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## Paul Ryan It is...

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The republicans got a jump on solidifying their ticket as Mitt Romney announced Congressman Paul Ryan as his running mate a few weeks earlier than expected. When contemplating the VP choice, I assumed the short list was Tim Pawlenty, Rob Portman, Paul Ryan, Marco Rubio, Condi Rice and Chris Christie with Mitch Daniels as a long, long shot. I think most people assumed that the "safe" picks were Pawlenty, Portman and Ryan. It seemed like those three were more conservative than the others and would strengthen support from the party's base.

However, given how polarized our country has become politically, and how vital it is to gain support from the moderate middle, I thought Romney would have gone outside the party machine and perhaps his comfort zone by choosing Rice or

Rubio. I think Christie is perfectly happy where he is and will bide his time until the next election with a keynote speech at the convention and visits to key states over the coming few years.

Both Rubio and Rice represent minorities, are very well respected, speak eloquently and are viewed as super intelligent. Rumor has it that Rubio has a few minor skeletons in his closet and the party base was not comfortable with Rice's position on abortion. All that may be true, but if your goal is to win an election, I assume you create a ticket that is most electable by the majority.

Personally, I think Paul Ryan is a brilliant and very well spoken man with a crystal clear vision of how to fix the country. As far as I know, he is the only politician to actually release a detailed plan and stick to his beliefs. But as we all know, that is not what wins elections and what plays well in the media. I believe he and his budget will become an easy target for the democrats and media. The vast majority of voters focus on sound bites and bullet points and not the issues.

Interestingly (or maybe not), the market did little more than yawn on Monday with Ryan on the ticket. It's probably too early for the market to trade on the presidential race, but if Paul Ryan was viewed as a shot in the arm for the Romney camp, you would have likely seen the ObamaCare stocks reverse course from their post Supreme Court ruling.

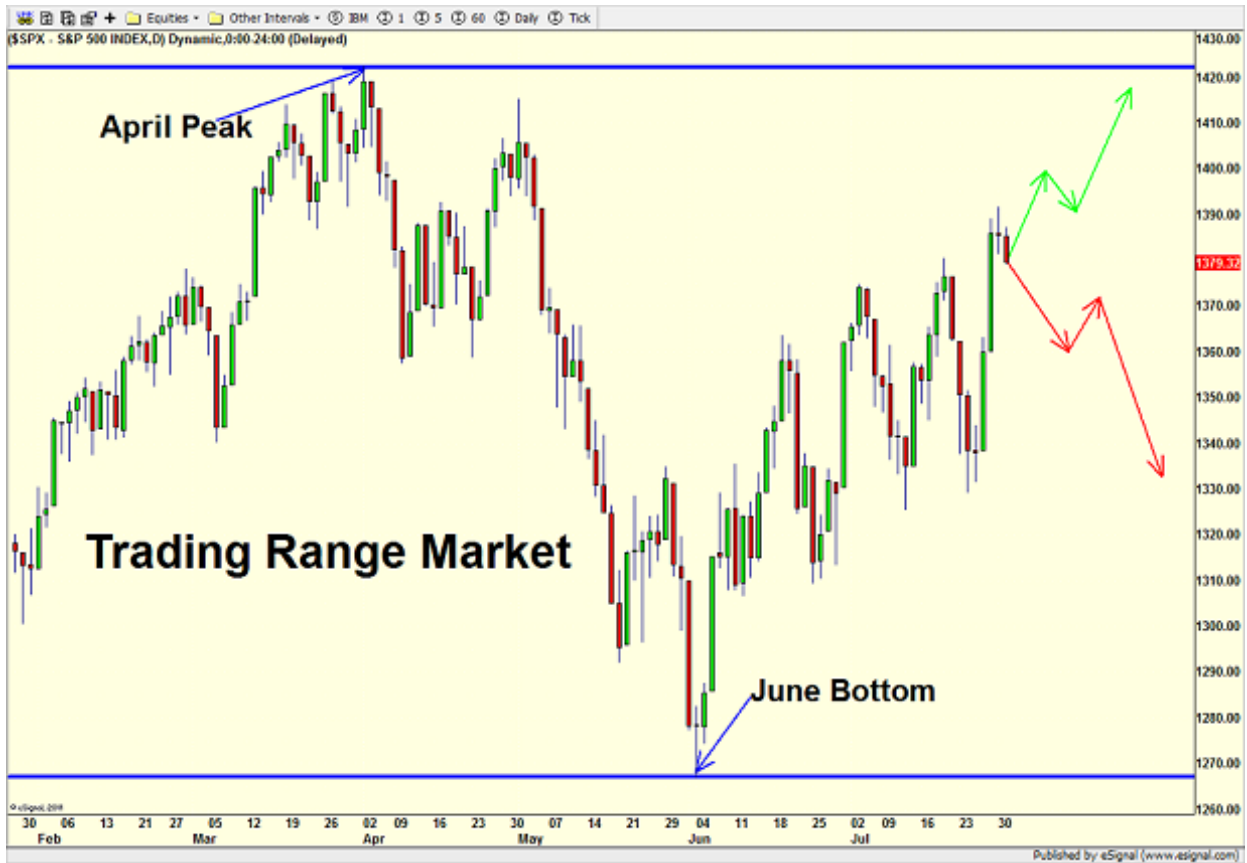
With the economy seemingly stable and markets positive on the year, at this point, the preponderance of the evidence suggests President Obama should coast into reelection, somewhat similarly to George Bush in 2004. That is a statement based on market and election history over any personal political views.

