



The THOUGHTFUL INVESTOR™

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Legacy Investment Strategies

First Quarter 2015

A New Year's To Do List

Welcome to 2015! To make this year a truly productive one, where you meet your goals and build a more secure financial future, we offer the following suggested New Year's resolutions.

1. Update or create your personal net worth statement.

This is a listing of your assets and liabilities designed to help you understand what you have, what you owe and what your actual net worth is. On page two, we offer a brief form for calculating your net worth.

It's hard to understate the importance of knowing your net worth. This is the number you need to be able to plan effectively for retirement or any financial goal, to establish an estate plan, to borrow money, and to understand your

resources should an opportunity or a disaster occur.

2. Check your credit report.

A credit report is the single best tool you have to make certain you are not a victim of ID theft and that your credit score is accurate. Order your free annual credit report online at www.annualcreditreport.com, by calling 877-322-8228, or by completing the Annual Credit Report Request Form (available on line at www.annualcreditreport.com) and mailing it to: Annual Credit Report Request Service, P.O. Box 105281, Atlanta, GA 30348-5281.



www.annualcreditreport.com is the only authorized source for your free annual credit report from the three nationwide consumer reporting *continued on page 2*

Be Kind to Your Beneficiaries

If you have insurance policies, retirement accounts or "pay-on-death" designated accounts, make certain your beneficiaries know the accounts and policies exist and where they are held. Otherwise, there is no guarantee that these assets will reach intended heirs after your death.

There is an estimated \$60 billion in "abandoned" assets held by states and an unknown amount still sitting in policies held by insurance companies. Under varying state laws, financial institutions and other companies are required to turn over any funds considered "abandoned," including uncashed paychecks, forgotten bank account balances, unclaimed refunds, insurance payouts and contents of safe deposit boxes. While these funds remain the property of the individuals who have failed to claim them, it doesn't do the individual much good if they never knew the account existed.

Insurance companies typically use the Social Security Administration's Death Master File to cancel annuity payments to clients who pass away, but up until 2012, there was sometimes little effort made to inform beneficiaries of the policy. A settlement among major insurers and several states has now imposed the burden on the insurance companies to make

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The Population Puzzle

The biggest error made by a traditional buy-and-hold approach to investing is to assume that the past will repeat in more or less the same fashion. *There will be bear markets but the market's long-term upward trend will overcome and everyone's portfolio will somehow end up earning between 7 and 10% annually.* Or will it?

There is a wave of change rolling across the United States that will profoundly impact the financial markets. We are moving into unknown territory.

There has never been a time in history with so many older individuals and such a proportionally smaller youth segment. That affects all the cycles that make up the market from the rate of consumer spending and investing to workforce capacity and government spending.

Demographics can be viewed somewhat as flow of lava, there's nothing that can stop them except time or a major catastrophe. If you run short of entry level workers, it could take up to *continued on page 3*

A New Year's To Do List

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companies, so don't fall for marketing pitches from other organizations offering to provide you with a free credit report. Those offers typically come with strings attached. When you contact the site, request credit reports from all three of the major credit bureaus – TransUnion, Experian and Equifax. If anything looks wrong on your report, contact the credit bureau at once.

3. Update your beneficiaries and Power of Attorney designations.

If your life has had its share of changes in the last year, from deaths in the family to divorces and even new additions, your beneficiary designations may be out of date on retirement accounts, insurance policies and investment accounts. Remember, these designations take precedence over your will, so it is essential to keep both your will and your beneficiaries up-to-date. You may also need to update medical and financial power of attorney designations that take effect should you become incapacitated and unable to make decisions on your own behalf.

4. Fund your retirement accounts.

Before April 15th, fully fund your retirement accounts for 2014, and, we recommend, for 2015. The sooner your accounts are funded, the sooner your money goes to work for you. The following table shows contribution limits for 2014 and 2015.

5. Make an appointment to visit with us.

At least once a year, set aside time to talk to your financial advisor about the performance of your portfolio, how your assets are invested and expectations for the coming year. We can be an excellent resource when it comes to planning your financial future.

Type of Retirement Plan	Maximum Annual Contributions			
	2014		2015	
	Under Age 50	50 and Older	Under Age 50	50 and Older
Individual Retirement Plans*				
Traditional and Roth IRA	\$5,500	\$6,500	\$5,500	\$6,500
Employer-Sponsored Retirement Plans				
401(k), Roth 401(k), 403(b), 457 and SARSEP Plans	\$17,500	\$23,000	\$18,000	\$24,000
SEP (Simplified Employee Pension) IRA	Employer contribution - 25% of compensation up to \$52,000		Employer contribution - 25% of compensation up to \$53,000	
Small Business or Self-Employed Retirement Plans				
Self-Employed 401k (a.k.a., Solo-401k, Individual 401k, Roth 401k)	Salary deferral of 20-25% of compensation, plus \$17,500 (under 50) or \$23,000 (over 50) in 2014 plus \$18,000 (under 50) or \$24,000 (over 50) in 2015 up to a maximum of \$52,000 (2014); \$53,000 (2015)			
SIMPLE (Savings Incentive Match Plan for Employees) IRA	\$12,000	\$14,500	\$12,500	\$15,500
Coverdell Education Savings Account*				
Per beneficiary under age 18	\$2,000		\$2,000	
Annual Gift Tax Exclusion				
Amount that can be given from an individual to an individual without incurring gift taxes	\$14,000		\$14,000	

