

## Post Retirement

We obviously worry about the financial viability of retirement, but what about everything else? We normally don't spend a whole lot of time thinking about other aspects of stopping what we've done for 45 years and transitioning.

While most people have been planning their financial retirement since their late twenties, many people have not contemplated the emotional, physical and health-related dimensions to be ready for retirement. All too often people think retirement readiness only has to do with stock portfolios and other financial retirement benefits. Starting in your late forties along the way to retirement, individuals and couples need to have some thoughts and conversations on what they want to do in their later stages. Preparing for retirement is a process that should be lived through with incremental gains over time rather than just arriving at the day of retirement and thinking what happens next. Pre-retirement coaching helps individuals and couples walk through the process of planning for retirement by having conversations and engaging them in activities to get people thinking about what they want out of their next phase of life.

Pre-retirement coaching works by starting with a conversation about the process involved and how it can help out individuals and couples make a smooth transition to retirement. After the initial meeting, most coaches use some type of assessment to see where individuals and couples are in terms of retirement preparedness. Two of the more popular assessments are the Life Options Profile or the Retirement Success Profile. The Life Options Profile provides individuals a personalized report that indicates areas of preparedness and identifies gaps providing a functional blueprint for retirement planning and transition. The Retirement Success Profile measures people's overall attitude toward retirement and how prepared the individual expects to be for their retirement transition as compared to others who have taken the assessment. Both assessments are excellent tools to help people begin reflecting on their current preparedness to begin purposefully planning their next steps.

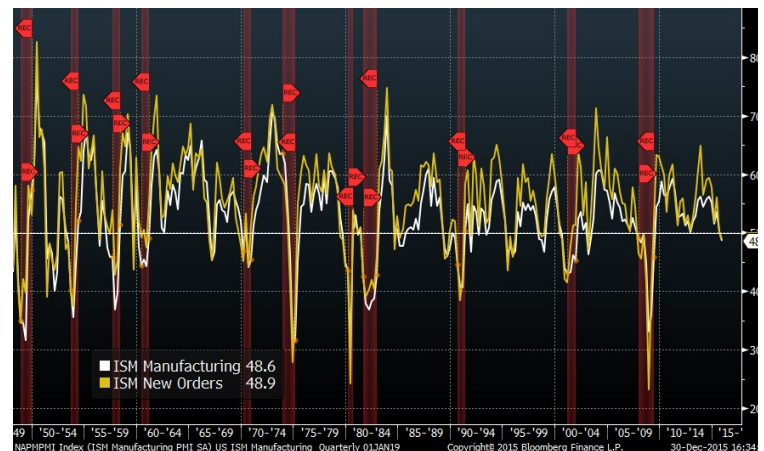
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## Escape Velocity

We're not talking about the space shuttle here, but the economic rate of growth of the economy here and abroad. For the past few years policymakers have been worried about slow growth, no growth and bad unemployment numbers so they've come up with unconventional monetary policy tools to "fuel growth" in the economy here and around the world. They've called "Escape Velocity" the necessary growth rate the economy will need to be able to grow on its own without any help from central banks. 3.0%, 4.0% the number assigned to this "Escape Velocity" of GDP growth has varied over time and consistently come down, it's a moving target. Since we're now at about the end of an economic cycle, albeit a very drawn out one due to the aforementioned policy tools, one (or even dozens of central banks) cannot defy gravity forever. Here is the current growth rate of ISM manufacturing and new orders indexes. They've been coming down for years, not going up and are almost in recessionary territory.



Many people are rubbing their heads asking how the Fed can raise rates now that a lot of financial data is coming in weak, arguably recessionary. There are no guaranteed ways to read the Fed's mind but there are a lot of logical conclusions we can make from the actions we're seeing. One theory is they're simply trying to maintain some credibility as they've lost so much during this cycle. They initially said they'd raise rates when unemployment hit 7.0%, then 6.0%, then 5.0% and each time the target was hit they found excuses not to raise the rates. Now they've raised the rates and the numbers are not good, yet they're carrying on with their mission. Another option is they see the global economy weakening and want to attract global investment to a place viewed as safe and growing, also paying higher

