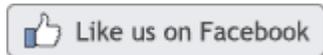




December 23, 2016

3:30 PM EST



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## Happy Holidays!

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First and most important, Laura , I want to wish you and your family a truly wonderful and meaningful holiday season! Merry Christmas, Happy Hanukah, Joyous Kwanzaa. All the best for a Happy, Healthy, Peaceful and Prosperous New Year!!

A few days ago, I did a great segment with my friends at FOX61 in CT regarding the financial tips people really need to consider before year-end. The link is below and I also turned it into an article if you scroll down.

<https://www.facebook.com/TimLammersFox61/videos/1401618769869224/>

Unless you are new to Street\$Marts, almost everyone knows that skiing is my outdoor sports passion and after last year's utter disaster in the northeast, this year has started off with a bang. My youngest son is my ski buddy and we have a blast together, snow, rain, sun or cold. Last weekend was his first real cold, powder day. We woke up to 2 degrees with snow and while it warmed up to the teens, the snow did not stop until after lunch. After failing with the first two kids, I learned to break early, often and whenever my son is cold. That keeps him wanting to go back out again.

The day began perfectly as we caught the fourth chair right as the mountain opened. We would have had number two, but my friend Steve called right as we were heading to the lift and I thought something was wrong. Nope. He just wanted to chat at 7:45am on a snowy Saturday morning.



At Mount Snow, every lift that has at least 50 chairs, has a golden painted one to celebrate their 50th anniversary a number of years ago. For the kids, they do everything they can, including having a fake fall in the lift line to get that special chair. Below was the first of many golden chair rides of the season as the snow came down mid-morning.



And finally, after five hours of skiing in the powder with his legs feeling like Jello, his head hit the pillow in the backseat of my car before we even hit the main road on the way home. Life is great at 8!



Don't forget to check our blog for intra-issue updates.

[www.investfortomorrowblog.com](http://www.investfortomorrowblog.com)

## Will Santa Claus Call to Broad & Wall?

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Yale Hirsch of Stock Trader's Almanac fame (and a perennial must own book now written by his son Jeff) coined the phrase, "If Santa Claus fails to call, bears may come to Broad & Wall". Research showed that if the last five trading days of the year and first two trading days of the New Year (Santa Claus rally) did not show a positive return, a bear market or significant correction was likely during the coming year.

Bears love to point out that Santa did not call in 1999 nor 2007 when two devastating bear markets were about to unfold. However, Santa also did not call in 1990, 1992, 1993 and 2004, yet no bear market or major correction ensued the following year. Santa also did not come in 2014, but I am guessing that the 15% summer decline married that up. In 2015, Santa was a no show and stocks were in the midst of a 15% correction which bottomed on January 20.

Conversely, Santa called in 2010, but stocks saw a 20% decline in 2011. Santa came in 2000 and 2001, however 2001 and 2002 were awful bear market years. 1997 saw a big Santa Claus rally, yet 1998 had a 20% correction. The same can be said about 1989 and 1986.

In the end, Santa Claus usually calls, which you would expect as down markets only occur roughly one third of the time. Over the past 46 years, the Santa Claus rally has been seen 74% of the time. Since 1990, it's just under 70% and 75% since 2000. Detractors, however, will say that he has been absent two straight years. New trend beginning or will 2016 revert back to the tried and true?!?!

If you have any questions about your own portfolio or situation, please reply to this email or call the office directly at 203.389.3553.

## Top 7 Financial Tips into Year-End

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This year-end is a very unusual one. Not only will the presidency be changing in early 2017, but one party will control both Congress and the Oval Office for the first time since the 2008 election and 111th Congress. That means for the most part, any legislation that passes Congress will likely be signed into law by the president. Before you dismiss this as just a political article, please read on.

Because Speaker of the House, Paul Ryan, has been in power for several years, we already know his economic plan, which just so happens to line up with Donald Trump's plan. Besides the lifting of hundreds of regulations and repatriation of corporate cash overseas, the cutting of corporate and individual taxes will likely be number one for the 115th Congress.

