



MACIAN

NEWSLETTER

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The Monster You Didn't Know

CONGRATULATIONS!

November is here, where did the year go? As promised, we are going to name the winner of last month's challenge. To recap here was the challenge:

Let us know your most creative new method of saving and next month we will list the winner's concept in the beginning of the newsletter! As a prize for being chosen as "Macian's Most Creative Saver", we will give you a complimentary budget review and a 50% financial planning discount to anyone that you may refer.

If you missed the challenge, do not worry we have another one for you in this November Newsletter. Before we proceed with our letter, the winner of last month was:

Kerry H.

Kerry's method was to eliminate much of her meal expense while traveling by staying with local family (when possible) and cook



with them at home. There is nothing like spending more time with family and less time over-paying for dinner!

Very nice way to capitalize on family time and a BIG CONGRATULATIONS on winning the challenge! We encourage everyone to continue to be creative in ways they can save and cut back on the expenses. If you are having a difficult time with ideas or not sure if it will work for you, please contact us and we are more than

happy to help you. If you have missed our past Newsletters, you can find them on our site at www.macian-wm.com.

"Money Monster"

While we were children, many of us learned some form of saving strategy; whether it is a piggy bank that plays music each time you put in a coin, or a simple tin can with a rusty bottom filled with loose change. No matter the contraption that held our precious currency, it was our way of saving, and the main

goal...try to fill it up! Being young came with stability; Mom or Dad always made sure we had a coin to drop into our collection, but they forgot to tell us about the "Money Monster". Unlike the monster that hides in the closet or under the bed, this one is real and it does not play very nice. This Money Monster eats up cash faster than we can really save it, but no one really taught us how to protect ourselves from it. Can we lock it up and make sure it cannot be touched for several years? Who can we really trust to help us shelter it and make sure the money grows instead of disappearing? So, who is this Money Monster? This creature comes in many shapes and forms, but we all really know it as Inflation and Taxes. Saving money is always nice, but it does us no good if it cannot keep up with the normal inflation and tax rates.

In terms of inflation, many investors have heard of "real returns", but what does this mean? Real returns are the proceeds that investors receive after calculating inflation, costs, and taxes. This is important to understand because there is an impact that inflation, investment costs, and taxes have on your portfolio. For example, a study conducted by Thornburg states that over the past 30 years, municipal bonds provided an annual

return of 7.5%, but once you incorporate the taxes, inflation, and investment costs the annual return turn to 3.3% for the year. This example was not provided with the intention of scaring you away from investing, but actually the opposite. It is important to not only save for the future, but also invest with the mindset to cover the inflation rate. Of course, like with any investment there is always a risk involved and nothing is guaranteed, but one thing is for sure, if nothing is done, inflation and taxes will come after your savings.

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and inflation eat away at our earnings?

How Do We Beat Inflation?

These ideas should not be taken too seriously. Before doing any of this, you should talk to your wealth manager. If you do not have one, we are here to help you too. Remember these are just ideas, this does not mean it is right for you. Every person is different, which means every strategy should be different.

Here are some strategies:

1. It's All About UPGRADES

Take some time and evaluate your CD positions.

- How long do I need this for?
- Can I get a higher return some place else?
- What is my goal with these funds?
- When do I need these funds by?
- How much am I trying to earn annually?

What many investors do not realize is that there are alternatives to a CD. If you work with your Wealth Manager, he/she should be able to provide suggestions to help increase your chances of gaining more than the simple 1% from the banks. This can be structured in an income producing portfolio, or a strong bond positioning portfolio. The most

important part is to build a relationship with your Wealth Manager so it is easy to talk openly about your needs and concerns.

2. Lock In A Higher Rate

If you realize the funds need to be used within a year's time, find a higher interest rate. While this may not happen now, just keep an eye out for higher interest rate opportunities. The common flaw here is not to over commit your available cash. Just because there is a 1.5% CD for 12 months, this may not be the best way to go. Your funds are locked in for a 12 month period so if rates do go up, you cannot change it or if you happen to need the funds prior to the 12 month period, there can be a penalty. What is the solution? Try laddering your CDs. This allows you to take advantage of higher rates as they come and it allows you to keep watch on interest rate trends and provides you the ability to take advantage of the changes. For additional information on the process of "Laddering", contact us and we'll walk you through the process!

3. Handle Your Debt

Manage inflation by locking in lower fixed rates on your debt. If you have any sort of debt, now is the time to begin paying it down, especially when it comes to credit card debt. You can reduce the effects of inflation later by getting a fixed rate on a mortgage or a car loan. If you currently have an adjustable rate mortgage try refinancing for a fixed rate since interest rates are low currently.

There are many ways to fight taxes and inflation. If you are interested in knowing more, please feel free to contact us at info@macian-wm.com. We also have several tax tips and tax saving techniques for your investments.

We know who last month's winner was, the question is: Will you be our winner this month?



We challenge you this month to either ladder your CDs OR find other methods to fight against inflation. Let us know your most creative new method to fighting inflation and taxes and we will list the winner's concept in the beginning of next month's newsletter! As a prize for being chosen as "Macian's Fearless Fighter Against Inflation and Taxes", we will give you 50% off the first year's planning fees and 50% discount to anyone that you may refer.

Send us all your creative methods to the fight against inflation and taxes to:

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Sincerely,

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