Escape Velocity! (Cont'd on page 3)

### Post Retirement (Cont'd from page 1)

After taking one of the assessments, a meeting is held to go over the results to provide understanding and begin discussion around the results. Coaches use a variety of powerful questions during the time of working with an individual or couple to get people to really focus on their issues or ambitions with a totally different perspective. Typically, coaches take one session to review the overall assessment and point out strengths and areas needing attention to get a person or couple on seeing their situation differently. In between sessions, coaches assign activities to get people thinking about their next steps and their mission for their next phase of life. Using a multiple session approach, allows the coach to assist individuals and couples in delving into the assessment and their current retirement preparedness. Meetings occur every week or every other week depending on the goals of the individual or couple to assist them in formulating their life style plan. From this plan, action steps are designed to begin the process of getting prepared for the next phase of life. Pre-retirement coaching can last one meeting or several depending on the focus and ambitions of the individual or couple.

Pre-retirement coaching assists people in planning for their new life or engages couples in having important conversations around where they want to live, their social interests and much more to avoid awkward miscommunication leading to feeling of being stuck. Research shows that most people spend more time planning for a two-week vacation than for their retirement. While extensive resources to plan financially for the future exist, it's just as important to think about all the other aspects of life that are impacted by retirement. Pre-retirement coaching can develop a purposeful plan with meaning to show people their next steps and how they can reach their goal to a successful retirement transition. Individuals and couples should reflect upon the following as they consider retirement: Can I find purpose and meaning after I retire from my job? How do I handle changing relationships with family and friends, and what do I desire for personal development and growth? What will my day look like once I retire? Visit [www.retiretothegoodlife.com](http://www.retiretothegoodlife.com) to answer these questions and find other resources tailored to this conversation.

Much can be had by thinking about the next leg of life after retirement from a non-financial perspective. Many people have dreams and desires and know exactly what they want to do, while others aren't sure how to envision a purposeful future once the job is gone. No matter which camp you're in, benefits can come from such an undertaking. Many people find new passions, resurrect old ones, and find balance and harmony or many other useful things through this process. Employers who have older populations of workers and many need to transition from working into retirement, this is a very useful thing to offer your audience to help them make the transition into the golden years. We need to be sure to take care of ourselves financially, spiritually, physically and emotionally so the years are indeed golden! ☺

It's been a lively start to 2016 and the transition from a bull market to a bear market that has taken forever, but it's finally here is getting exciting! It's exciting because this action is what causes prices to fall, which gives us great opportunities to buy things at the right prices, which are far less than what the underlying asset is truly worth.

Markets are very emotional things over the short term (months to a few years), but quite logical things longer term. These past few years have been a long streak of what is likely the most illogical period we've seen in markets in a very long time. Governments across the globe have been keeping rates low or negative in an effort to persuade people to invest, but spend to "crank" up the global economy? The reality is no matter what is done there is no cranking it up as they're trying to, they're manipulating the wrong things and rather than fixing the structural issues facing our economies they're just making rates lower and debts higher. None of this is a recipe for a healthy economy on a long term basis.

The fiasco that began in 2009 is not done, and we're entering the hangover phase of 2009 as this cycle comes to a likely bloody conclusion for those who cannot see what is happening above the fence. New debt and lower standards really doesn't help a situation in which there is simply too much debt.

All of the craziness we've seen from governments across the globe is likely to continue and even get a bit zanier as policymakers grasp at straws to attempt to preserve the status quo. This status quo they want preserved is only good for them and the highly connected who are benefiting from the government gravy train. The rest of us, those who do most of the living and working and paying and passing in the world will be much better off as the cycle completes and the real problems are finally addressed.

The most recent run of zaniness out of China is a serious devaluation of their currency to make their products and services feel cheaper to the rest of the world because of their devalued currency. This is the beginning of what is likely to be a heated currency war across the globe in the coming years as each country try's to scramble for "growth."

