



January 2024

1500 Grant Ave, Suite 238  
Novato, CA 94945  
415-892-0928

Securities and Advisory Services offered through  
Western International Securities, Inc. Member: FINRA/SIPC  
KetrON Financial, LLC and Western International Securities, Inc. are separate and unrelated entities.

## “HAPPY NEW YEAR” RUSSELL W. KETRON, CFP®

Dear Clients & Friends:

You may already know about the recent changes in our office. Over the last few years, I have been transitioning into a consulting role.

Courtenay has done a phenomenal job of taking on the advisor and planning roles and responsibilities. As many of you know I do not have the computer skills to stay current in an ever-changing world. Ruth and Courtenay, as excellent partners, have been making almost all the major decisions with my blessing.

As of January 1<sup>st</sup>, I am transitioning to a part-time consulting role to continue to support KetrON Financial and our clients with my 50+ years of expertise (or is it one year repeated over 50 times), providing valuable insights and experienced guidance on special projects. This transition will allow me to spend more time with my family, especially as we are now expecting our second great grandchild.

For our mutual benefit Courtenay, Ruth, Glen, Josh and now Jessica along with numerous of our

outside consultants will continue to use their expertise, professional and personal abilities, and commitment to excellence to lead our team into your future. I will still be available for those who want to continue to “pick my brain” and to offer my thoughts to any who wants to take advantage of them.

Thanks to all of you who have allowed us to help you “Make Intelligent and Responsible Financial and Life Planning Decisions,” over these many years. Thank you again for allowing me to help you on your financial and life planning journeys. As the longest practicing Certified Financial Planner CFP® in the San Francisco Bay Area, I can think of no other profession where I could have made this kind of difference in so many lives.

The best part is having clients, friends, and family, including grandchildren, listen and put the advice into action. With the good Lord’s help this will continue for our great grandchildren.

With warm thoughts, good wishes for all and Happy New Year! Russ

### Inside this issue

Office News — by Ruth Aguirre	2
Invest or Pay Mortgage — by Courtenay Wise	2
Invest or Pay Mortgage cont. — by Courtenay Wise	3
Portfolio Thoughts — by Glen Calkins	4
Glen’s Portfolio Thoughts, continued	5
Don’t Fall For It — by Ruth Aguirre	5
Charity List	6

Every wish which leads us to expect happiness somewhere else than where we are, only lays the foundation for uneasiness. ~ Goldsmith

## OFFICE NEWS ~ RUTH AGUIRRE

We've been almost a year now in the new office space on 1500 Grant Ave, Ste 238 in Novato. What is also new is Jessica Lopez, hired this last October.

She has been working for 10 years with another advisor affiliated with our Western International broker/dealer. When he moved

out of the area it allowed us to offer her a position with us.

While my title has been operations manager for some time now, I've been working dual roles as both office manager and operations manager. Jessica will be stepping into the role of office manager while I continue as

operation manager only.

I am enjoying the change and hope you will join us in welcoming Jessica to the Ketrone Financial family.

~ Ruth Aguirre



"We must not make a scarecrow of the law, setting it up to scare the birds of prey, and let it keep one shape, till custom make it their perch, and not their terror." Measure for Measure [quote from book by Herbert Lacy]

## INVEST OR PAY MORTGAGE? WHICH IS BETTER? ~ Courtenay Wise

Pay extra on mortgage first, invest after

22 years: Pay \$2,500/ month  
Towards mortgage (\$500 extra/mo)



Remaining 8 years: Invest  
\$2,500/mo  
Portfolio Value:  
\$365,500

Pay minimum mortgage & invest

30 years: Pay \$2,000/ month  
Towards mortgage



Invest \$500/mo  
Portfolio Value:  
\$1,130,300

\$500,000 mortgage balance, 2.5% Interest rate, 30 year mortgage,  
Assumed rate of return 10%

## INVEST OR PAY MORTGAGE? WHICH IS BETTER? CONTINUED ~ Courtenay



A frequently asked question by homeowners is: Should I invest my money or pay off my mortgage?

For those who move closer to retirement the question only comes into sharper focus. The decision to pay extra on your mortgage or invest those funds depends on your financial goals and circumstances. As Russ says, "Paying off your home is an emotional decision, often not a financial one."



