

**Sun City Summerlin
Computer Club**

Internet Investing \$IG

December 15, 2016

Tom Burt

SIG Meeting Schedule

- **The Internet Investing SIG meets every other “even” month on the third Thursday morning at 9 AM. The next six meeting dates will be:**
 - *February 16, 2017*
 - *April 20, 2017*
 - *June 15, 2017*
 - *August 17, 2017*
 - *October 19, 2017*
 - *December 21, 2017*

Market Fundamentals Review

- **Dollar remains very strong against foreign currencies.**
 - *Oil and many commodities priced in dollars.*
 - *Saudis and Iran continue to pump and flood the markets.*
 - *Crude oil now about \$50 and many energy stocks have risen.*
 - *Other commodity prices and stocks of producers still down.*
- **“Trump Rally”**
 - *Stock indexes at records highs (Dow near 20,000)*
 - *“The 10 year Treasury note now yields about 2.4% !
The 30 year Treasury note yield is now about 3.08%”*
 - *U.S. dollar remains strong vs other currencies.*
- **Eurozone – in *BIG* trouble**
 - *Mid-east Refugees.*
 - *EU slowly coming apart as voters reject globalist agenda.*
- **Official Inflation rate (Core CPI) is 1.6% / year**
 - *<http://www.usinflationcalculator.com/inflation/current-inflation-rates/>*
 - *Some food prices have come down (beef, pork, shrimp) on specials.*
 - *LV gasoline (\$2.12 at Costco) <http://www.vegasgasprices.com/gaspricesearch.aspx>*
 - *Medical care & insurance is NOT cheap.*

Year-End Tax and Finance Actions

- **Tax Considerations:**

- <http://www.schwab.com/public/schwab/nn/articles/Year-End-Tax-Tips-for-2016?cmp=em-QYB>
- *Itemized vs Standard Deductions – pre-calculate, decide whether to move income or expenses into current year or next year. E.g. paying property taxes in 2016 vs 2017, delaying business billings into 2017. Medical expense exclusion for seniors in 2016 is still 7.5% of AGI; in 2017 it's 10%.*
- *Look at “realized” gains (from sale of assets) – consider realizing losses to offset. Watch out for 3.8% surtax on “investment income” in excess of \$200K (st) / \$250K (mfj).*
- *Look at RMDs on “qualified” accounts – make sure you take them to avoid penalties.*
- *Consider IRA to Roth conversions, but be mindful of exceeding thresholds where total income causes most SS income to become taxable and Medicare premiums to increase.*
- *Gifting: Can make tax-free gift (by year-end) of up to \$14,000 by each spouse to any number of recipients.*
- *Fed will start raising interest rates; will lower prices of bonds and other fixed income assets.*

- **Financial Considerations:**

- *Social Security COLA for 2017 is 0.3%.*
- *Medicare premiums or deductibles going up in 2017 – especially for new enrollees.*
<https://www.medicare.gov/your-medicare-costs/costs-at-a-glance/costs-at-a-glance.html>
- *ACA (Obamacare) 2016 penalties going up to larger of 2.5% of household AGI or \$695 per adult and \$347.50 per child to a maximum of \$2085.*
- *Evaluate equity accounts where significant cap gains have accumulated – consider rebalancing between equity (common stocks) and income assets (bonds, preferred stocks). Be wary of generating large taxable cap gains due to increased rates.*
- *Stocks likely to have a big correction (15%) sometime in 2017. Consider selling any holding that's dropped 5% from original purchase price (5% rule) to avoid big losses.*

Open Discussion