Without any good segue, I want to leave this section with a great article on [Combining Foods](#) to make them healthier, kind of like  $1 + 1 = 3$ .

## **And the Bulls Take Control**

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Turning to the stock market, below is the chart I offered in the last issue of the two plausible paths over the short-term.



I did not have a strong opinion of which scenario would play out, but rather to follow whichever one confirmed. As you can see below, the bullish path won out and after 8 straight days of extremely low daily movement, the bulls seem ready to challenge the 2012 highs from early April. At this point, I don't really care if the bulls are showing conviction in their buying or we are just seeing a sellers strike. That will matter later but not right here.



And while exceeding the peak from April over the dark blue line will certainly cause some celebration, I continue to believe that the stock market will be stuck in a range shown and this rally will end sooner than later with an opportunity to sell at some really good prices.

On the flip side, I don't think this will end up being an enormous decline or the start of new bear market either. If the market makes new 2012 highs shortly, I think we are looking at a decline of under 10% with a potential bottom in late September or October, but certainly before the election. As always, I will update that forecast as conditions dictate and I am not shy about changing gears when Mr. Market tells me I am wrong!

In the next issue, I will update you on the canaries in the coal mine, which should be VERY closely followed for signs of failure in the stock market. Semiconductors, junk bonds, Dow Jones Transportation Index and the S&P Mid Cap 400 Index.

People ask me all the time about market volume and if they should be worried because it is so anemic during the rally. The answer is no as I was recently asked on [CNBC's Closing Bell](#).

If you have a 401K or other investment accounts and want to discuss how to best position, please don't hesitate to call me directly at 203.389.3553 or hit "reply" to this email.

## **ALL Eyes on the Global Central Banks**

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With the dogs days of summer waning on, earnings season over and "everyone" spending the rest of the month in The Hamptons, what's really left to focus on? A LOT! The radar screen begins with the Fed's annual retreat to Jackson Hole Wyoming on August 31 and September 1. Chairman Bernanke is scheduled to speak on the 31st at 10:00am est, while his European counterpart, Mario Draghi will present on day two also at 10:00am est. IF the Fed is going to unveil QEIII or some other stimulus program before the election, Bernanke will likely use this speech to float a trial balloon as he has in the past.

My thinking has not changed one bit since QEI was launched that we will see QEIII, IV and V with the Fed's balance sheet approaching the \$5 trillion mark before all is said and done later this decade. And I believe that will dwarf what the ECB prints when Germany finally capitulates and allows full scale quantitative measures.

The markets are also on alert for the ECB's next bond buying announcement, which could come at any time between now, Draghi's speech on the 1st or after the German courts rule on the constitutionality of using their funds on bailouts. That release is scheduled for September 12. And let's not forget that the Bank of China will likely unveil some new stimulus of their own over the coming weeks.

So while the Hamptons crowd tans, dines, drinks and parties into the night, the rest of the world has much on their plate between now and the presidential election just a few short months away!

## **Increased Limits for Retirement Plans**

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At this time of year, few people are thinking about tax planning or retirement plan contributions. But with the year more than half over, it's certainly a good time to review!

The IRS has acknowledged that the cost of living has indeed increased over the past year, triggering changes in 2012 contribution limits for 401(k), 403(b), Simple IRA, SEP-IRA plans and the federal government's Thrift Savings Plan. In addition, income levels under which individuals can qualify for tax deductible contributions to IRA plans or contribute to Roth IRAs have been increased.

As many of you know, effective January 1, 2012, the contribution limits for 401(k), 403(b), and Thrift Savings Plans increase. Simple IRA total contributions in 2012 cannot exceed \$17,000 with a \$2,500 catch up contribution limit for employees who are at least 50 years in age. For SEP IRAs, the IRS has raised the employer's contribution limit.

