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FEDERAL REGULATION OUT OF CONTROL

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- Dangers of Giving Your Home to Your Children
- America's Middle Class Lacking Optimism

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From Ken's Desk

Federal Regulation Out of Control

President Obama is ensuring that everyone's electricity rates will "necessarily skyrocket" via new Environmental Protection Agency carbon dioxide emission rules that effectively wipe out new coal power and replace it with less efficient renewables.

Meanwhile, over at the Food & Drug Administration a new rule would regulate the serving size of breath mints. No more tyranny by Tic Tacs.

From regulating mints and food labeling, to systemic risk in banking and finance and, probably soon, insurance and cybersecurity, no aspect of American life remains untouched by bureaucrats and presidential decree.

That's why wrestling down federal spending and taxation won't suffice anymore. Regulations are equally as punitive.

In the annual report for the Competitive Enterprise Institute titled Ten Thousand Commandments: An Annual Snapshot of the Federal Regulatory State, it calculated that the cost of federal economic, environmental and health and safety regulation is around $1.86 trillion annually, based largely upon government data.

That's more than half the size of President Obama's recent $3.9 trillion federal budget proposal, and it's greater than the entire federal budget was back in the 1990s.

If U.S. federal regulation were a country, it'd be the tenth largest, right there between Italy and India. For the typical family that regulatory cost amounts to $14,974 annually: 23% of average U.S. household income.

That $14,974 is more than the average household spends on health care, food, transportation, entertainment, clothes–on everything except housing. But we don't officially measure regulations' costs; we just add to the load.

The Federal Register, the daily depository of all Washington's rules, was 79,311 pages long last year. Of the Register's five highest annual page counts, four occurred under Obama.

And the numbers are staggering; 3,659 rules were issued last year, by 63 departments, agencies and commissions. Meanwhile, Congress passed and the President signed 72 laws.

That means there were 51 new regulations enacted in 2013 for every law passed by Congress. Most lawmaking is now done by the unelected.

Into this environment the White House's Office of Management & Budget just released its annual Report to Congress on the Benefits & Costs of Federal Regulation.

Out of thousands of rules, guess how many regulations underwent a full cost-benefit analysis. Only seven. Less than half of one percent of the total.

As more of the economy becomes steered by Washington and cronyism, the traditional, democratic lawmaking process is further undermined.

Financial regulations make credit less available, energy regulations make energy less affordable, and labor regulations further reduce the ability of firms to hire new workers.

We can fix this. Politicians are transient, as can be their man-made rules. Mistakes can be undone.

A bipartisan, annual Regulatory Reduction Commission could weed out costly or extraneous rules. Congress could vote the commission's findings up or down, without amendments.

And we could require that for every new regulation another must be eliminated. And the new rule must sunset or expire, unless Congress were to explicitly extend it. We also need a regulatory budget to cap the economic costs that federal agencies can impose.

And finally, every major regulation–one costing more than $100 million a year–ought to be approved by Congress, rather than merely imposed by bureaucrats. No more regulation without representation.

It would be nice to double GDP, instead of regulations. You don't have to tell the grass to grow–you just need to take the rocks off of the grass. The time has come for us to take the rocks off of the U.S. economy.

Information compiled by Ken Marinace

Ken waited 60 years

Ken recently had the opportunity to cross paths again with noted comedian, actor, writer, director Carl Reiner. Reiner, pictured above with Ken, was appearing at a "Meet the Author" event at the Jonathan Club to promote and discuss his new book, "I Remember Me." Sixty years earlier in 1954, Ken and his family participated in a radio pilot program hosted by a young Carl Reiner that was called "Keep it in the Family" which later became the long running TV show "Family Feud." Carl signed an autograph for the then 10 year old Ken: "To Kenny, A great ball player. All the best, Carl Reiner." He also told Ken, "I have a son at home about your age." We now know the son was Rob Reiner who also became an accomplished actor and director. At 92 the still charming, productive and prolific Carl Reiner is a testament to the fact that "age is only a number."

6 in 10 Parents Financially Support Adult Children

What's keeping Americans from saving for retirement? For many of them, it's because they are financially supporting their adult children, helping them pay for everything from college loans to entertainment.

A LIMBRA Secure Retirement Institute study finds that 6 in 10 American parents provide financial support to their adult children, and nearly half said it has had a negative effect on their retirement savings.

"While millennials are the most educated generation in history, nearly 4 in 10 are unemployed and many more are underemployed," said Deb Dupoint, associate managing director, LIMBRA Secure Retirement Institute. "Parents of millennials are providing considerable support to their children at a time in their lives when saving for retirement should be a priority."