It's very rare for a party to sweep into power and have lower taxes as their top priority. With individual tax brackets likely to be reduced to three with the rates cut for most Americans, there are a number of unique year-end financial tips to be aware of as there is a strong likelihood that our tax bills will be lower for income earned in 2017 than 2016. It's also possible that the IRS sees an unexpected decline in tax revenue for Q4 which could temporarily increase the budget deficit.

With all that in mind, it makes sense to:

- Defer as much income as you legally can from 2016 into 2017. If tax rates are cut, you will owe less money. If they somehow are not, there shouldn't be any harm.
- Accelerate deductible expenses to year-end. Since taxes will likely be lower in 2017, you are better off taking your expenses in 2016 against the presumably higher tax rate. The deduction is worth more now.
- Increase retirement plan contributions. This applies to company sponsored plans like a 401K or 403B since IRA contributions may be made right up until April 17, 2017 for the tax year 2016. If you haven't maxed out your contribution for 2016 (\$18,000), your company may allow you to do a one time or two time increase from your paycheck into your account to lower your reported income to the IRS for 2016. If you earn a year-end bonus, consider adding that into your retirement plan as long as you haven't maxed out. And remember, for those age 50 and over, you can contribute an additional \$6000 as a "catch up provision".
- Increase charitable contributions. Similar to the ones already mentioned, why not give more to charity in 2016 and deduct a larger amount against a presumably higher tax rate in 2016. Not only that, but on a humanistic level, it's very worthwhile.
- Realize net investment losses of \$3000. The IRS allows each filer to deduct up to \$3000 in net capital losses. That means if you have taken \$10,000 in gains, you can take \$13,000 in losses and write off the net of \$3000 against your adjusted gross income. Any amount more than \$3000 net in a given year is carried forward in future tax years.
- Harvest tax losses. This is one of my favorite strategies year after year. If you have securities held at a loss, you are able to sell them and buy a similar but not essentially the same security to realize the tax loss. For example, if you owned American Airlines at a loss and you still believed the airlines were still a good investment, you could buy United, Delta, JetBlue or