Determine Your Net Worth

In order to get where you want to go, you need to know where you are. A personal net worth statement tells you where you are and gives you the information you need to implement a plan to get where you want to be. It can also be of considerable value to your financial adviser by allowing us to develop a better asset allocation, balance overall risks and consider tax implications or withdrawal strategies in managing your assets.

Assets

Savings accounts	\$ _____
Checking accounts	\$ _____
CDs/Bonds/Certificates outside brokerage accts	\$ _____
Annuities outside brokerage accounts	\$ _____
Options: qualified or non-qualified	\$ _____
Investment/brokerage accounts	\$ _____
IRA accounts	\$ _____
Roth accounts	\$ _____
401k/pension or work retirement	\$ _____
Trust accounts	\$ _____
Home value	\$ _____
Gold/collectibles/art/antiques	\$ _____
Other property	\$ _____
Business/partnerships	\$ _____
Inheritance	\$ _____
Total Assets	\$ _____

Liabilities – Your Current Debt Obligations

Mortgages	\$ _____
Car loans	\$ _____
Student loans	\$ _____
Other loans	\$ _____
Credit cards	\$ _____
Other liabilities	\$ _____
Total Liabilities	\$ _____

The Population Puzzle — continued from page 1

20 years to correct the trend. Immigration is offered by many as a solution, but you need immigrants with the appropriate level of education needed to fill jobs. Automation may fill the low end skills needed, but machines don't spend and invest.

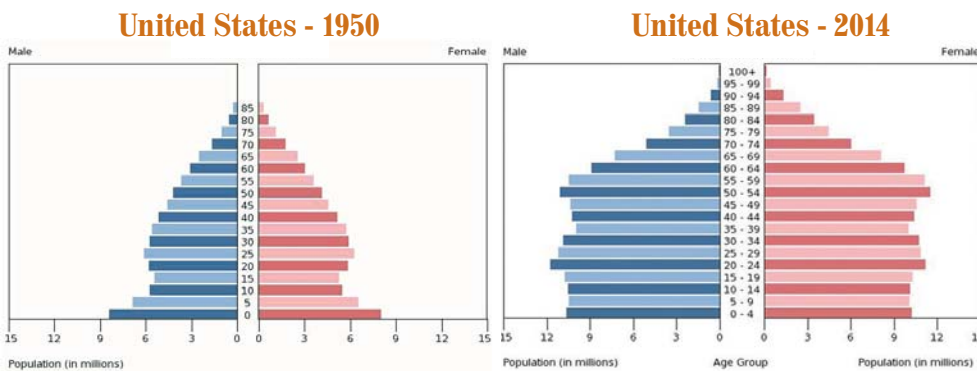
Consider the contrasting shapes of the U.S. population pyramid from 1950 and 2014. The baby boom that began in late 1940s is visibly present in 2014's 55 to 65 age brackets. Despite more than double the population, however, new births in 2014 were not much higher than they were 64 years ago.

To visualize the changing age of the U.S. view an animated population pyramid "[United States Population by gender 1950-2010](#)" by Smallman12q. You can find it with a quick internet search of the underlined phrase.

Why does the demographic shift matter? The older one is the less one consumes, the less taxes one pays, and the more government services one is likely to use. And somewhere, somehow, someone has to pay for those services. The Ponzi design of today's Social Security and Medicare programs

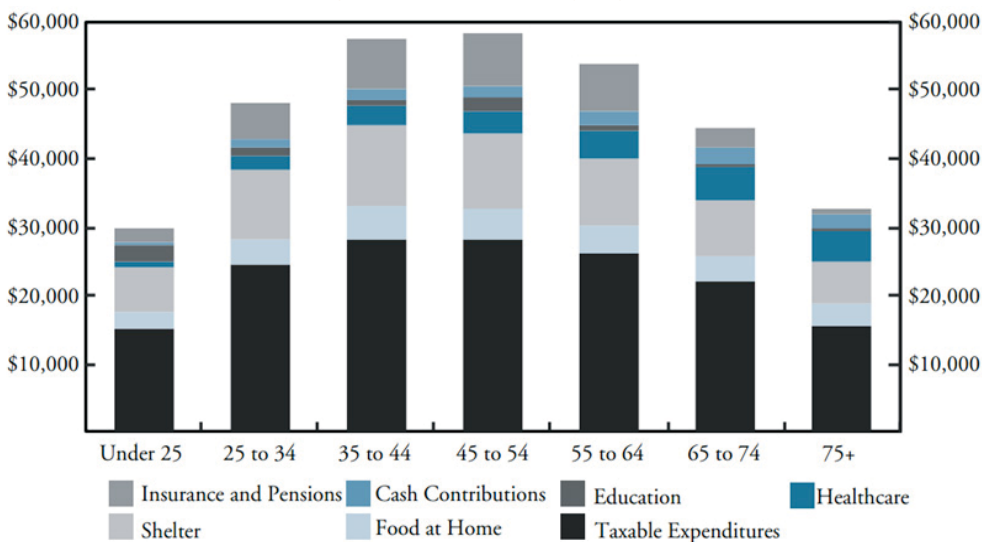
depends upon a growing pool of new workers that won't exist given the current demographic trend. And if they exist, will there be a market for the goods and services they would produce?