Approximately 25% Of millennials are unemployed

The study also found that 57 percent of U.S. households with adult children have at least one adult child living at home. Nearly three quarters of households with adult children ages 18-22 have at least one adult child residing in their home

Source: Insurance News Net Magazine

CFS Spreads Holiday Cheer

During our Holiday Client Dinner on Saturday, Dec. 13, 2014 at Oakmont Country Club, we collected toys to benefit the Boys & Girls Club of Burbank.

Pictured are Shanna Warren, Chief Executive Officer and Ken Marinace, CFP, CEO and his grandchildren, Rex Dauphinais and Lillian Garretson, both of whom traveled from Minnesota for the event.

With Sincere Appreciation

We would like to thank you, our wonderful clients for your overwhelming generosity for CFS's Toy Drive to benefit the Boys & Girls Club of Burbank.

THANK YOU!

Ken Marinace, Staff of CFS, and The Boys & Girls Club of Burbank

YES, THIS IS US!!!

Senior citizens are constantly being criticized for every conceivable deficiency of the modern world, real or imaginary. We know we take responsibility for all we have done

and do not try to blame others.

HOWEVER, upon reflection, we would like to point out that it was NOT senior citizens who took:

The melody out of music,

The pride out of appearance,

The courtesy out of driving,

The romance out of love,

The commitment out of marriage,

The responsibility out of parenthood,

The togetherness out of the family,

The learning out of education,

The service out of patriotism,

The Golden Rule from rulers,

The nativity scene out of cities,

The civility out of behavior,

The refinement out of language,

The dedication out of employment,

The prudence out of spending,

The ambition out of achievement or

God out of government and school.

And we certainly are NOT the ones who eliminated patience and tolerance from personal relationships and interactions with others!!

YES, I'M A SENIOR CITIZEN!

I'm the life of the party..... Even if it lasts until 8 p.m.

I'm very good at opening childproof caps..... With a hammer.

I'm awake many hours before my body allows me to get up.

I'm smiling all the time, because I can't hear a thing you're saying.

I'm sure everything I can't find is in a safe secure place, somewhere.

I'm wrinkled, saggy, lumpy, and that's just my left leg.

I'm beginning to realize that aging is not for wimps.

Yes, I'm a SENIOR CITIZEN

and I think I am having the time of my life!

Now if I could only remember who sent this to me, I wouldn't send it back to them.

Or, maybe I should send it to all my friends anyway.

They won't remember, even if they did send it.

Spread the laughter

Share the cheer

Let's be happy

While we're here.

Our thanks to Bob Moering

CFS Golden Circle - Clients for 20 years or longer

Annette Alender
Kathy Allie
Connie Alvero
Irv & Zel Bagley
Arnold & Wendy (Glaus) Baker
Dr. Martin Barmatz & Carolyn Small
Dave Bochard
Steve & Lynne Brener
Kelley Brock
Joan Bruner
Jim Burgess
Harlene Button
Barbara Chasse
Philip Clements & Claudia Squibb
Louis Darin
Dr. George & Oleta Diamond
Joe & Liz Dilibert
Rita Dillon
Marshall & Mimi Drucker
Jim Dyrness
Reg & Jan Fear
Horace & Betty Jean Fernandez
Jim & Kathy Forman
Imre & Patricia Foti
Susan Gardner
Ralph Gerrard & Susan Leeper
Valerie Giudici
Vorda Gordon
Dr. Stuart Grant
Helena Gratland & Bob Mazzocco
Connie Greenberg
Eunice Greenwood
Harry & Karen Griffin
Dennis Hall & Evelyn Rollins
Chuck Hardinghaus
Bill & Elinore Hedgcock
Harley & Alice Higginbotham
Dr. Craig & Jeannette Hoeft
Pamela Hoey
Lilo Holzer
Mike & Gwen Houlemard
Daina Johnson
Rich & Donna Johnson
Mitch & Lorraine Kaye
Spencer & Nancy Kindorf
James & Julia Kinmartin
Emil & Chiching Klimach
Loraine Leach
Jack Leahy
Dave & Carolyn Lessley
Jane Lloyd
Dr. Ken & Carmen Luk
Harry & Carol Mackin
Jay & Nancy Malinowski
Al & Maddy Maskell
Randy & Pat Maskell
Dr. Peter & Juliane McAdam
Dr. Jeanine McMahon
Mary Alice Milward
Bob & Barbara Moering
John & Mary Morrow
Roland & Vonda Neundorf
Dave & Pat Newsham
Bruce & Vicki Oldham
Dr. Eugene Orlowsky
Leora Ostrow
Al Roeters
Debbie Ruggiero
Joe & Pearl Ruggiero
Louise Sanchez
Earle Sanders
Evelyn Schirmer
Bob & Cindy Sieke
John & Dianne Simes
Louise Sirianni
Carole Steen
Mitch & Ilona Stein
Giselle Temmel
David & Kellye Wallett
Jeff & Pam Wheat
Don & Lorraine White
Jack & Teena Wolcott
Toby & Carole Zwikel

