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My Dad "The Slave"

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If you plan on making IRA contributions for 2009, please make sure we receive your check made out to the proper custodian by April 9 to ensure the custodian receives it in time. Also, if you are considering converting your IRA to a ROTH, please don't hesitate to call the office for our input, or have your CPA contact us. This is especially important if you had AMT!

It's been a busy week or so with the media, having done CNBC's The Call, Squawk Box and Worldwide Exchange. You should be able to view those segments [HERE](#). I am also going to be on WTNH (ABC in CT) this coming Sunday, the 28th, at 7:35am discussing the impact of the healthcare bill on the economy and what it means for the average investor.

Turning to the family, my four year son was learning about slavery in school last week. When his teacher was done explaining what it was, my son raised his hand to tell the class that "my Dad is a slave since he is always working!" While I chuckled at first, I realized that his comment was a powerful message that needs to be heeded. T-ball coach, here I come!

Before launching into the meat of this issue, I'd like to ask you a favor. The following [Very Quick Survey](#) will take less than a minute, but will be the source for an upcoming article, like we've done in the past with the GM bailout and other controversial topics. Thanks, in advance, for clicking and answering honestly. It's 100% anonymous!

## **Gold Getting Ready For Another Assault**

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The following article was written for the New Haven Register's financial blog, [Fi\\$cally Fit](#), which I contribute to every Friday. Please click on the link to read.

## **Gold Getting Ready For Another Assault**

As a follow up to the blog piece, I've been bullish on the US Dollar for quite some time. As you may recall, I was definitely early on the second leg of the bull market, but nonetheless, it was the right stance. During the time I was wrong, the gold bugs hit me pretty hard with emails espousing the virtue of always owning gold and so on...

Interestingly, that chatter has all but ceased now as the dollar has gone vertical with the Eurozone in disarray and gold continuing to digest and retrench. At the same time, smart money has been running out of dollars (they are usually early) and into other currencies, metals and a few other commodities.

Given the huge run up in the dollar, constructive digestion in gold and behavior of smart money, I think the end of this rally in the dollar is close at hand and a new leg higher in gold is about to begin. For newer readers, I try to offer intermediate-term forecasts as much as possible and will often reverse my opinion when the preponderance of evidence suggests so. I am married to my wife forever (strategically smart comment to make publicly! :-)), but certainly not to any investment position!

## **YES We Can... TAX That Is!**

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Although the political wrangling continues over the legality of the healthcare bill, for all intents and purposes, it's law, like it or not. On the one hand, it's a positive that we've gotten at least something done on this issue. But, this bill is FAR from being great in my humble opinion.

This morning, I had a conversation with a client whom I routinely disagree with. We always have very spirited political, social and economic discussions. Sometimes he

makes a good point that causes me to reassess my position, like today, and other times I do. And sometimes, we agree to disagree.

From my seat, that is good and healthy debate; always respectful, never personal. Two individuals from different sides of the political spectrum and from different generations. The question is... why can't our elected officials in Washington behave like this?!?!

Getting back to healthcare, one of the problems with reform is that we're not dealing a straight social or free market issue. Think of yourself as the CEO of a health insurer whose top priority is to deliver results to the shareholders. That's your fiduciary responsibility. The more times your company says "no", the more profits in the corporate coffers.

As a customer of that insurance company, you pay significant premiums to cover you in case of health issues. You expect a "yes" when the time comes. You expect life to be preserved. The problem is that health insurance companies are a hybrid and cannot be a straight capitalist/free market model. There must be regulation to "insure" life and protect the insured as another client (physician) offered at lunch today.

I am NOT in favor of government run healthcare, but I think we all know that without the proper oversight, the insurance companies become the sector of "no" to maximize profits. It's a social and free market issue that doesn't seem to have a good compromise. The healthcare bill does have some plusses, such as added coverage for meds, subsidies for lower income families to buy insurance and hopefully a small business tax credit.

Socially, I am 100% in favor of fixing the preexisting condition problem. But I do know that shareholders are hurt by that. I am not in favor of requiring everyone to buy health insurance. I don't know our forefathers personally, but I have a hard time believing that they would be in favor of this. I also don't think they would have too much respect for Nancy Pelosi who believes that "pursuit of happiness" means forcing citizens to buy a product.

If you don't want to buy auto insurance, you don't have to drive. If you don't want to buy homeowner's insurance, don't buy a home or buy one without a mortgage. Since smoking and obesity are huge burdens on the healthcare system, is Congress going to mandate our weight or outlaw smoking to protect the system? Will they pass a bill forcing us indoors during peak sun hours because of skin cancer danger?

I've seen the CBO estimates on what the bill is going to do over the next 10 years in deficit reduction. Wonderful. It's primarily through tax increases and this insane idea that the government can find hundreds of billions in savings from Medicare waste and fraud. If it was so easy, why hasn't anyone done it before???

And while the CBO is an independent group, who ever said they were correct or even good? Show me ANY of their previous long range forecasts that have come true. You

can count me as a skeptic here. I don't buy it.

And the tax increases are the crowning point of not only this bill, but additional increases coming online in 2011. Have we not learned ANYTHING from FDR's great mistake in 1937 when he raised taxes and removed fiscal stimulus, causing Great Depression Part Deux?

The folks at [Casey Research](#) recently wrote a piece entitled, "Help! I've Been Taxed and I Can't Get up!" The general premise of the article is HOW we are going to pay for all this spending. If you don't know, by doing nothing, taxes are going up in 2011 to the pre Bush cut levels. That's a huge increase during a very fragile recovery.

Forget about income tax levels for a minute where the top rate is going from 35% to 39.60%, dividends and interest are going from 15% to ordinary income levels. To rub salt in the wounds, the new healthcare bill adds the Medicare tax of 3.80% to capital gains, interest and dividends beginning in 2013.

Add another 0.90% tax on all income earners above \$250,000 and you have the recipe for slow economic growth at best, another recession or two at worst. It's not a pretty picture. The Casey folks also point out that it's possible for the 3.80% Medicare tax to hit you when selling real estate for a gain, even the lower income brackets. Additional tax increases are seen in raising the deductible medical expense threshold from 7.50% to 10%.

There are other less widespread taxes starting in 2013 that are almost certain to raise various medical costs, but I think you get the picture. I feel like a politician saying this, but I am for lower taxes and smaller, less interventionalist government. Boy, do I feel like the odd man out!

## 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 via Casey Research

Upcoming TV Appearances

CNBC's The Call - March 22 at 11:40am

CNBC's Squawk Box - March 25 at 6:10am

WTNH (ABC in CT) Good Morning CT - March 28 at 7:35am

CNBC's Worldwide Exchange - April 27 at 5:30am

CNBC's Worldwide Exchange - May 18 at 5:30am

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

Media Appearances

Friends And Family Plan

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.

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To Your Financial Success,



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