Straight From The Horses' Mouth

November 11,2017

MONEYCULTURE ™

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*THIS MONTH,WE ARE LAUNCHING OUR NON PROFIT, **THE MONEYCULTURE INITIATIVE ™** WE ASK YOU TO GET READY FOR CLIENT BASED INVESTMENT AND FINANCIAL EDUCATION AND SUPPORT, SUGGESTIONS ON WHAT TO INVEST IN, WHERE TO GET IT AND WHAT IT COSTS, REFERRALS TO HALL OF FAME ADVISORS WHO ARE ETHICAL AND ECONOMICAL AND FREE HELP FOR THOSE WHO NEED IT AND WANT IT. WATCH THIS SPACE FOR ANNOUNCEMENTS OF OUR SIGNIFICANT PARTNER SUPPORTERS. (MoneyCulture ™ Website re-opens next week.)*

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In This Issue

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The MoneyCulture Initiative Preview:

Want a long term play? Forget Oil; Bet on Wyoming!

“A little dab’ll do ya” 1950’s Brylcreem commercial

Any discussion about energy policy, the argument revolves around environmental issues and energy-efficient cars versus coal and oil. Now, here in Wyoming we are sensitive about coal and oil related jobs being lost.   But what has remained off the radar is how a dramatic change in federal energy policy may actually impact domestic industry in a positive way: more jobs, less dependence on oil from nations such as Venezuela, and Saudi Arabia.

Unfortunately, oil *has to be* central to America’s energy future, at least in the immediate. Our modern technological culture is entirely dependent on gasoline. Despite the “drill baby drill” rhetoric intended to build support for selling off federal lands (like Bureau of Land Management areas where people graze their cattle, and national parks where people go to hunt and fish and camp, bringing in valuable tourist dollars), more than fifty million acres of oil-rich land is already allocated to various oil companies--who refuse to drill there because the price of oil isn’t high enough. No new oil refineries have been built in the United States for decades--not because of restrictive environmental regulations forced through by hippies, but because the profit margin for the oil companies isn’t high enough. There are 141 oil refineries in the US, the last one built in 1975 in Corpus Christi Texas by **Magellan Midstream Partners LP. It does about** 42,500 barrels per calendar day. However, while developing domestic oil production may be a short-term measure, it is certainly not a solution. So, how will we power our future?

The most common response is “solar”, but the technology just isn’t there. Solar power, on a large scale, is not yet currently feasible. While Wyoming has over 300 days of Big Sky sunshine, we lead the league in two other powerful alternative sources: wind power (fields of electricity-generating windmills are very visible here, but there is not enough of them). North Dakota has the most wind turbines. The other alternative energy source is liquid natural gas, or LNG. Wyoming ranks 5th in the country in LNG production (2016), yet it doesn’t make the top 40 states in consumption. No surprise, Texas consumes almost twice as much LNG as any other state. Just in case you were wondering as a country we consume about .0003% more than we produce. Advocates say we haven’t scratched the surface of available reserves down there.

The great industrial boom of the twentieth century that helped transform us from an agrarian society to a mechanized one was fueled by oil--and the oil states like Texas and Alaska experienced an economic prosperity. Here in Wyoming we could be the vanguard of the next industrial revolution. What’s the stumbling block? OK, besides Big Oil, Big Banks, Big Government, Big Pharma (Just threw that in. If they aren’t part of the solution….)

Natural gas is said to produce very little air pollution. It is substantially more efficient than oil or coal--by up to 60%. The problems with natural gas are many--it is highly toxic, has storage issues, and requires costly and complicated equipment to transport. When liquified, Natural Gas is non-toxic and as easy to store and transport as gasoline. While the technology for reducing natural gas to a liquid state has been around since the late sixties, LNG has not been used widely because it was not economically viable, due to high costs, and the easy availability of oil. Now obtaining oil is increasingly difficult, and the technology for liquefying natural gas has become much more cost-effective. Plus, major automobile companies are actively working on developing LNG and oil and coal burning power plants are beginning to convert to LNG.

We have one of the largest natural gas reserves (in methane form) in the world right here underneath Wyoming (also Montana and South Dakota, but who cares). There are massive underground deposits between Rock Springs and Sweetwater, to the northwest of Laramie, in the Bighorn Mountains north of Hot Springs, and throughout the Powder River basin (over an area larger than any of the New England states). Methane extraction is already going on in parts of the state; it would require little effort beyond Big Money to expand operations.

What does this have to do with finance, you ask? Plenty. Development of local sources of energy will undoubtedly bring investment, jobs and money into the area--and not in small scale either--thousands of well-paying jobs, and billions of dollars coming into the state. While there are some issues that have been raised (and rightly so) about the long-term economic prospects, and the impact on the natural beauty and splendor which draws tourists and

Continued...

THE MONEYCULTURE INITIATIVE PREVIEW CONTINUED...

hunters and campers (and their money), all indications are that the payback can balance a manageable geographical containment. Besides, we have to replace those lost coal and oil jobs.