After the quick few rounds of devaluation people in China have become scared and started selling stocks. Two days in the first week of January we've seen the Chinese market lose 7% of its value on each day. China policymakers respond with banning selling stocks. Yes that is correct, they simply banned selling any stocks. Markets obviously cannot come down if there is no selling. Now that ban of selling in China may be what has caused selling in other parts of the world, if they cannot sell what they want to they may just start selling everything else. The ban only lasted a few days and has been released but it's just comical to think about "free markets" where we see intervention on many levels. Free markets are ones where you can buy and sell with no influence. We've been influenced to buy for years now by central banks and when people want to sell policymakers ban selling? Strange times we live in, it all boils down to doing what is right and what makes sense, not what is popular. ☺

## Noteworthy News!!!

- Congratulations to the O'Connell family on their recent move to their new retirement home, a beautiful rental home where there will be zero maintenance! 😊
- Congratulations to Ben Camerota on his expansion of his growing business, MVP Visuals!

## Question & Answer

Ask any financial question you have and we'll address it here.

*Q: What are the Sabre toothed tiger stocks everyone is talking about today?*

There is a popular acronym for several big stocks that have been accused of pushing this market higher for the past few years while the rest of the market has struggled. It is true that if these 4 stocks were not part of the general market indexes, as well as many of the most popular mutual funds out there, things wouldn't look as rosy as they do today.

While I cannot name specific companies, there are 4 monster stocks with sharp fangs that sink deep into the market. They are the largest social networking company in the world, the largest online shopping site in the country, the largest online television streamer in the world and the largest online search engine in the world. Notice how each of these stocks are high tech in nature, pushing the envelope of our world, very popular and people feel quite optimistic about all of their prospects right now!

Now let's talk about how each of these companies looks right now from a valuation perspective today. A normal valuation for a business is 15 times what it earns every year. This is called the P/E or price/earnings ratio. Take the value of a stock at \$20.00 per share and divide that by the earnings of that stock each year, say \$1.50 per share and you get this equation  $20/1.50$  and the P/E ratio is 13.33 in this example. We like to buy companies at low P/E ratios so there is upside with a nice margin of safety should the earnings not grow as anticipated or perhaps struggle with a tough economy. Paying more is dangerous; people are hoping earnings grow to justify the high price.

There are companies within the tech sector trading at more than 400 times earnings. This is quite reminiscent of the tech bubble of 1999 but more extreme in many ways. We know how that ended and whenever they say "this time is different" it never is. Don't follow the crowd here, be smart. 😊

deposit rates so our banks will stay strong.

## Escape Velocity! (Cont'd from pg. 1)

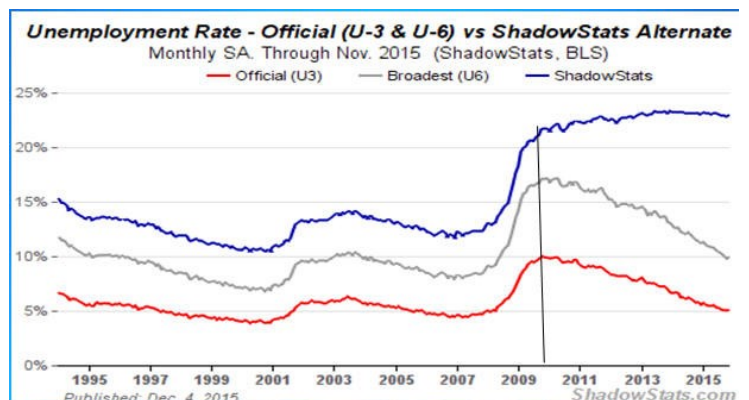
This theory isn't as popular but is very realistic in that only 2 countries in the world are currently raising rates, the US & Brazil. With higher deposit rates we could very quickly accumulate a lot of global assets from very weak countries who are not only lowering rates, but are pushing negative rate policies where people need to pay to have their money on deposit.

No matter which way you cut it, there are a lot of strange things going on in the world economically but we're seeing things begin to make sense, value is starting to matter and there is real value out there to be had for those who are willing to dig deeply to find it.

One place not to look would be for big factories in America making "things." They're also on the downside as they have been for a few years now with the exception of one great quarter in 2014. It would have been easy to statistically raise rates in 2010 when the data looked good here but at that point the psyche of the average person was very bad and the unemployment number was also honestly bad.



