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"Real People provide Real Service"

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So…..

Simply put, it is spring somewhere in the U S.

We are overdue on that topic. The markets are slowing down, the Fed Reserve is cutting back its activity in the market, and Congress is out campaigning for money.

The past month was bumpy and ended like this…..

THE MONTHLY INDEX REPORT FOR APRIL 2014

Index	April 2014	QTD	YTD	Description
S&P 500 Index	0.7%	0.7%	2.6%	Large-cap stocks
DJIA	0.9%	0.9%	0.7%	Large-cap stocks
Nasdaq Comp	-2.0%	-2.0%	-1.2%	Large-cap tech stocks
Russell 1000 Growth	0.0%	0.0%	1.1%	Large-cap growth stocks
Russell 1000 Value	1.0%	1.0%	4.0%	Large-cap value stocks
Russell 2000 Growth	-5.1%	-5.1%	-4.7%	Small-cap growth stocks
Russell 2000 Value	-2.6%	-2.6%	-0.8%	Small-cap value stocks
EAFE	1.5%	1.5%	2.3%	Europe, Australasia & Far East Index
Barclays Capital U.S. Aggregate	0.8%	0.8%	2.7%	U.S. Government Bonds
Barclays Capital U.S. High Yield	0.6%	0.6%	3.6%	High Yield Corporate Bonds
Newedge CTA Index*	0.2%	0.2%	-1.9%	Managed Futures
3-month Treasury Bill	0.0%	0.0%	0.0%	

All returns are estimates as of 04/30/14; Return numbers include reinvestment of dividends.
**Returns are estimates as of 04/29/14*

Federal Reserve results.

Jamie Dimon, the CEO of America's biggest bank, says it's time to stop worrying about the Fed. After all, he's not worried.

In his annual letter to shareholders, which was released on Wednesday afternoon, the CEO of JPMorgan Chase (JPM) said there is "little question" that the Federal Reserve's signature stimulus program boosted the economy and hastened the recovery. What's more, he says the Fed's exit from QE, which is expected to happen this year, isn't likely to reverse that.

That's not a universally held view, particularly on Wall Street. Last year, Warren Buffett said he was worried about what will happen when the Fed unwinds its stimulus. Others have predicted accelerated inflation, sharply rising interest rates, another financial crisis, and a stock market collapse. Even the Fed itself has been testing banks to see how they would do if interest rates were to increase at a rapid clip.

Instead, Dimon says the end of quantitative easing is a good thing and will most likely be uneventful. The Fed's bond buying has ballooned its balance sheet to $4.5 trillion, up from $1 billion before the crisis. While large, Dimon says in his letter that that's still not a very big percentage of the overall $90 trillion in financial assets within the global economy. However, the markets that the Fed would be selling into -- the Treasury and mortgage-bond markets -- are considerably smaller, more like $16 trillion and $10 trillion, respectively.

Dimon does think interest rates will rise, perhaps to 5% on the 10-year Treasury bond, which is double where it is today. But he says that it is unlikely to slow the economy. Companies already have a lot of cash. And a stronger economy means they only will be generating more of it. So he doesn't think the higher borrowing costs will affect them much.
"Those of us who operate in the money economy are very sensitive to interest rates," writes Dimon. "Maybe overly sensitive."

Dimon does observe, as others have, that bank lending hasn't jumped nearly as much as you would expect, given the low interest rates. He argues that that is at least partly the result of increased banking regulation. The flip side of that, though, is all those new regulations are likely to continue to hold back lending, and therefore inflation, when QE is over.

As in past years, Dimon also uses his annual letter to gripe about bank regulations, claiming the new rules will drive up the cost that borrowers will have to pay for certain loans. And he also says that the stricter rules the U.S. has for its largest banks, like JPMorgan, could put American banks at a competitive disadvantage. But all-in-all Dimon admits in his letter that regulations have made the banking system and the economy better off.

Did you hear…..

