THAYER & CO.

TOTAL WEALTH MANAGEMENT

Family Spotlight

Lance visits south Louisiana and south Texas during the summer

As many of you know, fishing is Lance's greatest love. He spent the majority of the summer over 100 miles off the coasts of Louisiana and Texas. After participating in two tournaments, he came home with a 1st place, Grand Champion trophy. With no cell service or access to technology, he thoroughly enjoyed his downtime and getaway vacation! Along with his fishing trips, Lance moved his daughter, Maddi, into her dorm at OU. She is loving the start of football season! Caroline has started playing soccer – Lance loves cheering her on! As Abigayl starts middle school, she is starting horseback riding and loving every minute!

FALL 2016

TAX TIP: Thinking about selling?

If you're putting your home on the market, you may be able to avoid paying taxes on some of your capital gains. Here's what IRS regulations say:

- If you show a capital gain on the sale, you may be able to exclude it from your taxes if you have owned and used it as your main home for at least two out of the last five years.
- You can exclude up to $250,000 (or $500,000 for joint filers), and the Net Investment Income tax will not apply to the excluded gain.
- You can exclude a gain from the sale of your main home only once every two years.
- If you claimed the first-time homebuyer credit, special rules may apply to the sale.

For more information about tax issues relating to real estate, consult a tax professional in your area or refer to IRS Publication 523, "Selling Your Home."
**Courtesy of irs.gov

Here We Go Again

(originally published on Aug. 19, 2016)

WE HIT THE TRIFECTA
Over the last two weeks, the S&P 500, the Dow and the NASDAQ all hit highs on the same day. This market trifecta has not happened since 1999, so naturally, the media jumped all over the story. There was simply no way that this proverbial "salt lick" for fear mongers and market pundits would go untouched. Their logic was centered around a myriad of repurposed stories and excuses that I've addressed already, but two, in particular, caught my attention.

The first came from Marc Faber, who made yet another bold call that the S&P 500 will now crash to 1,100 eventually. Earlier in the year, I wrote about this "permabear" and his annual predictions for the market to implode (click here to read Using Google To Discredit A Fear Monger).

The second even made The Wall Street Journal on Tuesday. The infamous "Soros Put" is back and better than ever. Apparently, George Soros, the legendary investor, has doubled-down on his bet that the S&P 500 will fall (click here to learn why this story is so misleading - *Billionaire Investor Runs For Cover*). Although most of what was spoon-fed through the typical financial media outlets focused on doom and gloom scenarios, I was able to come across a few that used real data and sound investment theory to offer up a different story.

One of them came from LPL Research, who took the time to analyze some rather interesting historical data to answer the question as to whether investors should listen to the pundits and "sell everything."

Their efforts were focused on (1) determining how the stock market performs during the last 100 days of a year, and (2) how the market performs during this final stretch after being up over six percent, which is right around where we are year-to-date. Here are three conclusions from their research:

1. **Strong Historical Performance**: The S&P 500 has been higher year-to-date 56 times with 100 days to go in the year. Furthermore, the last 100 days has averaged a return of 4.2% and has been higher 83.9% of the time.

2. **More Than Six Percent**: There have been 40 other times the S&P 500 was up more than 6% for the year with 100 days to go, and on average, the rest of the year has been up 5.3% and higher 90% of the time.

3. **One Bad Year**: Only once in history has the S&P 500 been up more than 6% with 100 days to go and finished down for the year, and that was in 1929 (the Great Depression).

Continued on page 4

Mocha Nut Brownies

Ingredients

- Butter wrapper or nonstick oil spray
- Parchment paper
- 1/2 cup (1 stick) unsalted butter, room temperature
- 4 ounces semisweet or bittersweet (not unsweetened) baking chocolate, coarsely chopped
- 1 tablespoon instant espresso or coffee powder
- 2 large eggs
- 1 cup granulated white sugar
- 3/4 cup all-purpose flour
- 1/4 teaspoon Kosher salt
- 1/2 cup chopped walnuts or pecans
- 1/2 cup semisweet chocolate chips