Here are some considerations to help you make an informed decision:

**Interest Rate Savings:** If your mortgage interest rate is high, paying it off may be beneficial as it guarantees a return on your investment equivalent to the interest rate on your mortgage.



**Risk Aversion:** Paying off your mortgage provides a sense of security as you own your home outright, reducing financial stress and risk.



**Emotional Peace of Mind:** Some people value the emotional peace of mind that comes with being debt-free, and paying off the mortgage can contribute to that sense of financial freedom.

**Tax Considerations:** Mortgage interest can be tax-deductible in some cases. Consider consulting with a tax professional to understand the implications for your specific situation.



**Investment Returns:** Historically, the average long-term return on investments such as stocks has been higher than mortgage interest rates. If you can earn a higher return on your investments than your mortgage interest rate, you may come out ahead financially by investing.



**Diversification:** Investing allows for diversification, spreading your money across different assets and reducing risk. Real estate is an asset class, and by paying off your mortgage, you might concentrate too much wealth in one type of asset.



**Time Horizon:** Consider your time horizon. If you are close to retirement, paying off the mortgage may be more appealing for stability. If you have a longer time horizon, investing may be a better option.

**Balanced Approach:** You may also consider a balanced approach, where you allocate some funds to paying off the mortgage and others to investing. This way, you can benefit from both the guaranteed return of paying off debt and the potential higher returns from investments.



If you're unsure you may reach out to me and I will analyze your specific financial situation and provide personalized advice based on your goals, risk tolerance, and overall financial picture. I can help you create a strategy that aligns with your unique circumstances.

~ Courtenay Wise

**"It is the mark of an educated mind to be able to entertain a thought without accepting it" Aristotle**

## Glen's Portfolio Thoughts ~ November 28, 2023

### Seeking Investment Success in 2024

Year 2023 was good for our markets, at least up to the time of this writing. There was plenty to be concerned about, yet the market improved. One year performance as per finviz (one of the tools I use): Microsoft up 52%, Apple up 25%, NVIDIA up 192%, Tesla up 28% but Exxon is down 8% and Chevron down 21%. China companies had many big gains as did Europe and Brazil, but India and Canada struggled.

There is good news, concerns, risk and uncertainty as we look forward. Although that is true every year, the stories, timing, and degree of risk varies.

Numbers can be confusing or misleading. The unemployment numbers are at a 3.9% relatively low, but the percentage of those employed, 60.2%, is below the pre-covid rate and well below the pre-2008-9 recession. Inflation is felt by those of us who eat, drive cars or want to be warm in winter, but the economy is growing. Office buildings as a group have a high vacancy; more people work at home. This may be because of a concern for safety, desire to not commute, cost of daycare for children, and technological improvements among other reasons.

Technology draws many smart young people every year who help create new ways to save money and improve our lives. We hear of artificial intelligence (AI), and big claims about how it will change our lives. AI compares a large database of historic information to current. For example, if you are writing on a computer using software, as I am now, it often anticipates what you

are saying, offering words and grammatic corrections. Those anticipations are not 100% aligned with my intent so I select what I agree with or ignore the suggestions. If the data is wrong or misaligned the process fails. Artificial intelligence is a combination of data and programing application. It does not "think"; it can chat with you, but not play a round of golf or drink a cup of coffee. Programing evolves, depending upon the vision of the programmers, their skills, and the tools they use. Better methods, and tools accelerate progress. Some of these "genius"-based companies will catch the wave of the future and wealth opportunities will be available to investors.

There is a problem that may be less visible. It is the plummeting urban Real Estate office values and how that may impact balance sheets of banks.

For many years I was a real estate developer. During that time, I became lead developer of office buildings in San Francisco, San Jose, San Diego, and Los Angeles for Southern Pacific Land company. I also have experience with Industrial buildings, shopping centers and residential property. An example in Marin is Point Tiburon, a former railroad site that you might know. During that time, I put years into design, engineering and public process, and sold it unbuilt to another developer.