Hillary Clinton is the “dark secret” of Wall Street Republicans, Politico writes Monday morning. If Jeb Bush doesn’t run for president in 2016, New Jersey Gov. Chris Christie can’t recover politically and no other Republican establishment favorite is nominated, Clinton would be the “consolation candidate” for GOP donors and financial executives. More from the piece:

The darkest secret in the big money world of the Republican coastal elite is that the most palatable alternative to a nominee such as Sen. Ted Cruz of Texas or Sen. Rand Paul of Kentucky would be Clinton, a familiar face on Wall Street following her tenure as a New York senator with relatively moderate views on taxation and financial regulation.

Red Tape Traps 401(k)s

By: Darla Mercado

Retirement plan advisers are struggling to help workers roll 401(k) assets into new plans when they change jobs, as record keepers load the process with so much red tape that it is easier to move into individual retirement accounts.

“The paperwork is fairly convoluted,” said Corby Dall, president of 401(k) Advisors Intermountain. “Providers hope that people will throw their hands up in frustration and leave their money there.”

Moving assets from one employer to another, in theory, should be intuitive. The transfer ought to take place between

plans and their record keepers so that the individual worker doesn't have to worry about receiving a paper check, or about rolling it over within 60 days of receipt, per Internal Revenue Service rules.

Mr. Dall has experienced the heavy paperwork issue firsthand. One of his plan clients is a group of lawyers. At one point, the attorneys had an opportunity to move to a new law firm and its retirement plan. Throughout the change, the discussion with the old record keeper was frustrating enough that a handful of the lawyers gave up and left their assets with the old retirement plan.

"These (call center personnel at record keepers) are trained assassins on the phone," Mr. Dall said. "They try to talk people into leaving their assets where they are, even if it's their wish to move."

There is evidence of just how 401(k) assets can get stuck at an old retirement plan or wind up routed to an IRA rollover at the old record keeper, too.

The Government Accountability Office last year released a report showing that service providers have used distribution information for employees as a platform to tout rollovers into retail IRAs, "(emphasizing) the simplicity of rolling over to service providers' IRAs, as opposed to the relative complexity of other providers' IRAs, and added flexibility regarding distributions and beneficiaries."

The record keepers with which his firm works do educate employees about their distribution options, said John Geli, chief executive of Wealth Management Systems Inc., which works with record keepers.

Firms still run into difficulties with moving money from one record keeper to another, he said.

The record keeper that is rolling money out of an old plan doesn't necessarily know how to get the money into the record keeper overseeing the new plan and vice versa, he said.

"Potentially, we might want to think about an industry option where there is a standard rollover 'in' form and a standard rollover 'out' form so that everyone operates under the same rules," Mr. Geli said.

OTHER OBSTACLES

Service providers' promotion of the IRA rollover as the optimal distribution choice isn't the only obstacle. Legal disclosures can make the paperwork that departing employees receive dozens of pages long.

Additionally, some providers may require trustees or custodians to sign off on a transfer of plan assets from one 401(k) to another.

Further, plan sponsors worry about new money coming in from an old retirement plan. They want to ensure that the old retirement plan still has its qualified status with the Labor Department and IRS.

Advisers who are acting as fiduciaries to 401(k)s are essentially forbidden from providing rollover advice to departing employees. Even those who aren't fiduciaries face scrutiny on rollover activity from the Financial Industry Regulatory authority Inc., the Labor Department and the Securities and Exchange Commission.

Advisers or brokers working with a 401(k) should educate employees about what their options might be, and make them aware that even if the record keeper points them to an IRA rollover, there are other choices.

"Advisers who service plans on an ongoing basis are different from those call centers at the service providers," said Richard Schwamb, senior financial adviser at the Schwamb O'Day Group of Bank of America Merrill Lynch.

Plan advisers can also make themselves a valuable asset to workers by helping employees understand their rollover paperwork, particularly if they are transferring assets from one plan to another.

Plan sponsors and workers need to know that the adviser – and not necessarily the record keeper's call center – can be a good source of information, Mr. Schwamb said.

