

What Can Women Do Now? (Continued from page 3)

vacations, your subscriptions, or change your lifestyle. Any changes should be made in keeping with your overall plan for living, for retiring, and—if this is an interest – for leaving money for the next generation. Don't make changes before speaking to experts who know you well; I'm inviting you to call us, to come to see us, and let's go over your goals, your concerns, and your personal numbers together. Don't listen to the moaners and groaners among your friends or even in the media. Recognize extreme words in the press are sometimes used to arouse people's feelings and focus their attention on what someone is writing.

Finally, but not less important, maintain your long term perspective. We'll know more next year about what's real and at that time we can review any changes that need to be made in your lifestyle. Keep being you and living the life we (your advisors and you) agreed is appropriate for you.

DB: Almost all the women at the \$pa considered themselves to be an "Investing Woman;" what are some things to keep in mind when it comes to investing?

KCA: I'm glad so many women are interested in learning more about investing.

Investing can be confusing. There are so many choices to deal with. When women come to me and say they can't make a decision, I tell them not to be put off by the choices they face. Financial planning turns negative when you run out of choices. Having choices is good. Making decisions is good. Facing a lack of choices is not good.

Asset allocation is one very important choice. Think about how much risk you are comfortable with. What are your goals? What are your current and long term needs? This is a personal decision.

Take the risks that suit you. Most of all, don't react to each market fluctuation—plan to stay in for the longer term. The market is not the best place for in and out people.

Continue to be well diversified. Maintain a well balanced portfolio that you are comfortable with, and not be like some people who are willing to settle for just ½-1% by holding cash. Cash, including money markets and CDs, carries its own risks, including

inflation risk, that is, that the price of things you need will go up while your money doesn't; as well as diversification risk, that is, that you keep all money in one type of asset, in this case cash, and if something happens to your cash vehicle, e.g. your money market, you have nothing to protect you. Cash is not risk free.

True Diversification will help reduce risk. This should help your portfolio by having many different things in it. At Altfest, we often do not place more than 5% in any one investment.



Guests stay after the \$pa to speak with Altfest Senior Advisor, Dawn Brown, CFP®

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Financially Savvy Woman™

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If you know a friend or family member who can benefit from our services, let us know. To show our appreciation, for each referral you provide, we will make a donation to the Yorkville Common Pantry - an East Harlem organization Karen helped found and lead as the first Chairman three decades ago, that now delivers more than 2 million meals a year to needy New Yorkers.

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Election Overload: What Can Women Do Now?

Altfest Personal Wealth Management hosted its second post-election Women's Financial \$pa®, *Are You Experiencing Election Overload?* on November 14, 2012. Karen C. Altfest, Ph.D., CFP®, put the results of the election into perspective and discussed how today's women in New York City are likely to be affected. Altfest Senior Advisor, Dawn Brown, CFP®, who made introductory remarks at the \$pa, sat down with Karen following the event.

Dawn Brown: At the \$pa, you mentioned that you studied to become a historian. How has your educational background helped you as a Certified Financial Planner®?

Karen C. Altfest: Yes, I studied for a Ph.D. in American and Canadian history. Those were fabulous days; I enjoyed digging into the lives of people who had lived in earlier times. In those days, we spent most of our time thinking about great men, and great events. However, what interested me was how not a few leaders but the rest of the population lived. My work was fascinating, but didn't allow me to help anyone since they were long dead and gone. As a Certified Financial Planner®, I have the same curiosity now. I enjoy helping women find the critical variables and think through choices that work for them. I learned so much from my mentor, historian Arthur Schlesinger, who was a great scholar, a superb writer, and a deadly editor. I use the information and skills I've learned every day. It definitely helps keep things in perspective.

DB: What was the reason behind your referencing Abigail Adams and "Remember the Ladies?"

KCA: Abigail Adams, the wife of our second President, was ahead of her day when she urged her husband to "Remember the Ladies" who couldn't own property, couldn't vote, and had limited education. Her expectations were modest by our standards, yet progressive by her own time. It interests me that she uses some of the thoughts that spurred on the American Revolution, no laws without representation, and turns it around to enhance her argument, for what I think of as women's rights.

At Altfest, we take pride in creating confident women clients by providing the right knowledge through educational seminars, such as our Women's Financial \$pa®. Personally, I enjoy working with women on their concerns, and encourage Altfest Personal Wealth Management advisors to do the same. We don't give women the short shrift and I think that is emblematic of what Abigail Adams urged of her husband.

DB: This is your second post-election Women's Financial \$pa®. Are there any issues reminiscent of the concerns from 2008?



Karen C. Altfest asks how many women have concerns about their finances at the 2012 Women's Financial \$pa®

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KCA: In 2008, I spoke about the economy, Supreme Court, changing demographics, housing market, health care, national security, taxes, and the stock market. On the economy, I spoke about Bernanke who I said was presiding over a distressed banking system and trying to keep the economy on an even keel. Well, I was right, and even more than I knew. Our system was greatly distressed, and that distress began to rear its unwelcome head just prior to the election, and continued to be rocky even in the following year.