Now we've got a really good looking dishonest unemployment number on the surface and this is what it looks like under the covers.



What does this tell us? What the government publishes as the unemployment rate is 5%. If we put back in all the people who are "no longer looking for work" it's at about 10%. If we add in those underemployed or working part time it's ugly. It also says that what worked for investing over the past few years, just buying anything at any price and holding it forever would be profitable is exactly what isn't going to work moving forward.

## Money Quiz



This month's challenge is to dissect the Fed decision making process. They raised rates on 12/16/15 for the first time in how many days? (It's been a long, long time and we're counting every day of the year not just business days!) Last month's quiz was won by Dave Bascetta, there are 99 active Nuclear Reactors in America today! Winner goes to Ruby Tuesday on us! 12/07/15:04

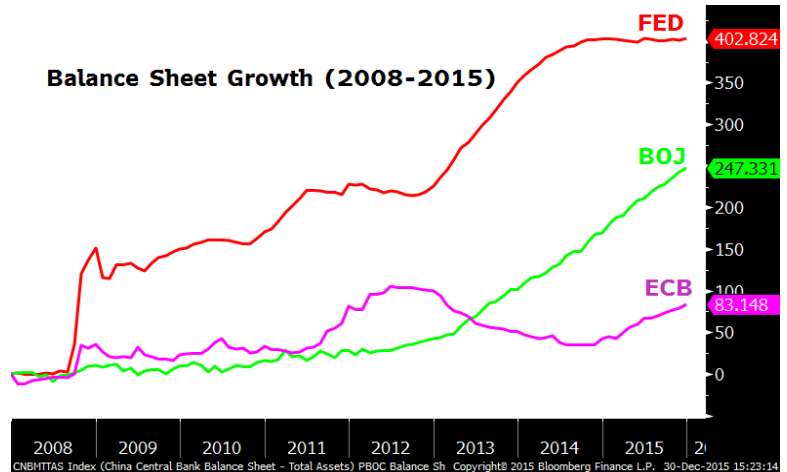
## Rates on the Increase! Globally?

Yes the Fed raised rates in December of 2015 for the first time in almost a decade. People are now under the assumption the same is happening across the globe. Not really, check out this graphic that shows us just what rates are doing and where they are at for major players in the global economy.

Global Central Bank Policy Rates				
Country	Rate	Central Bank Rate (Today)	Last Move	Last Move Date
Switzerland	Target Rate	-0.75	Cut	Jan-15
Sweden	Repo Rate	-0.35	Cut	Jul-15
Eurozone	Deposit Rate	-0.30	Cut	Dec-15
Denmark	Discount Rate	0.00	Cut	Jan-15
Japan	O/N Call Rate	0.08	Cut	Oct-10
US	Fed Funds Target	0.25	Hike	Dec-15
Canada	Overnight	0.50	Cut	Jul-15
UK	Bank Rate	0.50	Cut	Mar-09
Norway	Deposit Rate	0.75	Cut	Sep-15
Poland	Repo Rate	1.50	Cut	Oct-14
South Korea	Repo Rate	1.50	Cut	Jun-15
Australia	Cash Rate	2.00	Cut	Feb-15
Saudi Arabia	Repo Rate	2.00	Cut	Jan-09
Mexico	Overnight Rate	3.00	Cut	Jun-14
China	Lending Rate	4.35	Cut	Oct-15
India	Repo Rate	6.75	Cut	Sep-15
Indonesia	Reference Rate	7.50	Cut	Feb-15
Turkey	Repo Rate	7.50	Cut	Feb-15
Russia	Key Policy Rate	11.00	Cut	Jul-15
Brazil	Target Rate	14.25	Hike	Jul-15

Notice how almost all of the developed world except the US & Brazil are cutting rates. Some countries have negative rates while many are at ultra low rates. Only a few countries have normal rates and 4 have what would be considered high rates today. Those countries who have not fallen into the global QE trap may find they have a more robust economy and certainly more options than the rest of the globe. It's amazing how not joining the crowd can pay dividends!