"There are several points to consider: the employee and their money; the plan sponsor and their willingness to

facilitate the employee accessing the money; the consideration of the vendor and how easy they can make the process; and the adviser and the guidance that's appropriate,' said Alan Spierer, senior vice president of investments and retirement plans consultant at UBS Institutional Consulting Group.

Medicare news……

Medicare paid doctors and other health care providers $77 billion in 2012 to care for the nation's elderly, according to federal statistics.

The unprecedented data release, which covers 880,000 physicians, therapists, labs and other medical facilities, marks the first time the government has made public detailed information on the services and procedures provided to Medicare patients by individual doctors. It also shows what health care professionals billed the government and what they were paid.

The American Medical Association had long battled to keep this data private, arguing it could be misconstrued, but a federal judge last year lifted the injunction. The Centers for Medicare and Medicaid Services, as well as other experts, cautioned against drawing conclusions based purely on the numbers.

For instance, the data doesn't reveal the conditions of the patients. Also, doctors don't always get to keep the entire payment since they may have to reimburse drug companies or other providers for part of the service.

Cancer doctors were among the highest paid, with those that focus on blood cancers receiving an average of $367,000. Ophthalmologists also reaped in big bucks, collecting $327,164, on average. Cardiologists and nephrologists, who deal with kidney disease, were also near the top of the ranks.

Federal officials said they are releasing the data to bring more transparency and accountability to Medicare billing and payments. They are also hoping the public will use the information to help fight fraud.

"Currently, consumers have limited information about how physicians and other health care professionals practice medicine," said Health Secretary Kathleen Sebelius "This data will help fill that gap by offering insight into the Medicare portion of a physician's practice."

CMS released similar information on hospitals last year, which allowed consumers to compare what hospitals charge for common inpatient and outpatient services nationwide.

The doctors' data release follows a Department of Health and Human Services' Office of Inspector General report last year that warned about fraud concerns among high billers.

The inspector general report looked at the $65 billion Medicare paid out in each year between 2008 and 2011. Approximately 2% of physicians were responsible for almost 25% Medicare payments, each pulling in more than $500,000 annually.

The inspector general found that of the 303 doctors who each provided more than $3 million of services in 2009, more than 100 were flagged for improper payment reviews. Three had their medical licenses suspended and two were indicted. And reviewers found overpayments of more than $34 million.

The primary and ophthalmology. More than a quarter of the doctors practiced in Florida, with others in California, New Jersey and Texas also ranking among the top.

Plan Now to Avoid Inheriting a Tax Mess

By: Amy Feldman

When someone you love dies, the last thing you want to think about is money, yet a surprising number of people inherit tax problems along with the family china.

"One in 10 estates has some tax issues," says Scott Cripps, chief fiduciary officer and head of trust services at Bank of the West in San Francisco. "There's nothing worse than being in your worst grieving moments and having to deal with financial chaos."

Tax problems that may occur after death run the gamut. There may be unpaid federal or state taxes, perhaps because of an extended illness.

Or there may be surprise estate or inheritance taxes due. State estate taxes typically kick in at levels far below the $5.25 million federal estate tax trigger, and families do not always plan for them. State inheritance taxes, meanwhile, are levied directly on beneficiaries rather than on estates.

The deceased person may not have considered the varying tax consequences of assets left behind, unintentionally causing the beneficiaries to end up with bequests worth vastly different amounts after the taxes have been paid.

"When the estate goes to settle, the taxing authorities are right at the front of the line," Cripps says. "It can eat away at the estate pretty hard if it isn't done right."

Families often fail to do it right, in part because taxes are not a high priority during discussions about life and death. As people get older and confront the chronic illnesses and mental fog that come with aging, taxes can fall even further from consideration.

"It's not about having an estate plan with a complicated credit shelter bypass trust," says Don Williamson, executive director of American University's Kogod Tax Center. "It's simple communication."

Williamson points to the case of a woman who had escaped the Nazis in the 1930s, leaving her husband a big surprise after she dies. "They open up the will, and it says, 'Please send this guy in Geneva, Switzerland, $5,000,'" Williamson recalls.