I spoke about changing demographics, that is, an aging population that would affect retirement, health care, travel, and estate planning. It seems every year we have more clients entering their nineties, or parents of clients who are aging, living alone, in decent health, still driving and with that comes the need for new services and industries.

At the 2008 \$pa, I said if you're trying to sell an apartment, it might take longer and you might have to come up with a more realistic price. I also talked about how if you're shopping for mortgages you might need a higher credit score and a more substantial down payment. Today, mortgage rates have gone even lower, and that has made looking for a new home or refinancing more interesting.

Finally, I spoke about the stock market because I knew our clients were interested. We made very favorable changes to portfolios in 2008-09. Soon after that meeting, we did make some strong purchases in Asia for your accounts which did very well.



Altfest Team Leader, Ekta Patel, CFP®, and Senior Advisor, Dawn Brown, CFP® answer client questions

DB: The fiscal cliff is on many minds and is mentioned numerous times in the news. What is Altfest Personal Wealth Management's take on the cliff?

KCA: "Fiscal cliff" is such a great expression. No one wants to fall off a cliff. I believe what has been dubbed a cliff is actually more like twin peaks, that is, taxes and spending.

There is a very great probability that taxes will be going up soon. Obama himself has said that he wants to raise taxes for couples who earn more than \$250,000 per year. Others say they are reluctant even to raise taxes for this group, and that it in itself, won't lead to enough savings if taxes are raised only for the highest earners. If you are not earning that much from salary or other sources of income, you might not be affected. However, it may be a good idea for you to be cognizant of your financial standing and whether or not you may be affected if taxes are raised. I advise those who do not know how much they earn to look at their tax return, speak to their accountant, or speak to us.

My husband Lew Altfest was quoted in *The Wall Street Journal* article, "How to Play the 'Fiscal Cliff'," on what the fiscal cliff could mean. He says, "The approaching deadline could bring market volatility similar to what unfolded during the debt-ceiling debate in the summer of 2011." According to Lew, the S&P stock index fell 3.6% in July 2011, leading up to the debt deal; then dropped again when S&P downgraded U.S., and then stocks recovered. It's almost a prerequisite that politicians are going to be extreme on both ends before a deal. I think Lew does believe that deals will be cut with the new Administration, and that's positive. Both sides will likely compromise. Until then, uncertainty may make the markets more volatile.

DB: What should we expect from the second Obama Administration?

KCA: Our debt has been higher than it needs to be, and Obama wants to rein it in. That's a good thing. On the other hand, doing so by drying up funding for projects that we count on may not be so

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Altfest Advisors Address Your Concerns

Dawn Brown, CFP®



Ekta Patel, CFP®



I would like to transfer my workplace retirement account to Schwab so that Altfest can manage it, but will I have to pay a large tax bill to do so?

When we transfer these accounts we use what is referred to as a trustee-to-trustee transfer. This means the funds are being moved from the custodian where they are currently held and paid to the custodian where we are opening the account on our client's behalf. Basically, the funds are not being paid directly to the client – which avoids the trigger of income taxes on the sum being transferred. If a check is paid directly to the client's name, then this will likely trigger income taxes and withholding of 20 percent of the sum being taken out for federal taxes. This is not the situation we want to see occur.

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good. In regard to healthcare, Obamacare has been passed, but may now have to be modified. There are still millions of uninsured Americans. For those millions and for others, it is vital for healthcare to be worked out by the President and the new Congress.

Speaking of Congress, there are now 20 female Senators, the most ever in U.S. history. That's nice, but at just twenty percent of the Senate, I believe there is still a long way to go. Women are fighters, and over time, my hope is that we will substantiate that with our votes. We have had women in top places in government, and I expect one day we will get to the acme of American government.

DB: Are there any financial opportunities we should be aware of

When you hear about capital gains, are those unrealized or realized gains and what do you pay your taxes on?

An unrealized gain is an appreciation in value of an investment between two dates. For example, you owned \$10,000 worth of ABC shares on 1/1/2011 and the value of the same shares on 12/31/2011 were \$15,000. At this point, the capital gain for that period on shares of ABC is \$5,000. This gain is termed as an unrealized gain as you still continue to own the shares of ABC. However, if you decide to sell those shares of ABC on 12/31/2011, then at that time the "unrealized" gain amount is converted into a "realized" gain and you will owe taxes on appreciation of \$5,000. Hence, it is important to know that you don't owe any taxes until you sell your shares at a profit and realize a gain.

before the end of 2012?

KCA: Some remaining Bush-era tax opportunities may be going away very soon. If you have a large estate and want to leave significant assets to your heirs, you may want to speak to your estate attorney right away. The current Federal tax estate exemption is \$5 million per person, or \$10 million per couple. This is unusually large and you are only assured of this opportunity until the end of 2012. Note that your attorney will likely need some time to draw up your papers. Next year can be very different.

DB: There are many speculations about the future of our economy. How should women react, if at all?

KCA: First, don't cancel your

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Karen C. Altfest, CFP®, Ph.D.

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**Save the Date:
Women's Financial Salon
March 13, 2013**

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