Since the great recession we've seen debt levels across the globe for governments grow explosively. This cool graphic shows the big 3 and their debt situation over the past 8 years. The US FED, the Bank of Japan and the European Central Bank all look like the current student loan and auto loan bubbles. Although they call these "balance sheets" there really a depiction of debt and look at the growth. We'd really like to see growth of assets and GDP, not debt.



Despite these massive debt levels, we're seeing many countries showing negative interest yields, which means you must pay to own the bonds of certain countries because they've been bid up beyond par value due to economic fears. Alfred Hitchcock would love this situation, he'd have a field day making a horror show out of the situation and it would be believable.

The Matrix: European Bond Yields										
Country	1-Year	2-Year	3-Year	4-Year	5-Year	6-Year	7-Year	8-Year	9-Year	10-Year
Switzerland	-0.73	-0.78	-0.80	-0.72	-0.60	-0.50	-0.38	-0.30	-0.17	-0.06
Germany	-0.38	-0.34	-0.30	-0.21	-0.05	0.04	0.16	0.29	0.46	0.62
Netherlands	-0.18	-0.37	-0.28	-0.18	-0.04	0.10	0.26	0.43	0.60	0.78
Austria	-0.34	-0.30	-0.25	-0.14	-0.03	0.12	0.36	0.51	0.71	0.89
Finland	-0.38	-0.33	-0.25	-0.15	0.01	0.09	0.30	0.47	0.64	0.91
Belgium	-0.39	-0.33	-0.28	-0.13	0.03	0.19	0.39	0.57	0.75	0.96
France	-0.39	-0.31	-0.20	-0.05	0.08	0.22	0.40	0.56	0.80	0.98
Sweden	-0.51	-0.44	-0.15	-0.13	0.30		0.61			1.00
Denmark		-0.30			0.33	0.31				0.96
Ireland	-0.18		-0.09	0.06	0.21	0.45	0.71	0.97	1.14	1.14
Italy	-0.04	-0.03	0.09	0.27	0.51	0.90	1.04	1.19	1.47	1.60
Spain	-0.06	0.01	0.14	0.38	0.67	0.98	1.24	1.40	1.63	1.78

Common sense states that when debt levels rise, unless assets and income rise in proportion or in excess of debt levels, the rates on the debt need to be higher as the risk of default is higher. Not in the global QE economy today, we have a backdrop of insane policy responses and dim bulb policymakers pushing us towards a breaking point. A few of these countries are in horrible fiscal shape, yet people are still paying to own their bonds rather than getting paid a fair 10 – 15% coupon for the true risks they're taking on the loan. Not much has made sense from an economic perspective over the past few years but it's starting to. People are now reacting to economic numbers and political doubletalk is failing to promote speculative behavior. Central Banks have owned markets for several years now, folks who have chased risk assets beware, tumultuous times are coming.

## Inspirational Quotes

- Celebrate what you want to see more of, author unknown
- Two roads diverged in the woods, I took the one less traveled and it made all the difference in the world, Robert Woods
- It matters not what someone is born, but what they grow to be, J.K. Rowling
- Corruptissima republica plurimae leges. [The more corrupt a republic, the more laws.] -- Tacitus, Annals III 27
- That's the best one I've read in a very long time, let's read it again! ☺
- Corruptissima republica plurimae leges. [The more corrupt a republic, the more laws.] -- Tacitus, Annals III 27
- Our greatest weakness lies in giving up, Thomas Edison
- The most wasted of all days is one without laughter, Nicholas Champfort



**We can piece the puzzle together and make your money work for you!**

## Kids Korner

How much screen time are your kids/grandkids getting every day? By screens I mean TV, computer, cell phone, video game, iPod, tablet, etc. Anything that has pixels and data that they can dive into and escape from reality. These newfangled devices are the love of kids across the planet but too much of them isn't a good thing. Perhaps it makes sense to give a limit to how much time they can spend on these things each day and maybe even have a day or a few days a week that are "device free."

Studies are showing if kids spend too much time on these devices it impacts their ability to assimilate, connect, communicate and deal with real life issues. It seems like the world of the Jetson's is here on many levels so we need to take the good things from the great technology and watch out for negative side effects. ☺

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