Type of Retirement Plan	Maximum Annual PERSONAL Contributions			
	2011		2012	
	Under Age 50	50 and Older	Under Age 50	50 and Older
<b>Individual Retirement Plans*</b>				
Traditional and Roth IRA	\$5,000	\$6,000	\$5,000	\$6,000
<b>Employer-Sponsored Retirement Plans</b>				
401(k), Roth 401(k), 403(b), 457 and SARSEP Plans	\$16,500	\$22,000	\$17,000	\$22,500
<b>Small Business or Self-Employed Retirement Plans</b>				
Self-Employed 401k (a.k.a., Solo-401k, Individual 401k, Roth 401k)	100% of compensation up to \$16,500	100% of compensation up to \$22,000	100% of compensation up to \$17,000	100% of compensation up to \$22,500
SIMPLE (Savings Incentive Match Plan for Employees) IRA or 401(k)	\$11,500	\$14,000	\$11,500	\$14,000
SEP IRA – employer contribution	25% of compensation up to \$49,000	25% of compensation up to \$49,000	25% of compensation up to \$50,000	25% of compensation up to \$50,000
SEP IRA – employee contribution	\$5,000	\$6,000	\$5,000	\$6,000

Contribution amounts remain the same for IRA accounts, however, eligibility limits to deduct contributions to IRA plans or to participate in Roth IRA accounts increase as shown below:

2012 IRA Income Limit Caps		
	For Full Tax Deduction on Contributions	For Partial Tax Deduction on Contributions
Single	\$58,000	\$58,000 - \$68,000
Head of Household	\$58,000	\$58,000 - \$68,000
Married	\$92,000	\$92,000 - \$112,000

2012 Roth IRA Income Limit Caps		
	For Full Contribution Eligibility	For Partial Contribution Eligibility
Single	\$110,000	\$110,000 - \$125,000
Head of Household	\$110,000	\$110,000 - \$125,000
Married	\$92,000	\$92,000 - \$112,000

Individuals with income above the Roth IRA limits can still contribute to a Roth IRA in a roundabout fashion by contributing to a non-tax-deductible IRA and then converting those funds to a Roth IRA. Income limitations on Roth IRA conversions were eliminated in 2010 and have not been reinstated.

### **Always Contribute When there is an Employer Match**

As a general rule, if you are eligible to participate in an employer sponsored retirement plan with matching contributions from your employer, participate. The matching contribution is the closest you will ever come to a risk-free return on your investment.

Keep in mind there are a number of rules and conditions that impact retirement plan contributions, so let's talk before contributing to make sure you maximize your benefits.

### **Upcoming Appearances**

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Fox Business' Markets Now - September 4th at 1:00pm

Global Market Summit - November 29 in New York

You can view most of the past segments by clicking below.

## [Media Appearances](http://www.investfortomorrow.com/InMedia.asp)

(<http://www.investfortomorrow.com/InMedia.asp>)

### **Investment Quotes/Adages To Live By**

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"When in doubt, get out!"

"If it's obvious, it's obviously wrong."

-Joe Granville

"It's ok to be wrong, but it's not ok to stay wrong."

"This time is different."

"The markets require the patience of a dozen men."

-Robert Rhea

"Luck is the residue of effort."

"The most bullish thing a market can do is go up in the face of bad news."

"The most bearish thing a market can do is go down in the face of good news."

"The market can stay irrational longer than you can stay solvent."

-John Maynard Keynes

"Government is best which governs least" - Thomas Jefferson

Inflation is the one form of taxation that can be imposed without legislation.

-Milton Friedman

"You cannot legislate the poor into freedom by legislating the wealthy out of freedom. What one person receives without working for, another person must work for without receiving. The government cannot give to anybody anything that the government does not first take from somebody else. When half of the people get the idea that they do not have to work because the other half is going to take care of them, and when the other half gets the idea that it does no good



to work because somebody else is going to get what they work for, that my dear friend, is about the end of any nation. You cannot multiply wealth by dividing it." - Dr. Adrian Rogers, 1931

"Bear markets seem to be divided into three phases: the first being the abandonment of hopes upon which the final uprush of the preceding bull market was predicted; the second, the reflection of decreased earnings power and reduction of dividends, and the third representing distressed liquidation of securities which must be sold to meet living expenses. Each of these phases seems to be divided by a secondary reaction which is often erroneously assumed to be the beginning of a bull market."

- Robert Rhea via Tim Woods

"Free enterprise is a rough and competitive game. Nobody too big to fail. Nobody too small to succeed. It is a hell of a lot better than government control." - Ronald Reagan via Dan Kennedy

"A government big enough to give you everything you want is big enough to take everything you have." - Gerald Ford via Dan Kennedy

"The problem with socialism is that, sooner or later, you run out of other people's money." - Margaret Thatcher

"Diversification alone is no longer sufficient to temper risk... You need something more to manage risk well."

- Mohamed El-Erian

## **Friends And Family Plan**

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Finally, as you know, our firm and this newsletter continues to grow mostly from your referrals. If you know anyone who is interested in securing their retirement, planning for it or just plain worried about it, please send them here. As always, thanks for thinking of us with your circle of family and friends.

### **[Sign Up Here](#)**

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## To Your Financial Success,



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