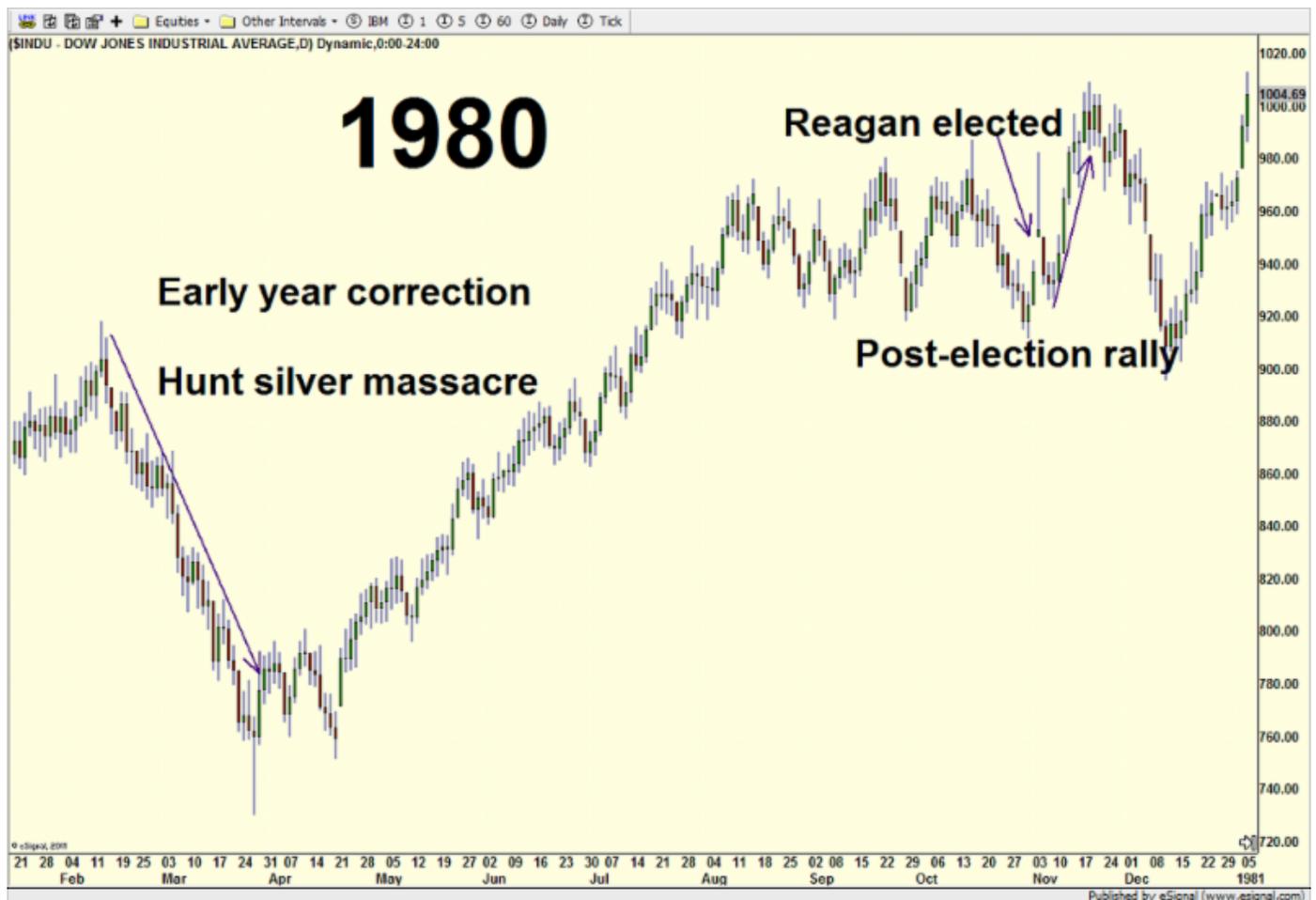
Southwest. You could also buy an exchange traded fund (ETF) which invests only in the airline space, like JETS. You couldn't, however, sell the Vanguard 500 mutual fund and buy one of the ETFs which tracks the S&P 500, like SPY and IVV.

- Required Minimum Distributions (RMDs). If you are 70 1/2 or own an inherited IRA, the government mandates that you take an annual distribution from your IRA, 401K, 403B, etc. This is not optional. Failure to do so results in penalties of 50% of the distributed amount.

I am sure there are other worthwhile tips, but these are a good start and ones I feel strongly about.

## Reagan's Stock Market Analog Dies

Last month, I offered a price analog to the 1980 election of Ronald Reagan. There were many similarities between 1980 and 2016 as you can see below, including the big correction early in the year and the post-election market celebration. That all ended by Thanksgiving as the 1980 pattern gave back 100% of the rally while the 2016 pattern kept powering ahead.





In the next issue, we will take a look at the other analog from 1991 and 1992 to see how that's doing. Early indications have it still holding up.

## Upcoming Appearances

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WTNH's Good Morning CT Weekend - January 8th at 7:45 am

Yahoo Finance Live Show - January 13th at Noon

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

## Media Appearances

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

## Investment Quotes/Adages To Live By

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"In God we trust, all others bring data."  
- The Elements of Statistical Learning

"The only easy day was yesterday."  
- The U.S. Marines

"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, 1984

"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

"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

"A little bit at a time adds up to a lot in no time"

## To Your Financial Success,



**Paul Schatz  
President  
Heritage Capital LLC**

**1 Bradley Road Suite 202  
Woodbridge CT 06525**

**203.389.3553 Phone  
203.389.3550 Fax**

**[www.InvestForTomorrow.com](http://www.InvestForTomorrow.com)**

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1 Bradley Road, Suite 202 Woodbridge CT 06525 Phone (203) 389-3553 Fax (203) 389-3550 - [www.InvestForTomorrow.com](http://www.InvestForTomorrow.com)  
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