Urban Land Institute, of which I was a member published my article "Project Value - The basis of a Workout Plan" in June 1991. Cities had allowed too much office space to be constructed and the economy was in trouble. Many office buildings were not able to pay the mortgage loan cost. As they were foreclosed, the banks had a problem. Banks were not

allowed to retain these buildings, they needed to sell. Buyers who had been in the market disappeared. Values became what they could sell it for, and they collapsed. The vulture capitalists were patient, they looked for the best buildings at great discounts. The complaint of the developers at Urban Land was that the values were crazy and unpredictable. I disagreed. They were possibly crazy, but they had elements of predictability. You could look at the market, the vacancies, the buildings in your city and break it down to the probable time frame to achieve a supply/demand balance. Consider that as a building is foreclosed and sold it sets new lows in lease rates. Due to the discounted sales price, the newly purchased building economy allows for lower lease rates which tends to attract tenants to their building and away from others. I developed a strategic plan for defining current value, leasing strategy and funding economic survival through the market recovery cycle.

This is a long story to get back to the banking issue. Banks create loans, and they sell some of those loans, as we learned in the mortgage debacle 2008-9. Some of the mortgage loans are kept as part of their balance sheet. If a bank assesses a property as worth \$40 million dollars and loans 75% the loan is \$30 million. The mortgage debt outstanding may be reduced by payments over time, in this example to \$25 million. If, as in San Francisco, the office vacancy becomes 40% how long will it take to refill those buildings? If the building is foreclosed upon the price will be whatever a buyer will pay. It might be considered as an open auction where the bank is desperate to find buyers. The risk is high to the investor, so the price discount is severe. In this case

## Continued from page 4 Glen's Portfolio Thoughts

let us suppose the discount from the bank assessed value is 60%, although it could be worse, the buyer pays \$16 million. The bank then takes a balance sheet loss of \$9 million. The bank is not constantly reassessing their balance sheet assets, "mark to market", so this is a sudden loss which stresses their financial integrity.

My theory is that banks and the banking system are well aware of this and have their share of very talented problem solvers. Therefore, I am not suggesting economic crisis or bank runs, but rather prudent tightening of the system. This includes loan standards and rates rising. The credit worthiness requirements rise. The "ma and pa" businesses have a harder struggle for survival. The unprofitable or high competition genius companies may have trouble getting the new growth money they need to stay competitive.

The giant companies have the opportunity to become the new vulture capitalists, buying genius companies that with enough time and money can become great. Over time this opportunity will pass, and some of those early cycle companies will again emerge as attractive investment opportunities.

We recommend incrementally shifting the balance of your portfolio, based on our perception of risk and reward opportunity, always looking for potential future value based upon corporate fundamentals and many other factors. Because some of the most impactful world economic changes are only clear in their scale and impact after the fact, and the market can swing rapidly at times, it is important to be invested when good things happen in the market. It is also important to set aside money (avoid market risk) on money that you expect to spend in a period of time.

That period of time shifts depending on elements in your personal financial situation and the scale of the cash need. Courteney can assist you with your planning needs including decisions regarding money reserves.

We thank you for the opportunity to use our talents and expertise to serve your changing needs.

Glen Calkins  
glen@rketron.com

*"This material represents an assessment of the market environment at a specific point in time and is not intended to be a forecast of future events, or a guarantee of future results. This information should not be relied upon by the reader as research or investment advice regarding any funds or stocks in particular, nor should it be construed as a recommendation to purchase or sell a security. Past performance is not indicative of future results. The views expressed are those of Glen Calkins/Ketron Financial and do not necessarily reflect the views of Western*

### Bad Predictions

"There's no chance that the iPhone is going to get any significant market share. No chance."

Steve Ballmer, the CEO of Microsoft said in 2007."

### DON'T FALL FOR IT... ~ RUTH AGUIRRE

While it has become ever more difficult to spot scams as thieves become more sophisticated in their approach, it is possible to avoid the scams.

When you get a call, email or even postal mail there are more opportunities for you to be scammed. But this can be avoided. It is ok for you to say no thank you and hang up or delete a suspect email and shred suspected fraudulent mail. I've been hung

up on by a client in the past since they couldn't hear me well and thought I was a scammer. But because I was calling for a legitimate reason, I called back and kept working to make sure they knew who I was. Scammers, on the other hand will rarely, if ever, call you back. If you are unsure if a caller is a scammer, I've said in previous newsletters that you can give the caller our office number 415-892-0928. If they are legit they will call

us and if they did call us, we can confirm this and let you know.

If it's an email, you can look at the address and if it's clear at a glance that it's legitimate, it is still ok not to respond but to look up the company phone number from a trusted source and then call them directly to make sure the email is not fraud. Same for snail mail.