The largest LNG facility in the world is located in the oil-producing nation Qatar, but they don't want to use their own oil; they want to sell it to us. Can you envision a future where we sell our LNG to them, OPEC (the Organization of Petroleum Exporting Countries) is irrelevant, and America is the leader of the Organization of Liquid Natural Gas Exporting Countries. Forget about war. If we don't like what some small-minded nation is doing, we can simply cut them off, just like OPEC did to us back in the seventies. Think about it. Economically feasible—Sure until Washington and their special interests get ahold of it. I realize I'm probably dreaming, but if I were charged with building momentum around OLNGEC, I'd get Jamie Dimon behind it. The herd of Banks will follow his lead.

What could go. wrong? I wonder what Dimon would say about this idea?

RETIREMENTCULTURE

Over 50 and Thinking about Retireing Someday? Maybe you should rethink that.

Horatio Alger is dead and so is his economic philosophy. The great American dream of building a business, working hard and getting rich is a myth. Sure there are a few techno-geeks out there who may do it, but do you have any idea how many aspiring Mark Zuckerbergs are out there who fail? Neither do I, but it's huge. So the great American dream has morphed from Horatio Alger to buying Powerball tickets. You can't get rich quick, so get more basic. 80% of Americans are not confident they have enough money to retire. Think smaller and avoid mistakes and misconceptions like:

<u>Not having an investment plan.</u>
You need to evaluate your goals and objectives, consider what the risks are, develop a strategy and measure your progress. This is not rocket science.

<u>Misjudging your time horizon.</u>
If you are 50, make $46,236.00 a year (the average for a household according to 2015 US Census data), have $2,000.00 in savings and $6,000.00 in an IRA, no company pension AND you want to retire at 62 and travel the country, forget it! There is no way with those demographics you can make that goal. This is not a Pane Webber commercial (besides they're gone). You'll have to work until you croak, and as for travel, you'll be lucky if they bury you in KayCee.

<u>Overlooking the impact of inflation.</u>
Inflation--the silent killer. If you have all you got in cash paying 1%, you're losing an average of 2% a year to the concept of just trying to keep up with the rising cost of everything else. Cash is a short-term stopgap, not a long-term investment allocation.

<u>Putting all your eggs in one basket and then eating the chicken</u>.
Sure, diversification is over-rated and only works until you actually need it, but still, buying only one stock is like buying only one cow and hoping it to grows to 62,500 pounds. Keep emotions out of your investing strategy. You don't put your whole IRA in Disney stock because you love Space Mountain. Of course, if you want to go to Disney World and ride Space Mountain, you'll have to skip this year's IRA deposit.Emotion is the enemy of success.

<u>Over-reacting to short-term volatility.</u>
All markets go up and down, except maybe the farmer's market. You have to keep your gut in check and not bail out when security prices are going down. That's the time to buy, not sell. You buy stocks when the Stock Market is going down. When it goes up (hopefully higher that when you bought in), then sell. Will Rogers said, "If you want to invest, buy some stock and when it goes yup, sell it. Of course, if it don't go up, don't buy it."

<u>Misinterpreting past performance.</u>
Don't let the past price history influence your future investment decisions. The only prices you need to know are the current price and the future selling price (let me know if you find a way to know that for certainty in advance). Past performance is an unreliable predictor of future performance. Consistency, process and discipline is more important than recent performance. Specifically: don't buy last week's winners, don't but last month's winners, don't buy last year's winners. In fact buying past winners because they were past winners is like betting on Savvy Shields to win the Miss America contest in 2018. My motivational speaker buddy, Nick Murray said it best: "She don't win twice." Continued...

All is not lost, however, if you're 50 and think your retirement is underfunded, there are some things you can do:

1. Contribute more to tax-advantaged retirement plans

The IRS rules for annual "catch-up" contributions allow you to contribute an extra $1,000 to IRAs, for a total of $6,500 in 2017, and an extra $6,000 to 401(k)s, for a total of $24,000 in 2017. Of course, you have to have it to contribute it. There's the catch.
FINRA has a great tool: FINRA's "401(k) Save the Max" calculator Check to see if you're on track to save as much as you're allowed.

2. Cut spending
Taking a hard look at your current budget. If you don't have one, make one now, Call us for help. Not easy: belt tightening, downsizing. Some expense reduction will by its nature come with retirement: commuting costs, lunches out, Bungie jumping.

3. Work longer.
The longer you put off receiving Social Security benefits after your full retirement age, the bigger payment you'll receive once you do retire. That increase is two-thirds of one percent for each month that you delay receiving the benefits, or 8 percent annually, until you reach age 70. Of course, there's a downside. If you're like my parents and many others, you don't live long enough to collect.

4. Brings me to my solution: *Die Early*
Not a serious solution, but it is the title of my upcoming book.

5. Sock away that unexpected money
A raise, inheritance, bonus or tax refund, toss it to your retirement, preferably into an account with tax advantages. Almost as good as free money

6. FEES
FINRA has a Fund Analyzer can help you get a handle on feec comparing over 18,000 mutual funds and exchange-traded products. For instance, if you could save 50% on fund/ETF fees in the next 15 years and averaged a &% return, you'd have an extra $62.000 for retirement. To learn more about saving and investing, and keeping your finances in order, visit the Investors section of FINRA.org.

