



"Be a yardstick of quality. Some people aren't used to an environment where excellence is expected." Steve Jobs

The Markets *By Sandy*

The market reached all-time highs in 2015 with the Dow at 18,351, but quickly vanished and is misleading when you expect mutual funds or stocks to be near highs also. The Dow is -1.14% as of June 30; and the S&P is 0.20% year to date. Greece is in the headlines right now with their impending default, but that has no bearing on our economy. We do not expect a 2.8 % rate of growth this year. We expect 2.5% growth if the economy continues with good solid growth, the dollar stays strong and the hint of inflation is nil. The ten year treasury has traveled from 2.69 down to 1.64 and back up to close at 2.42 today. This movement has a great impact on the price of bonds and bond funds. *Continued on page 2*

LA Times Makeover and Social Security *by Carol*

I was asked to be the financial advisor for the LA Times money makeover in April. This article is a good example of making sure that you take time to look at all your options regarding social security. Mr. Martinez wanted to start his social security at age 62 but this did not make sense for him because he has very little in retirement savings. I recommended that he wait until his full retirement age of 66 to have more income (25% more by waiting). He could even make more by waiting until age 70 and he probably will if he can find a decent job. His mortgage will be paid off when he turns age 66 and I believe his social security income will allow him to maintain his current standard of living (a very frugal lifestyle). This is an example showing that the decision of when and how to take social security and if the mortgage should be paid off is unique to all. continued on pg. 2

Interest Rates *by Erin*

Concern about rising interest rates have begun to surface in the financial media once again. Last year, the bond markets rallied significantly despite most predictions of the contrary. The Fed started winding down their bond purchases in 2014 and is expected to begin rising interest rates in the last half of 2015.

Despite most predictions that the Fed will raise rates by September, concerns about the Global economy, low inflation in the US, a rising dollar, and declines in oil and commodity prices give me reason to believe the Fed's interest rate hikes could be reduced or delayed. However, I could be completely wrong just as so many interest rates calls have been over the last 6 years.

Regardless of if and when interest rates rise, the appropriate action we take

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Social Security continued....by Carol

Most articles published on social security recommend that you wait until age 70 and that you use strategies such as file and suspend, etc. but there are very specific rules regarding all these strategies and the decision is not always clear-cut and your retirement savings play a big role in the decision.

Reminder: Asset Planning is hosting a Social Security Seminar on Thursday, July 16th at 9 am. This will be presented by Jeffrey Rodriguez who is the Social Security Public Affairs Specialist for Orange County. He will be presenting information for claiming social security and will be available to answer your questions. Even if you have already filed the information may be helpful and increase your knowledge. You are encouraged to invite friends or family who may find this seminar informative. Reservations are required so please RSVP to Samantha Garcia at sjg@assetplanninginc.com or by calling the office at (714) 827-5794. The seminar is being held at the Courtyard Marriott located at 5865 Katella Ave., Cypress, CA 90630.

The Markets continued...

REITS, energy, utilities and oil have had a very hard time in 2015 while financials, technology, biotech and health care show great gains. Usually, sectors that are unpopular this year tend to be the winning sectors next year. If the fund or stock pays a good dividend, it is usually worth holding and waiting for the rebound. Each stock, bond or fund in the portfolio has a job to do. Some are included for cash flow from dividends or interest, some are for growth and some are tax free or tax efficient

I met with the president of Organovo Holdings and am in awe of the medical breakthroughs that are in the pipeline. By making live 3D human liver tissue, doctors are able to test the effectiveness of medication and toxicity prior to administration without damaging the patients liver. This will help in choosing the correct chemotherapy drug for those with cancer. ONVO also partnered with Merck to test new drugs on the manufactured liver and kidney tissues, thereby saving humans from enduring drug trials. Biotech funds are future promises of new ways to treat and detect disease.

Interest Rates continued...

by Erin

in managing the bond portion of our clients' portfolios are as follows:

1. Because we are in a low interest rate environment, we never want to take on bonds with high default risks and inadequate return potential. In our opinion it is less risky to invest in high quality stocks than low yielding, high risk debt. The risk reward trade off is always an important consideration in any security selection we make for clients.
2. We try to match the duration of individual bonds and or bond mutual funds to our client investment time horizon so that despite swings in the markets, you will collect the yield to maturity if you stay invested for the full duration of the bond.
3. We ladder our bond purchases so if rates do rise, we can buy higher yielding bonds when the shorter term issues mature. If rates rise much later than expected we have the longer maturity bonds with higher yields that help boost returns.