Stay safe ~ Ruth Aguirre

## 2023 CHARITABLE CONTRIBUTION LIST

By KETRON FINANCIAL, LLC

AFRICAN AMERICAN HISTORICAL & CULTURAL SOCIETY  
ALL SAINTS CHILDREN'S CENTER  
AMERICAN FRIENDS SERVICE COMMITTEE  
AMERICAN RED CROSS  
BOY SCOUTS OF AMERICA (MARIN)  
BULL LAKE RURAL FIRE DISTRICT  
CFP BOARD, CENTER FOR FINANCIAL PLANNING  
CITY OF HOPE  
COLLEGE OF MARIN FOUNDATION  
COLORADO SCHOOL OF MINES FOUNDATION  
CURE SMA  
DOCTORS WITHOUT BORDERS  
EARLY VIBES, INC.  
FACES SF  
FAMILIES FOR SAFER SCHOOLS  
FINCA  
FLATIRONS COMMUNITY CHURCH  
FOOD FOR THE POOR  
FOUNDATION FOR FINANCIAL PLANNING  
GILEAD HOUSE  
GOODWILL  
HILLSDALE COLLEGE  
HOSPICE SERVICES  
INTERACT CLUB OF NOVATO  
INTERNATIONAL CHILDREN'S CARE  
KEEP TAHOE BLUE  
KENNEDY MINE FOUNDATION  
KID SCOOP NEWS  
KQED  
LDS—PARKWAY 8TH WARD—HUMANITARIAN AID  
LEAGUE TO SAVE LAKE TAHOE  
L.I.T.A. (LOVE IS THE ANSWER)  
MAGNOLIA GLOBAL ACADEMY FOR LEADERS  
MARIN COUNTY SCHOLARSHIP PROGRAM  
MARIN CURSILLO  
MARIN FRIENDS OF FERALS  
MARIN HUMANE  
MARIN & S.F. FOOD BANK  
MARIN SYMPHONY  
MARINE TOYS FOR TOTS FOUNDATION

MISS MARIN COUNTY SCHOLARSHIP PROGRAM  
NAPA EMERGENCY WOMENS SHELTER  
NEW BEGINNINGS  
NORTH MARIN COMMUNITY SERVICES  
NOVATO FIRE FOUNDATION  
NOVATO HIGH SCHOOL VARIOUS PROJECTS  
NOVATO ROTARY ENDOWMENT  
NOVATO SEVENTH-DAY ADVENTIST CHURCH  
PACIFIC LEGAL FOUNDATION  
PERSECUTION PROJECT  
PRIMARY CHILDREN'S HOSPITAL  
PROJECT AMIGO  
REDWOOD EMPIRE FOOD BANK  
RESPECTING OUR ELDERS  
ROSS VALLEY PLAYERS  
ROTARACT OF NOVATO  
ROTAPLAST & ROTAPLAST INTERNATIONAL  
ROTARY INTERNATIONAL  
SAFE & SOBER GRAD OF NOVATO  
SALVATION ARMY  
SAN FRANCISCO CITY IMPACT  
SAN GERONIMO VALLEY COMMUNITY CENTER  
SAN MARIN HIGH VARIOUS PROJECTS  
SCHOOL FUEL  
SHELTER BOX USA  
SHRINERS CHILDREN'S  
SOARING EAGLE  
SONOMA LAND TRUST  
ST. LABRE INDIAN SCHOOL  
SUSAN G. KOMEN  
THE HEART OF THE CITY  
THE WAY TO MY HEART  
TUNNELS TO TOWERS FOUNDATION  
UNIVERSITY OF MICHIGAN, SCHOOL OF PHARMACY  
VARIOUS ROTARY CLUBS & ROTARY FOUNDATIONS  
VILLAGE LEAGUE TO SAVE INCLINE ASSETS  
WOMEN FOR WOMEN INTERNATIONAL  
WOUNDED WARRIOR PROJECT

"While speech may be free, it is not free from consequences" ~ Anonymous



### Ketron Financial, LLC

We're on the Web at : [www.ketronfinancial.com](http://www.ketronfinancial.com)

*Quality Lives Through Intelligent, Informed,  
Financial, and Lifetime Planning Decisions.*

Phone: (415) 892-0928  
Fax: (415) 898-2441  
Toll Free: (800) 748-6338