7. Lobby for a Financial Wellness program:

It is estimated that there is a great need for financial wellness programs, as 53% of employees feel financially stressed, and this costs employers with 10,000 workers $3.3 million a year in lost productivity. We have one for free at *The MoneyCulture Initiative*, our new non profit.

2018 Contribution Limits from IRS

Last Thursday, the Internal Revenue Service announced contribution limits for employees who participate in 401k, 403b, most 457 plans, as well as the federal government's Thrift Savings Plan, will increase from $18,000 to $18,500 in 2018.
The catch-up contribution limit for employees aged 50 and over who participate in **401k**, 403 (b), most 457 plans and the federal government's Thrift Savings Plan remains unchanged at $6,000.

The IRS issued technical guidance detailing these items in **Notice 2017-64**.
The income ranges for determining eligibility to make deductible contributions to traditional Individual Retirement Accounts (IRAs), to contribute to Roth IRAs and to claim the saver's credit all increased for 2018.

Taxpayers can deduct contributions to a traditional IRA if they meet certain conditions. If during the year either the taxpayer or their spouse was covered by a retirement plan at work, the deduction may be reduced, or phased out, until it is eliminated, depending on filing status and income.
If neither the taxpayer nor their spouse is covered by a retirement plan at work, the phase-outs of the deduction do not apply. Here are the phase-out ranges for 2018:

- For single taxpayers covered by a workplace retirement plan, the phase-out range is $63,000 to $73,000, up from $62,000 to $72,000.
- For married couples filing jointly, where the spouse making the IRA contribution is covered by a workplace retirement plan, the phase-out range is $101,000 to $121,000, up from $99,000 to $119,000.
- For an IRA contributor who is not covered by a workplace retirement plan and is married to someone who is covered, the deduction is phased out if the couple's income is between $189,000 and $199,000, up from $186,000 and $196,000.

The income phase-out range for taxpayers making contributions to a Roth IRA is $120,000 to $135,000 for singles and heads of household, up from $118,000 to $133,000.

For married couples filing jointly, the income phase-out range is $189,000 to $199,000, up from $186,000 to $196,000. The phase-out range for a married individual filing a separate return who makes contributions to a Roth IRA is not subject to an annual cost-of-living adjustment and remains $0 to $10,000.

The limit on annual contributions to an IRA remains unchanged at $5,500. The additional catch-up contribution limit for individuals aged 50 and over is not subject to an annual cost-of-living adjustment and remains $1,000.

DANTE'S CORNER:

Sun Trust Did A Bad

The Securities and Exchange Commission charged the investment services subsidiary of SunTrust Banks with collecting more than $1.1 million in avoidable fees from clients by improperly recommending more expensive share classes of various mutual funds when cheaper shares of the same funds were available.

SunTrust Investment Services has agreed to pay a penalty of more than $1.1 million to settle the charges. SunTrust separately began refunding the overcharged fees plus interest to affected clients after the SEC started its investigation. SEC examiners cited the practice during a compliance review of the firm in mid-2015. More than 4,500 accounts were affected.

According to the SEC's order, the Atlanta-based firm breached its fiduciary duty to act in clients' best interests by recommending and purchasing costlier mutual fund share classes that charge a type of marketing and distribution fee known as 12b-1 fees. Investors were not informed that they were eligible for less costly share class options that did not charge 12b-1 fees. The avoidable fees flowed back to SunTrust in the form of higher commissions from the funds.

"SunTrust made self-serving investment recommendations to the detriment of everyday investors who rely on mutual funds to secure their financial futures," said Aaron W. Lipson, Associate Regional Director for Enforcement in the SEC's Atlanta office. "The story has a happy ending for customers with the extra fees back in their accounts, and an obvious lesson for investment advisory representatives that you must always recommend the best deal for your clients, not yourselves."

$11.5 MM tech investment scam

Jaswant "Jason" S. Gill, an alleged co-runner of a $10 million scam that falsely offered access to nonpublic shares in hot technology firms and other investment opportunities was put on the hook Tuesday for a roughly $11.5 million default judgment in a U.S. Securities and Exchange Commission case.

California's U.S. District Judge Jeffrey S. White Gill and his investment firm, JSG Capital Investments LLC, and its affiliated entities to pay disgorgement and interest of nearly $5.9 million plus a civil penalty.

Former SEC Attorney gets 9 months for stealing.

California lawyer, James Miller a former lawyer for the U.S. Securities and Exchange Commission and real estate investor was convicted in California federal court on fraud and tax charges for skimming $300,000 from an internet sales company.

He was co-managing partner at MWRC Internet Sales LLC, when he started cutting himself checks to cover personal expenses and debts, He was previously convicted in June on five felony counts of wire fraud.

FIDUCIARY FORENSICS

Here's the latest important announcement from the Department of Labor about their Fiduciary Rule:
"………………..!"