That leaves the remaining 49 percent of the population, whether never married or divorced, checking the "Single" box on their 1040 tax form.

The marriage decline is most dramatic among Millennials and young adults. Just 20 percent of adults age 18-29 are married, compared with 59 percent in 1960.

Bank of America had this to say:

**Population growth of 25-34 year olds outpacing growth in the housing stock:**

The primary driver of household formation is population growth among 25 to 34 year olds. There is notable divergence with the growth in this age group and the growth in the housing stock. This suggests greater doubling up of households as a result of the recession and weak recovery. Unless doubling up turns into tripling up, household formation should recover over time, creating a need for greater building. Given tight credit conditions, this will tend to drive apartment construction more than single family construction. Either way, the housing stock is lagging well behind demographic fundamentals.

This year, the "Millennial" generation is projected to surpass the outsized Baby Boom generation as the nation's largest living generation, according to the population projections released by the U.S. Census Bureau last month. Millennials (whom we define as between ages 18 to 34 in 2015) are projected to number 75.3 million, surpassing the projected 74.9 million Boomers (ages 51 to 69)

So. The Millennials are creating trends in housing...as well as many other areas. I'm sure that there are more than a few trends you can identify for this group. On the housing side, you may want to check out companies that own and rent apartments... to begin with.

If you want to venture further afield, I would certainly encourage you to study the demographics of this group because many investment changes are on their way.

**A Problem Is Really A Fact That Someone Is Resisting.**

You have heard numerous times that the best way to make money in the stock market is to avoid losing any. Sounds pretty obvious! But, the chart below highlights the importance of containing losses...or said another way, working with stop losses.

As you can see, the gains needed to bring you back to break-even, after a loss, rise exponentially the bigger the loss. I would suggest that you keep this chart handy when trading your account.

<b>If you lose this much of your capital...</b>	<b>You must make this much just to get back to even...</b>
10.00%	11.11%
15.00%	17.65%
20.00%	25.00%
30.00%	42.86%
40.00%	66.67%
50.00%	100.00%

In a recent report by Stansberry Research, this point is very well illustrated:

" Some of the greatest traders of all time were only right 50% or 60% of the time. You can get filthy rich in the market by being right 50% of the time if you follow an exit strategy.

The key to making huge returns in the market is to win a lot when you're right and lose a little when you're wrong.

To get an idea of how important this idea is, consider this situation. On January 1<sup>st</sup> you buy 10 stocks. You put 10% of your account into each stock. You use no exit strategies. You just buy and hold for a year.

That year goes by...and here are the changes in your stocks:

1. +20%
2. -80%
3. -76%
4. +10%
5. -60%
6. +285%
7. +30%
8. -99%
9. -85%
10. +55%

You bought 10 different stocks. Five went up. Five went down. The total percentage gain of the winners is 400%. The total percentage loss of the losers is -400%. If you purchased those 10 stocks and held them through thick and thin, you'd end up flat. You wouldn't lose money...but you wouldn't make money.

Now let's say you bought the same handful of stocks...but used a simple exit strategy. You cut every loser short. If a stock declined 35% below your purchase price, you would sell it, no questions asked. As for the winners, you'd simply ride them all year.

Here are the results:

1. +20%
2. -35%
3. -35%
4. +10%
5. -35%
6. +285%
7. +30%
8. -35%
9. -35%
10. +55%

Again...you bought 10 different stocks. Five went up. Five went down. But you aggressively closed your positions if they declined 35% below your entry price.

Because of this, your winners totaled 400% and your losers totaled -175%. This works out to a total percentage gain of 225%, or an excellent win of 22.55 across the 10 positions.

**And you made this return while being right just 50% of the time.**

## MISCELLANY



☺ **Some hotels charge exorbitant fees for things you may think are free. Before booking a room check out what surprises may be in store for you at [www.ResortFeeChecker.com](http://www.ResortFeeChecker.com)**

☺ **There are some charge cards that do not charge foreign transactions fees, which could result in huge savings. You may want to check with banks such as Capital One, Barclay's and Chase to check out their offerings.**

☺ **If you've ever had trouble sending e-mail files larger than 10MB, you are not alone. Many servers don't accept files that large. You can however go to [www.SendBigFiles.com](http://www.SendBigFiles.com) to solve this problem.**

☺ **Pet friendly accommodations can be found at [www.PetsCanStay.com](http://www.PetsCanStay.com)**

☺ **If you think that one of your accounts has been hacked, you can check it out by going to [www.HaveIBeenPwned.com](http://www.HaveIBeenPwned.com)**

☺ **For free money transfers you can set up a Face Book Messenger app, link a debit card, open a chat window with the person you want to send money to, type an amount and press SEND, and it's done.**

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