The widower, wanting to follow his spouse's last wishes, discovered $5 million in a Swiss bank account. "The best he can figure is, that was her hidden money in case the Nazis took over America," Williamson says.

While the widower ended up with a windfall, he had to bring in top tax lawyers because those millions had never been reported to the Internal Revenue Service.

Finding vast sums stashed overseas is rare; bumping up against unforeseen state tax issues is not. Cripps recalls a couple who lived in Texas but maintained an apartment in New York for business purposes.

After the wife died, the state tried to assert that she was a resident – a designation that has its own set of rules – to claim taxes on her share of the estate, worth about $30 million.

"There was a long battle, with lots of attorney's fees," Cripps says. After much expense and aggravation, the widower prevailed.

They might have avoided the entire fight if they had asked a lawyer to clarify their legal ties to New York.

Upper-middle-income snowbirds may face the same problem.

Retiring to Florida may not be enough to give up legal residency elsewhere. But you may head off such an issue if you stop voting in the former state, change your driver's license and otherwise cut legal ties, even if they seem like mere technicalities.

Perhaps more troubling, the deceased may not consider taxes in making bequests. The result: Two beneficiaries may end up with roughly equal amounts before the taxes are paid but vastly different ones afterward.

Consider an elderly widow who names her son the beneficiary of her life insurance and her daughter the recipient of an individual retirement account. Because proceeds from life insurance are generally free of income tax, while those from an IRA are generally taxable, the daughter will owe taxes on her inheritance while the son will not.

Once you inherit a tax mess, about all you can do is try to untangle it with the help of your accountant or a tax lawyer. If the deceased person failed to pay income taxes for a year or two, the estate's executor will need to play catch-up, no matter how hard it is to complete those tax forms after the fact.

You can preempt the issue in advance. That requires the benefactor to understand the state estate tax rules and take

them into account during the estate-planning process. And beneficiaries should not be afraid to have a conversation about financial affairs and desires – including any tax implications.

“Most families don’t want to let assets blow up their kids financially or create a wedge within the family,” says Douglas Rothermich, vice president of wealth planning strategies at TIAA-CREF. “It’s really important that older people planning their affairs think it through ahead of time so their loved ones don’t inherit a tax mess.”

The biggest tax breaks in 2014

By Jeanne Sahadi @CNNMoney April 29, 2014: 9:25 AM ET

But when it comes to how much revenue Uncle Sam gives up every year because of tax breaks, the greatest amount by far goes to individual taxpayers.

And "by far," think close to 90%.

More than $1 trillion of the estimated $1.4 trillion in so-called tax expenditures this year will benefit individuals, according to a new analysis from the Tax Policy Center.

By contrast, just $148 billion in tax breaks will go to corporations. That represents less than half the cost of health-related tax expenditures -- the No. 1 category, costing an estimated $383 billion.

The biggest player in this group is the exclusion for employer-sponsored health insurance, worth more than $300 billion. This is the tax-free compensation a worker enjoys when his employer pays for a portion of his health insurance policy.

Also in this group is the new premium assistance offered to low- and middle-income families under Obamacare, worth about $34 billion, according to the analysis, which was published in Tax Notes.

Housing is the next biggest category, accounting for $255 billion of the $1.4 trillion. Among the biggest players here are the mortgage interest deduction, the property tax deduction, and the tax-free treatment on the first $250,000 in capital gains ($500,000 for married couples) on the sale of a home.

Third up are the $160 billion in tax breaks offered for pensions and other types of income security, such as the deduction for 401(k) contributions and the tax-free treatment of Roth IRA withdrawals.

And fourth in line is the $117 billion tax break on investment income -- namely, capital gains and dividends, which are often taxed at a lower rate than ordinary income.

All told, the top 4 categories of tax expenditures account for more than 60% of the $1.4 trillion in forgone revenue. And that $1.4 trillion is the equivalent of nearly half of the total federal revenue the government is likely to collect this year.

Meanwhile, celebrate our Mothers this month, and remember the fallen on Memorial Day. See you next month.

Timothy T Fullerton, Sr.

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