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SENIORS/BOOMERS NEWSLETTER

"THE RETIREMENT EXPERTS"

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"Everyone's got a plan till he gets punched in the face"

boxer Mike Tyson

"the trick is not to learn to trust your gut feelings, but rather to discipline yourself to ignore them"

Peter Lynch, renowned investor

Well, despite the Federal Reserve raising interest rates, tariffs on Chinese imports, unresolved NAFTA negotiations, hearings on Capitol Hill, etc. etc. etc...the markets continue to go up.

At a recent meeting, my colleagues at Pinnacle Advisory Group and I discussed the macro issues facing global growth and we remain mildly bullish on U.S. equities.

The fact that almost half of the \$505B of Chinese imports are now under tariffs, with another \$260B possibly to come, the U.S. economy is humming along with 4.2% growth in G.D.P. Outstanding!

Many are understandably worried about the long-term effects of a trade war with China, however, Goldman Sachs put out a recent report stating that tariffs will have only a 'very modest' impact on G.D.P. in the United States.

They went on to say that tariffs, as they stand now, will add just 3 basis points to core personal consumer expenditures. If the tariff rate steps up from 10% to 25% (as scheduled for 2019) the overall increase would still only be 8 basis points.

Looking ahead at the short to mid-term outlook, profits continue to drive this, and virtually all markets. They rose 2.4% in the 2nd quarter, after a very strong rise of 8.2% in the 1st quarter. Going back 12 months, profits are up a robust 16.1%.

Going into 2019, we need to be attentive to the probable change coming in corporate profits. The quarter over quarter comparisons will be more difficult, and the earnings per share will likely get less of a boost from stock repurchases.

With tariffs affecting import prices, it's only a question of time before inflation comes to our shores. If we expect inflation sooner or later, there are several things we can do now to protect our investments and our spending power.

1. Diversify your portfolio...stocks, bonds, emerging markets, international markets, commodities, etc.
2. Invest in precious metals and/or the companies that mine them.
3. Purchase real estate. Remember real estate mortgage rates are locked in for 30 years, so rising interest rates and inflation won't have any effect on the expense associated with this asset. You can also invest in real estate through Real Estate Investment Trusts (REIT's).
4. Load up on companies with pricing power. You know, the ones that make things that we can't do without. Groceries, medicines, razor blades, toilet paper, etc. These companies can usually pass on price increases faster than most.
5. Foreign Bonds. These usually pay higher coupons and are denominated in a foreign currency...i.e.; not in U.S. dollars.
6. Inflation-indexed bonds. For instance, Treasury Inflation Protected Securities (TIPS) keep pace with inflation.

7. Buy cash rich blue-chip stocks. The ones with a clean balance sheet, no debt and lots of cash on hand.

8. Look for companies that get the majority of their sales & profits overseas. When they repatriate their earnings, those Rubles, Yen, Yuan, Reals, etc. they will buy more U.S. dollars when converted.

9. Dividend paying stocks have to be part of your protective shield. Here you want to look for not just any company paying a dividend, but a strong well-known brand name. What's especially useful is a company who increases their dividend yearly. Every dividend increase is a pay raise for you...and a way to keep pace or keep ahead of inflation.

I try to buy stock in businesses that are so wonderful that an idiot can run them. Because sooner or later, one will".....Warren Buffett

More words of wisdom from the Oracle of Omaha. There are a great many moving parts in the markets today and it's going to take a lot of analysis and reasoning to figure out your best moves to protect your nest egg.

I've frequently written about the enormous amount of debt that we carry as a country. This, I believe, will eventually lead to bad things for the average American. It is quite feasible to see the day when our almighty dollar is relegated to something less almighty. If/when the day comes that the greenback is no longer the world's reserve currency, our standard of living is going to change dramatically!

Several of our very important trading partners are now trading in their local currencies with each other (bypassing the U.S. dollar). If China buys Brazilian soybeans, or Brazil buys finished goods from Russia, they are paying each other in Rubles, Yuan and Real. India and South Africa are also part of this group. The oil producing countries may follow.

Since the founding of the Federal Reserve in 1913, the dollar has lost 97% of its value. O.K., so 1913 was a long time ago. Let's bring this into a more recent vintage. A 1970 dollar is worth about 0.16 cents today. Now that's what I call inflation. If this seems

absurd to you, I can tell you that I bought my first brand new car in 1973 for just over \$2000. This also highlights the reason that I continually stress the need to factor in significant inflation in your retirement calculations, as well as a much longer number of retirement years.

Spending money (& printing money) we don't have will lead to inflation. Although your retirement benefits will stay the same in the number of dollars you receive, they will not go as far. This means that you must invest to grow your money for as long as you're going to be around.

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☺ If you are looking for Medicare Providers in your area, go to www.medicare.gov and click on "Facilities & Doctors". Enter your zip code and the type of doctor you're looking for.

☺ To check on drug interactions go to www.ConsumerMedSafety.org

☺ If you're looking for a job, you can find over 800,000 listings taken from actual company websites at www.linkup.com

☺ If you have someone in the family heading off to college and got sticker shock from the cost of the textbooks, here are a couple of MUCH cheaper options:

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www.chegg.com

www.CourseSmart.com

www.BookRenter.com

www.Amazon.com

www.DirectTextbook.com

☺ If you have some old electronics that you no longer want, you can sell them on-line at www.gazelle.com

☺ A web site exists that helps you see what others are doing about medical conditions

that you and they share. Go to www.patientslikeme.com

☺ You may want to check specific public record information. You can do your searches at <http://publicrecords.onlinesearches.com>

☺ Find out if your medications are safe through a new FDA web site. Go to www.fda.gov and click on 'drugs', then click on 'drug safety'

By 2025 machines to handle over half all workplace tasks ...Associated Press

The World Economic Forum put out a report recently in which they estimate that machines will be responsible for 52% of the division of labor as a share of hours, within 7 years. That's up from 29% today.