When you don't have a clear blueprint for the future, staying flexible can be crucial to success. Active management gives investors an opportunity to react to current market conditions. When the way forward is as uncertain as we believe it is, buy-and-hold's "rearview mirror" investing approach doesn't make a lot of sense.



Source: International Data Base U.S. Census Bureau, Population Division See and choose United States 1950 - 2010b.. Licensed under Public domain via Wikipedia -http://en.wikipedia.org/wiki/File:United_States_Population_by_gender_1950-2010.gif#mediaviewer/File:United_States_Population_by_gender_1950-2010.gif

Average Expenditures by Age Group



Source: Census Bureau, Consumer Expenditure Survey

This graphic from the Census Bureau shows how spending patterns change as individuals age. Considering that consumer expenditures make up approximately 64% of the U.S. Gross Domestic Product, declining expenditures from a growing segment of the population could have a dramatic impact on the economy and financial markets.

Be Kind to Your Beneficiaries

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an attempt to inform beneficiaries, but often the companies lack adequate information to contact the individuals.

Life insurance proceeds and retirement accounts don't go through probate, so it won't be your executor's job to contact beneficiaries. Your beneficiaries will need to do the footwork themselves. Typically this requires sending in a form reporting the death. The company then sends the beneficiary more forms to fill out; he or she sends them back along with a copy of the death certificate. If the primary beneficiary dies before collecting, the secondary beneficiary has to send in the primary beneficiary's death certificate as well as original account holder's death certificate.

If you are inclined to change beneficiaries, it may be a bit awkward to inform anyone in advance of your intentions, in which case you need to make certain and leave adequate documentation for your beneficiaries to know of their inheritance. Otherwise, your assets could end up adding to the billions held in trust by your state.



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Ten Ways to Save More this Year

Getting rich inevitably starts with saving money. To invest or to build a new business, you need to start with money. If saving more is on your list of New Year's resolutions, you may be wondering where to find the money to save. We have a few suggestions a bit out of the usual:

(1) Set up an automatic funds transfer or payroll deduction to withdraw funds before you have a chance to spend. It's a lot easier not to spend money if we don't have easy access to it.

(2) Wait a week. Don't impulse buy a big dollar item. Before you purchase that new television or sofa, go home and think about it. Prioritize how you want to spend your money.

(3) Leave your checkbook or credit card at home. Set yourself a budget each week and take that amount in cash out of your bank account to spend. When you run out of cash, you need to find an alternative to spending money.

(4) Price it on-line. Before you buy, shop on line to find what the price range is for the item you want. Then take a printout with the price you are willing to pay to the store or dealer. You may want to accept a slightly higher price to purchase the item from a store you know if that means better warranty service. If you buy on line, make certain you know the shipping costs.

(5) Ask for a better deal. Who says you have to take the price you're quoted? Ask for a better deal, or what discounts might be available to you based on memberships. Find out if there are any upcoming sales.



(6) Consider booking events and travel directly with the providing company. You might want to start your search online, but before you book, check with the event center, airline or hotel directly. Ask about discounts. You may find cheaper prices and more choices.

(7) Increase your insurance deductibles. Changing your deductible from

\$500 to \$1,000 can mean considerable savings on the premium. The catch... don't have an accident.

(8) Buy quality. There are times when it makes more sense to spend more money than to settle for a lesser product. If a good pair of boots will last you three years, but cost twice as much as a less well made pair that holds up for a year, you are better off with the more expensive boots.

(9) Stay healthy. Invest in your own health by taking time for exercise, avoiding foods or activities that you know are bad for you, and eating right. We often overlook how expensive not feeling well can be from missed work time to "pity-spending" and medical costs.

(10) Pick your friends with care. Keeping up with the Jones or your best friends can be hazardous to your wealth. But equally hazardous can be the careless friends who borrow without returning or are always short of money when the tab comes. Toxic friendships rarely end well. If your friendship is costing you money you don't want to spend, it may be time to pull back a bit.

And remember, money is a tool, not an end all. It's what we do with that money that matters.