HAPPY BIRTHDAY

JANUARY

3 - Jodie Xua
2 - Marshall Drucker
4 - Reginald (Reg) Fear
4 - Lyn Hoeft
6 - Ralph Gerrard
7 - Al Roeters
8 - Donna Johnson
10 - Verena Luisoni
10 - Daris R Pederson
10 - Marcus Petoyan
11 - Tim Chao
12 - Jim Graves
12 - Vicki Arnold
13 - Susan Gardner
15 - Mark Evans
16 - Kellye Wallett
16 - Bruce Keller
17- Rita Dillon
17 - Stu Nisbet
18 - Annette Vartanian
19 - Jo Ann Long
19 - Evelyn Rollins
20 - Betty Iverson
21 - Irv Bagley
23 - Mary Morrow
23 - Debra Crosley
23 - Christina M.S. Reh
25 - Dianne Southern
26 - Roberta Bremner
27 - Lowell Houghton

FEBRUARY

1 - Maria Bitman
2 - David Bremner
2 - Chiching Klimach
2 - Doug Remington
3 - Bill Hedgcock
3 - Oleta Diamond
3 - Arnie Baker
5 - Margot L Siess
7 - Michael Sinclair
7 - Mike Thrasher
7 - Cheryl Updegraff
7 - Janet Sedhom
9 - Michael Siecke
9 - Wayne Hoeft
9 - Mike Houlemard
10 - Robert Mazzocco
11 - Bill Williams
11 - Carolyn Lessley
11 - Patricia Newsham
11 - Bart Ping
15 - Steve Brener
16 - Robert Agosta
17 - Elizabeth Veres
18 - Jane Lofton
20 - Diane Long
22 - Dianne Simes
22 - Nancy Nisbet
22 - Marty Agosta
24 - Pamela Hoey
26 - Stephen Temmel
28 - Linda Knutson
28 - Debra Prieto - Kasper
28 - Russ F Billings

Referrals

We Appreciate Those Referrals!

We certainly welcome your referrals and are always most appreciative when clients pass our name along to others. We would like to take this opportunity to express our thanks for your continued confidence and look forward to providing quality confidential financial services to you, your friends, and associates.

When you refer us to others, you can be assured that your personal information provided by you and those whom you refer is treated with a high degree of confidentiality.

Our sincere thanks to our recent referrals go to …

Sam & Janet Sedhom

Mike & Gwen Houlemard

Roger Koll and Marsha Munemura

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Anna's Recent Read: Dangers of Giving Your Home to Your Children

It may seem like a great idea: Parents, either because they want to help their kids out, or to reduce the taxable value of their estate, decide to transfer ownership of their home to their kids.

Well, it may seem like a great idea. But it often isn't.

For starters, parents often don't realize the security they're giving up, especially if they plan to continue living in the home. If your child were to get divorced, the ex-spouse could have a legitimate claim on the home. Creditors can come after the home if your child defaults on a loan or loses a legal dispute. Your child could even sell the property without your permission.

What follows are issues to consider, and, in those rare cases where a transfer can make sense, how to do it the right way.

Many parents think transferring a home to one's children will help them qualify for Medicaid's long-term-care benefits.

But in most cases, that isn't true. When an applicant gives away property within five years of applying for Medicaid coverage of long-term care benefits, Medicaid presumes that the gift was made in order to qualify for Medicaid. This will trigger a period of ineligibility on the theory that the property could have been used to pay for the individual's care.

In reality, the house may not have been counted in asset valuations anyway, says Ms. Dean' from the line. The five-year rule doesn't come into play, for example, if the applicant is transferring the property to his or her spouse or to a child who has been living in the house and providing the applicant necessary nursing care for at least two years.

A home transfer is not advisable as a wealth-preservation or tax-avoidance strategy if the value of the parents' estate is within the limit allowed for exclusion by the IRS or state tax authorities. In a case where federal gift tax applies, the rate can be as high as 40%. There can also be state gift taxes.