The report also states that by 2022 roughly 75 million jobs worldwide will be lost...but that number will be offset by the creation of 133 million new jobs. But obviously, these new jobs will require new skills.

Despite net positive job growth, the WEF anticipates a significant shift in the quality, location, format and permanency of new roles. Businesses are to expand the use of contractors for task-specialized work, engage workers in more flexible arrangements, utilize remote staffing, and change up locations to get access to the right talent.

Now it's more important than ever, to steer our kids and grandkids into careers that will still be there for them in the future. The time is now for colleges and trade schools to take the lead and help teach kids the necessary skills to find a job and keep a job.

10 Ways to Make Extra Money in Retirement

1. Get a part-time job.

Retirement doesn't necessarily mean you will never work again. Aim to find a [part-time job that suits your interests](#), such as working at a golf club, wine shop or museum.

2. Become an entrepreneur

People in their 60s and older often have the ideal combination of attributes to [launch a business](#), including experience, an extensive social network and a working knowledge of the products or services people who work in your industry need. Just don't invest money that you can't afford to lose in a business.

3. Sell your stuff.

You have a lifetime of accumulated possessions clogging up your garage, attic and basement. Clear out those spaces and see what items you can sell. You can try a traditional [garage sale](#) or write up a description and sell it on Craigslist, eBay or another website.

4. Leverage your expertise.

You might be able to lend your expertise to your former employer or other companies in the industry to make some extra cash. Let your former colleagues know that you would be open to taking on contract work when a need arises.

5. Share your knowledge.

Whether you are a teacher, musician or business executive, there is often money to be made passing your skills on to the next generation. You might be able to tutor children in math or coach small business owners to better manage their company.

6. Help your neighbors.

Almost every neighborhood has busy working people who could use help walking their dogs or watching their pets when they [go out of town](#). And plenty of overwhelmed parents who need baby-sitting help likely live on your block. Let your neighbors know you're available and interested in this type of work, and your phone will start ringing.

7. Try out a hobby job.

If you can sew, bake, work with wood or otherwise create something someone else would buy, you can make money selling your wares online, at craft fairs or

even from the end of your own driveway. Once you build up some word-of-mouth, customers will come to you.

8. Rent out a property.

Some retirees earn an extra stream of income by [renting out a property](#) they own. But you have to be ready to do the work of finding tenants and maintaining the building, or to share the profits with someone you hire to take on those chores.

9. Tap into the sharing economy.

You can rent out a room in your home to vacationers looking for a unique and affordable place to stay or offer to taxi people to the airport in your car. A variety of online companies can help connect you to people who want these and other services you might be able to provide.

10. Get more for your money.

Shop around for a better interest rate on your savings account or certificates of deposit and [get rid of high-cost investments](#) that are reducing your returns. Make sure that your savings is earning as much for you as it can

The Importance of Succession Planning

If you, or someone you know, own a substantial interest in a closely-held business, a succession plan may be the single most important component of your retirement and estate plan. Without an effective business succession plan, your death or long-term disability could mean the end of the business you worked so hard to build. Many business owners are so busy running their companies that they forget to plan for the simple steps that will help them maintain or pass on the wealth that they shed a lot of blood, sweat and tears to accumulate.

At death or disability, no asset tends to decrease in value as quickly or completely as a closely-held business. Imagine a restaurant, doctor's office, retail shop or other small business that closes for 60 days.

The value of the business may decrease rapidly and substantially – in some cases, completely.

A successful estate plan is one that minimizes estate taxes in the event of your death for estates over \$5.6 million. When you die, estate taxes will be assessed based on the fair market value of any assets that you own, including all of the assets you would normally find on a personal balance sheet, such as cash, securities, your primary residence and any personal property. Life insurance proceeds AND the value of your business are also included.

If your estate is comprised of illiquid assets such as real estate and your business, paying the estate tax bill due after that nine-month period expires could be troublesome and deplete everything you worked so hard to pass on to your family.

What about your retirement? Are there one or more buyers ready, willing and able to purchase your interest in the business at a fair price? A well-crafted buy-sell agreement can help families and business associates retain control of a business and protect its value in the event of retirement, death or disability.

With proper funding, a buy-sell agreement can help assure there will be a ready market for the business at a time when you or your family may require a source of retirement income, estate liquidity or surviving family living expenses.

A buy-sell agreement can also help minimize conflicts that may occur and establish a value for the business for Federal estate tax purposes. Make sure you take the time to plan to help ensure the viability of your business and the financial security of your family.

Steps Your Heirs Should Take After Death

After a loved one's death, particularly that of a spouse, it's hard to focus on financial affairs—but there are a number of things that must be done to settle the deceased's estate.

Important documents checklist

- ✓ Will
- ✓ Investment account information (and stock certificates, if applicable)
- ✓ Insurance policies
- ✓ Safe deposit boxes
- ✓ Business agreements
- ✓ Real estate deeds
- ✓ Recent copies of income tax returns
- ✓ W-2 forms and other records of earnings
- ✓ Social Security card or number
- ✓ Marriage and birth certificates
- ✓ Military discharge papers
- ✓ Veterans Administration claim number
- ✓ Automobile registration
- ✓ Installment payment books