FEIERTAG
FINANCIAL SERVICES

YOUR FINANCIAL FUTURE

Your Guide to Life Planning

June 2014

I hope this educational resource proves helpful. I believe an educated investor is a better investor. Please call me if you have questions.

Steven Feiertag, CFP®
Feiertag Financial Services
2107 Reston Circle
Royal Palm Bch, FL 33411
800-252-4276
Fax: 561-333-0721
steven.feiertag@lpl.com
www.stevenfeiertag.com

In This Issue

Please CLICK on any Article Title, Then SCROLL to See All Pages

June 2014 from Feiertag Financial Services

How to Protect Your Parents From Financial Scams

Elderly individuals may be vulnerable to financial scams. They also may not be able to handle their finances any longer. Learn what to do to help protect your parents.

Weekly Market Commentary | Week of June 2, 2014

No debate here: Over the past five years, modest declines in bond yields in the range of 0-50 basis points occurred along with modest gains of 0-10% for stocks.

Please CLICK on any Article Title, Then SCROLL to See All Pages

By now, many of you have made your summer plans. Please make sure that you use this time to schedule a review with us.

We want you to be aware of a fairly new tax regulation: An IRA owner can only get one tax-free rollover every 12 months, even if that owner holds multiple IRA's. With a rollover, the money is distributed to the owner and then put back in to a retirement account within 60 days. NOTE: A direct trustee-to-trustee transfer is not subject to the 12 month rule because there is no payout to the owner - the money is wired between the trustees and the owner never touches the cash. If you are thinking about leaving a job or moving an existing retirement account, please call our office to make sure you are doing this correctly. A wrong decision may possibly cause you a negative tax consequence.

Many parents are starting to think about college funding for their children. With the cost of college rising, it is hard to keep the promise of "Study hard in high school, and we'll send you to the best college you get into." You should prepare a summary of the family's financial situation along with the amount you can comfortably afford to contribute to college expenses. Be prepared for the hard talk. Look at the family's finances to see whether your child's college picks are in your financial reach. We understand the disappointment that the child may go through when they are told that their top pick is too expensive. Be patient and calm. Call our office to review your financial situation.

One more reminder: By December 1, 2014, all individuals born after December 1, 1964, will be required to comply with new driver license and identification card standards required by the REAL ID Act of 2005. REAL ID's will be identified by a gold star on the upper right corner and will be necessary to board commercial flights and enter federal buildings. For those of you born before December 1, 1964, the deadline to comply with the federal mandate is December 1, 2017. You should type "REAL ID" into your internet search engine to get specific instruction for your resident state.

Whether it's planning for a confident retirement or developing a strategy to pay for your child's college education, I employ a thorough and disciplined approach to investing. The hallmarks of these strategies include: unbiased investment choices combined with professional guidance and objective advice.

I appreciate your time and consideration. I look forward to helping you develop and stick to a well thought-out investment plan.

If you are not receiving our monthly e-Newsletter, please check your spam filter to make sure that both my e-mail address (steven.feiertag@LPL.com) and Eileen's e-mail address (eileen.feiertag@LPL.com) are being delivered.
We always appreciate referrals from our satisfied clients. Please consider referring your friends, business partners, and family members. We welcome the opportunity to serve the people you care about. All of your information will be kept confidential, and the time we devote to serving them will not dilute the time needed to serve you. Please visit our website (www.stevenfeiertag.com) and if you like what you see, pass this on to your contacts. Thank you for your continued business and support.

Feiertag Financial Services

Steven I Feiertag, CFP®

Registered Representative, LPL Financial

Eileen J Feiertag

Registered Administrative Associate, LPL Financial

2107 Reston Circle

Royal Palm Beach, FL 33411

800-252-4276

steven.feiertag@LPL.com

www.stevenfeiertag.com

How to Protect Your Parents From Financial Scams

Consider speaking to your parents' primary care physician, or bring in a geriatric care manager, who can help you assess the mental clarity of your loved ones.

Senior citizens are routinely targeted by disreputable telemarketers, investment brokers, and charitable agencies, among others. One study estimated the financial losses by victims of elder abuse at $2.9 billion annually.[1] Another estimated the losses experienced by senior victims of financial abuse to be, on average, $50,000 per person.[2]

What can you do to help your parents or other elderly loved ones avoid becoming the victim of a scam or losing control of their finances? Below are some tips.

- **Look for clues.** Are your parents having a hard time managing their finances? Have they stopped paying their bills? Are they overextending themselves with purchases or charitable contributions? Talk to your parents about their situation. Let them know that you are willing to help them maintain a certain level of independence, but that they may need assistance.
- **Get a second opinion.** Consider speaking to their primary care physician, or bring in a geriatric care manager, who can help you assess the mental clarity of your loved ones. You can find a local care manager at the National Association of Professional Care Managers or at Eldercare Locator.
- **Assess their finances.** Go through your parents' tax records, bank and investment statements, and credit card accounts. Be sure you have their account numbers and online passwords and keep a record. If they have a financial advisor, set up a meeting. Check over their investments. Are they suitable for them or do they need rebalancing?
- **Bring in additional family members, if necessary, and set up a plan.** Consider getting a durable power of attorney, which would allow you (or someone else) to make financial decisions for them if they can no longer do so. Check to see that your parents have a will and that it has been updated to meet all of their wishes. Also determine if they have a health care proxy or life insurance policies.