1. Preheat your oven to 350° F.
2. Grease the bottom and sides of an 8-inch baking pan with the leftover butter wrapper or nonstick vegetable spray and line the pan with parchment paper. Grease the parchment paper with additional butter or vegetable oil spray.
3. Create a double boiler by filling a small saucepan with 1-2 inches of water and placing a metal bowl inside the pot, ensuring the bottom of the bowl doesn't touch the water. Bring the water to a boil and use the bowl to melt the chopped chocolate with the butter and coffee powder, stirring steadily to incorporate the ingredients. Once the chocolate mixture is fully melted, remove from heat and set aside.
4. Beat together the sugar and eggs using a whisk or handheld mixer. When the mixture is fluffy and light-colored, reduce the mixer's speed and carefully mix in the melted chocolate, flour, and salt. Fold in the chopped nuts and chocolate chips and gently mix until everything is incorporated.
5. Pour the batter into the greased pan and spread with a spatula until even and smooth. Bake at 350° F for about 30 minutes until the center is set and a toothpick comes out clean. If you like your brownies to have a fudge-like texture, take them out a couple of minutes sooner.
6. Once the brownies are cool, run a knife around the edges of the pan, flip them out using the parchment paper and cut into squares. Serve warm with whipped cream or coffee ice cream. Store in a tightly sealed box for up to four days.

Here We Go Again (continued)

Said another way, 39 of the previous 40 times the full year finished positive. Simply put, the conclusions from LPL Research indicate that a strong start to a year is historically followed by higher prices to end the year.

IMPLICATIONS FOR INVESTORS

Let me be crystal clear and state that in no way am I attempting to either estimate what will happen to stock prices over the next 100 days or use past performance to predict future returns. I don't own a crystal ball. But here's the thing to remember - none of the pundits on television do either. The conclusions above are nothing more than a different way to look at the current state of the market. The real question is what should investors do now with two very different takes on where we stand.

Listening to the pundits would require selling stocks, which may seem attractive to some at the moment. There's no question that the world feels less safe than it did a few years ago, and we are moving closer to arguably the most contentious presidential election in our nation's history. Taking profits and waiting for prices to come back down could work.

The problem with this approach is that it requires an investor to get lucky not once but twice. This investor must sell at or around the top and then have the discipline and more importantly the guts to buy back in after the market fell. If you think it's hard to call a top in the market, just try to catch a falling knife! The other choice is to do nothing. Although far more boring, this option is predicated upon the fact that what has been driving stocks is not going to disappear suddenly just because the market hit an all-time high. Hence, if the fundamentals have not changed, then there is no justification to make a change to an investment strategy that has been working. At the moment, I choose this option.

The bottom line is that reaching an all-time high in the U.S. stock market is not, on its own, a reason to alter an investment strategy.

NOTE: The full LPL Research report can be read here: https://lplresearch.com/2016/08/11/with- 100-days-left-in-2016-should-you-really-selleverything/

Sincerely,

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mikeonmarkets.com

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According to Forest Ethics, junk mail creates 51.5 million metric tons of greenhouse gases every year—equivalent to heating 13 million homes throughout the winter. To cut down on the environmental footprint created by junk mail, unsubscribe from unsolicited catalogs, mailers, and other junk. Try using one of these online services: catalogchoice.org, 41pounds.org, or DMAchoice.org

HEALTHY LIFESTYLE

Wrinkles naturally form as the skin loses elasticity with age or gets damaged by the sun. Adding these foods to your diet can help ward off wrinkles and protect against skin damage:

- Sweet potatoes are loaded with beta-carotene, Vitamin A, copper, and Vitamin C, shown to protect the skin and boost collagen production.
- - Flaxseeds contain important Omega-3 fatty acids that help fill out your skin (and reduce the appearance of wrinkles) by attracting water molecules.
- - Pomegranates contain several anti-oxidants that can help protect the skin and potentially reduce the risk of skin cancer.

Share the Wealth of Knowledge!

Please share this newsletter with family, friends, or colleagues. If you would like us to add them to our list, please send them our way! *kate@thayerwealth.com*

DON'T FORGET!

Tune into

"Money Lessons with Lance"

Every Monday at 1pm and Saturdays at 4:30pm on KAAM 770

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