DON'T LET THE TAX TAIL WAG THE DOG

Some people are concerned about the end of the world on December 21, 2012 according to the Mayan calendar. We are a bit more worried about the Tax-mageddon that will begin on the first day of 2013. We have the convergence of the expiration of the Bush-era tax cuts combined with the new taxes resulting from the Patient Protection and Affordable Health Care Act. We want to caution you not to let taxes dictate your investment/business practices, but rather, be just one factor in your decision making process. Ask someone that invested in the 80's "tax shelters" that turned into total loss of principal. The following is some analysis on the recommendations that we are seeing advertised in the media and our thoughts on how to react to these new tax strategies:

• Roth IRA Conversions

These do make sense in our opinion in certain cases where you can do partial conversions and pay very little tax. We would be very cautious about high income earners doing a conversion. Multiple ways exist to get money out of a traditional IRA (charity & lower income in retirement) with low taxes. In addition, we are hopeful that tax rates may go down in the future as the IRS eliminates deductions.

• Annuities & Life Insurance

We are seeing this recommended as a way to defer income taxes. The vast majority of annuities are extremely expensive, and the insurance companies use numerous marketing gimmicks to lure investors into these products. You are turning capital gains into ordinary income & locking up funds for substantial periods of time, so be very cautious!

• Accelerate Income into 2012 and Delay Expenses into 2013

This is a valid planning consideration that you should explore with your tax advisor if your AGI for both years will be in excess of $250,000. We would encourage you to do a tax forecast that will show savings before blindly pulling the trigger.

As always our phone lines and office are open to meet with you to discuss your personal situation.

> "Wealth doesn't disappear, it just shifts."
>
> —Vince Berta

> "Success not shared is failure."
>
> —John Paul Jones DeJoria

THE GOLD BUG

We continue to receive inquiries about our thoughts on investing in precious metals . . . specifically gold. We do not view precious metals as an asset class that we will be adding to portfolios. For multiple reasons, we encourage our clients that desire exposure to this investment to own physical gold coins versus gold ETFs, mutual funds or gold mining stocks.

Gold will never produce anything, it will be lifeless forever. The only way gold rises in value is that the buyer hopes that someone will be willing to pay more avidly in the future. We find investing in real estate (cropland or income producing property), debt securities and equity ownership to be better long term investments because we can assign a value to these holdings based on what they will produce in the future.

Asset bubbles inevitably burst. Gold commercials dominating media advertisements, gold stores opening up on every town corner and gold ATMs in high end hotels have us thinking that buyers should beware!

If you would like additional information on this subject, please go to our website under the "Our Thoughts" section where you will see it addressed on our February 28th blog post.

LANDMARK FINANCIAL ADVISORS WEIGHTINGS AGAINST THE S&P 500