If you do take over your parents' finances, be aware of the following:

- If you co-sign for a loan or credit card, you become responsible for paying it off if your parents cannot or if they die. Instead, ask your parents to grant you third-party access to their accounts. You could even arrange to have an alert sent to you if their charges go above a certain amount.

- Instead of opening a joint bank account, consider having a joint signature on the account. Doing so will enable you to sign checks to pay their bills, but the account remains in their names. You can also request to have alerts sent to you if there are any lapses in payments.

[1]*Source: MetLife, "The MetLife Study of Elder Financial Abuse," June 2011.*

[2]*Source: Certified Financial Planner Board of Standards, "2012 Senior Americans Financial Exploitation Study," August 2012.*

1-273885

Weekly Market Commentary | Week of June 2, 2014

Highlights

No debate here: Over the past five years, modest declines in bond yields in the range of 0-50 basis points occurred along with modest gains of 0-10% for stocks.

No Debate: Stock and Bond Markets Agree

Stocks have been moving higher lately, seemingly suggesting that growth is improving; yet at the same time bond yields have been moving lower, implying growth prospects are deteriorating. The big debate between which of these two multi-trillion dollar markets is right has been raging among investors. But the truth is that there is no debate here -- at least not yet.

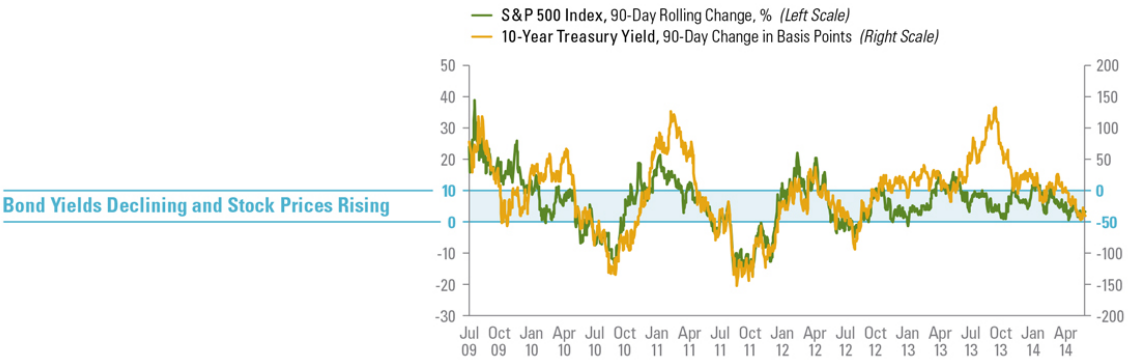
Over the past 90 trading days ending Friday, May 30, the S&P 500 Index was up 4.3% while 10-year Treasury bond yields were down 35 basis points (bps) -- a basis point is one-hundredth of a percentage point, so 50 bps is half a percentage point. While stock prices and bond yields have generally moved up and down together, with the exception of last summer's "taper tantrum" that led to a spike in bond yields, modest moves in opposite directions have not been uncommon. In fact, the recent direction and pace of change in bond yields and the stock market is not unusual or inconsistent with the environment of the past five years.

- Over the five years since the recession ended in June 2009, modest declines in bond yields in the range of 0-50 bps commonly occurred along with modest gains of 0-10% for stocks [Figure 1]. The consistency with the current behavior of these markets is evident -- the pace of appreciation in the S&P 500 Index has slowed this year to about 4% in concert with the modest decline in bond yields.

- Since the end of the Great Recession, the stock market has declined only when we have seen a large decline in bond yields -- more than 50 bps in 90 days. Conversely, big gains in the stock market of more than 10% in a 90-day period tended to coincide with a rise in bond yields.

- Importantly, at no time was the bond market "smarter" than the stock market -- or the reverse. At no time did one market lead the other up or down. They have moved together -- usually bottoming on the same day and peaking at similar times. The idea that the bond market is reacting to something the stock market has not yet noticed -- but will eventually react to negatively -- disagrees with the evidence of the past five years.

1 No Debate



Source: LPL Financial Research, Bloomberg data 06/02/14

Past performance is no guarantee of future results.

The S&P 500 is an unmanaged index which cannot be invested into directly.

There are plenty of reasons why bond yields may have moved lower recently driving gains for bond investors; a few of them include (see recent *Bond Market Perspectives: Slim Pickings* [5/13/14] for more insights):

- Money flowing into the U.S. bond market from Europe because yields in the Eurozone have declined as growth has slowed, the risk of deflation has re-emerged, and the European Central Bank (ECB) is likely to lower rates again.

- Unusual declines in the Chinese currency suggesting Chinese investors are aggressively buying U.S. dollar-denominated assets such as bonds.

- Reassurances from the Federal Reserve (Fed) that rates may stay lower for longer than had been expected.

At the same time, the stock market has been rising for several reasons, including:

- More stimulus likely coming from central banks around the world in June, including the ECB and Bank of Japan.
- The Fed's reassurances that any rate hikes will be dependent upon a much stronger economy along with higher inflation.
- U.S. economic and profit growth showing signs of improvement.
- Money coming into the stock market from corporations doing buybacks and from individual investors reallocating their portfolios and putting cash to work.

Of course, some of the reasons on both lists are the same, further supporting the point that there is no debate in the markets. Moves in both markets have been consistent with a favorable environment for investors and a potential for modest returns. However, were they to keep moving in these divergent directions at an accelerated pace -- stocks rising over 10% in the next 90 days while bond yields fell, or bond yields falling more than 50 bps while stocks rose -- it would likely be a debate that would lead to an unfavorable outcome for one of the markets.