The tax bite is likely to be far less if the home changes hands as part of a normal inheritance. The heirs will receive a step-up in the cost basis and be able to sell immediately with no impact on income or capital-gains tax.

Parents looking to downsize can sell and share the proceeds with the children. For a married couple, the first $500,000 in profit is free of capital-gains taxes, or the first $250,000 for a single taxpayer.

Gifting a home also removes the option of a reverse mortgage. A reverse mortgage is when homeowners borrow against a home's equity and continue to live in the house with the understanding that the loan (and accumulated interest) will be paid off, in a lump sum, when the house is sold, or the borrowers move out or die.

In cases where transferring ownership would reduce the parental estate to a level where no estate tax is owed, it can be a good idea. It may be the way to preserve the most assets for the children, even if they later decide to sell and owe taxes then.

If the parents want to transfer ownership but continue to live in the house, additional legal steps are recommended. One option is to set up a "life estate" in which the parent would pay "fair market" rent to the child. If rent is not paid, the parent is considered to have a "retained interest" in the house, in which case the IRS could treat the transfer as if it never occurred and decide that the house is includable for estate-tax purposes. Legal assistance is advised when setting up this kind of arrangement.

Another option, a qualified-personal-residence trust, allows parents to transfer their residence to their children—through the trust—at a substantially reduced estate and gift-tax cost. It also allows the parents to stay in the home for a predetermined period they set themselves.

In this type of arrangement, if the parents live on the premises it greatly reduces the gift tax, which is imposed at the time of the transfer. Depending on how long the parents plan to stay, the taxable value of the gift can be as little as 25% of the current fair-market value of the home. All appreciation in the value of the home after the initial transfer also becomes tax-free for both the trust and the children.

Parents with large estates also might consider gifting or selling their home to a "defective grantor trust." The parent freezes the value of the home for transfer tax purposes at its current value, and any further appreciation during the parent's life happens outside of their estate. Any income earned by the trust is taxable to the grantor. But by gifting or selling the property to the trust, the grantor reduces the value of his or her estate immediately, and all appreciation in the property will be tax-free for the trust beneficiaries.

Information compiled by Anna Luke

America's Middle Class Lacking Optimism

Middle class Americans don't seem to find much to be happy about these days. More than half of Americans surveyed in a Harris poll identified themselves as being lower middle class or working class with low economic security. And 75 percent said they're being held back financially by roadblocks such as the cost of housing (24 percent), health care (21 percent) and credit card debt (20 percent).

But wait, it gets worst! "The most disappointing aspect is that 45 percent think they'll never get their finances back to where they were before the financial crisis," said Ken Rees, chief executive officer of the Elevate credit service company, which commissioned the survey. "And a third are losing sleep over it." Forty-four percent of respondents to the Elevate survey reported having less than $2,000 in savings and 21 percent had none at all. Adding to the pessimism is that 71 percent said they were also carrying debt: 53 percent said the total was $10,000 or more and 32 percent had more than $20,000.

Source: Insurance NewsNet Magazine

Brain Teaser #79 – "Pictoword"

Which well-known word or phrase is represented by the following?

MILK

The first person with the correct answer will receive an American Express gift card. Please email your answers to Martha at martha@cfsburbank.com.

Brain Teaser #78 – "Arranging Things" (Answers)

across (from the top): TURKEY, RIBBON, CANDLE, SEASON, DONKEY, PARCEL

Down: TINSEL

The first response with the correct answer came from Doug Remington. Congratulations Doug!

Use your smartphone to visit our website!

U.S. News

• The Kiplinger Letter is predicting the U.S. GDP will show 3% growth over the next few years.

• The Atlantic states New York City remains the #1 city in the world for overall economic power. London is 2nd, Tokyo 3rd, Paris and Hong Kong tie for 4th, Chicago is 6th, Singapore 7th, Shanghai 8th, and Los Angeles 9th.

• The *Wall Street Journal* reports manufacturing wages are increasing at a rapid pace in some major industrial areas due to shortages in certain worker skills.

Source: Burbank Business Journal

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In This Issue

Facing Breast Cancer with Courage - By the Numbers

29% - All newly diagnosed cancers among women that are breast cancers

61 - Median age of breast cancer diagnosis in U.S. women

89% - Five-year survival rate for women with breast cancer

1 in 8 – Lifetime risk of being diagnosed with breast cancer

67% - Women 40 years of age and older who had a mammogram within the past two years

Source: American Cancer Society; Centers for Disease Control and Prevention

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