



1st Quarter ~ 2013

Welcome to cherry blossom season! We trust you'll have an opportunity to savor some sweet signs of spring.

First the Dow and then the S&P 500 bested their previous high close from those long ago, pre-recession days of October 2007. Something just isn't adding up: Fiscal cliff doomsday, plus sequestration impact unknowns, plus Cyprian banking crisis, plus looming interest rate bump, plus uncertain China outlook equals...a rip roaring stock market? Talk about new math.

Ok, so the fiscal cliff may have been overhyped, but these other issues are real and precarious threats to our economic recovery. What we may be seeing is a case of bad news creating good news. Think about it. In a world where the Euro zone might disintegrate, China is increasingly unreadable and interest rates hover close to zero, the U.S. stock market looks down right attractive in comparison. And where is money to go when the bond market finally sputters out? All roads, even the bumpy, unpaved ones are leading to U.S. stocks. As we listen to the saber rattling of North Korea and anticipate the reverberations of the European debt mess, we rely on our disciplined strategy for smart decision making. If this rally continues, you'll see us adding to equities and decreasing our bond holdings. Equally important, if the rally comes to an end, we're prepared to take defensive positions rather than just hope for brighter days.

On a completely different note, it seems that Rick and I are being asked with greater and greater frequency to look into "an issue" for a client's aging parent, friend, or neighbor. Of course we are happy to help, but often we're a little late to the conversation. From inappropriate financial products to downright scams, once a deal is done it is often impossible to reverse it.

We recently participated in a survey conducted by the CFP Board and knew, before the results were released, that this growing problem deserves our attention. The survey found that CFP® professionals were aware of a variety of abusive practices in the delivery of financial advice or the sale of financial products, including some practices that could violate state and federal regulations:

- 58% were aware of older investors who have received unsolicited pitches for financial products or services;
- Nearly three-quarters (74%) of CFP® professionals were aware of older investors who have been offered unsuitable financial products; and
- 58% were aware of older investors who have been subject to omission of material facts about financial products.

In the last month alone we've talked with a woman who was convinced to put all her savings into an annuity with outrageous fixed annual fees, another senior who may lose a house because of a reverse mortgage gone bad and a family who's single, 87-year-old aunt lost hundreds of thousands of dollars to a scam tied to calls from Jamaica. It is gut wrenching to hear about, and heartbreaking to know the damage is so often irreparable.

In response to the survey, CFP Board has published a free guide, "Financial Self Defense for Seniors." You can access an online version by visiting www.cfp.net/financial-self-defense-for-seniors or requesting a hard copy by sending an email to mail@cfpboard.org, or calling 800-487-1497. In the meantime, our recommendation is to get involved, sooner rather than later, when your instincts sense that something is amiss. And please do contact us if you need guidance or even just moral support. It may take more than a village to the frail among us safe.

With that bit of heaviness, let's get back to those beautiful blossoms and be grateful for all that's good.

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