

THE BELVILLE BEE



Volume 60 – April 2018, Don Belville, Editor



Through the Keyhole By Dorothy

An important change is taking place at Belville Financial Advisors. As previously announced, we are having a new website constructed. The new website will feature an array of informative “picks” which we hope you will find educational and helpful. As with the previous website, there will be a link for clients to access their accounts at Pershing. We will keep you posted as to when the new website will be available for you to use.

Don & I have no travel plans for the balance of this year. The market is much too volatile for us to be away for any period of time. Fortunately, with Don kicking and screaming, we have been every place I was interested in seeing. Don reminds me that we live in a “travel destination,” so why go anywhere?

Terri and her husband are travelling to Costa Rica with friends the 2nd and 3rd week of May. During her vacation, Don and Kelly will fill-in for Terri.

Kelly will also be staying close to home this year. One of our two ranch hands retired and we have been unable to find a replacement. So, a lot of the work with the horses falls onto Kelly. Fortunately, Kelly loves the work caring for the horses and the horses love having her around. Kelly also keeps up with her office responsibilities and her studies.

May we all enjoy a happy, healthy and less volatile Spring and Summer...

At The Sauver Ranch.

BAILEY



Hi, my name is Bailey. It has been a while since I have spoken to you. I am now thirteen years old. I am part Golden Retriever and Cocker Spaniel. I love to give hugs and kisses and help Kelly with her wardrobe choices in the morning. I either give her a, *really, mom?* look if I do not approve or a kiss, if I do. She rescued me when I was a pup and I am very glad she did!

Cont'd.



Sauver Ranch sont'd.

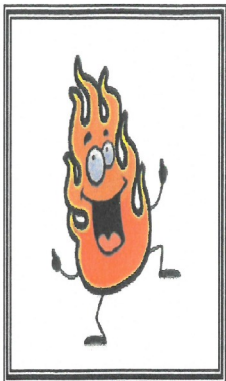
My favorite pastimes involve dog friends, baked treats, exploring the ranch, car rides and playdates. I love playing with all the other dogs now that they are adults. My favorite playmate is Dorothy and Don's dog, Duffy. He is very low key. I love exploring the ranch with Kelly and seeing the horses, but I never get too close to them. I also enjoy going for walks at the old Fort Ord. It is a great place to explore.

One of my favorite days is at the groomers. We are not kenneled, so it is a big play day with between twelve and 25 friends. I get to jump on and off the grooming tables, which are about four feet off the ground.

I still race around the backyard and have energy to burn. Life is good and I have the same energy I did as a puppy. I prefer to sleep under Kelly's bed because it is nice and dark and I can have time alone when I need it.

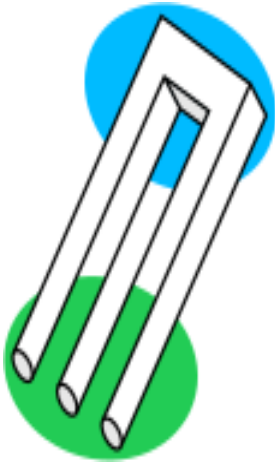
They say age is just a number and I think my energy proves that. It might also have something to do with the delicious food I get to enjoy. Don and Dorothy are great cooks and they send me delicious dinners. I enjoy my dog food, but I do look forward to those care packages from Don and Dorothy.

Dorothy's Hot Topics.



Most of you are aware I am not in favor of the new Tax Bill for a number of reasons. The two main reasons are: 1) the substantial increase in our nation's debt, and 2) the potential for hyperinflation. Most of the Tax Bill expires after 2025. However, there is one little known change that is permanent and could be the most costly element in the Tax Bill. Instead of defining inflation with the Consumer Price Index (CPI), as has long been the case, the new Tax Bill switches to a metric referred to as the Chained CPI. The Chained CPI tends to rise more slowly than the traditional CPI.

Over time, this could have a dramatic effect on official inflation figures. Items that are indexed for inflation would not rise as fast, resulting in more taxes. The Chained CPI is a metric that attempts to consider real-world decisions by consumers. In other words, if a good or service starts to get too expensive, the Chained CPI assumes the lower price version instead of what is actually happening. The Chained CPI is a permanent part of the Tax Bill and it is my belief that it could affect many of us negatively in years to come.



The Devil's Fork.

Also known as the "Impossible Trident," is a drawing of an impossible object; a kind of optical illusion. It appears to have three cylindrical prongs at one end, which mysteriously transform into two rectangular prongs at the other end. This reminds me of the economy and stock market of late. Both seem full of false illusions and ever-changing without purpose.

Two Important IRA Reminders.



1. You can annually gift up to \$100,000 tax-free from your IRA to a charity of your choice. The gift must go directly to the charity as a direct transfer or by a check from your custodian (such as Pershing) made payable to the charity. The charitable donation does count towards your annual Required Minimum Distribution (RMD). It must be properly reported on your tax return as a non-taxable distribution.
2. Inherited IRAs should not be mixed with assets from any other kind of retirement account. They have different distribution rules. Sixty day rollovers are not allowed and the annual Required Minimum Distributions begin in the year after the IRA owner passed away. This distribution, and sub-sequent annual distributions, are based on the age of the beneficiary. Proper account registration includes both the name of the deceased and the beneficiary.

Dorothy's Commentaries.



In a recent 10-day period of time, I noted the following headlines from one of the publications I read on a daily basis:

"March 27 *Stocks Rebound As Trade Fears Ebb***"**

"April 6 * Stocks Lose 572 Points In The Dow Due To Trade War Worries***"**

Since 40% of the S&P earnings come from overseas, trade wars are a valid concern, but where is the continuity? This is another example of the lack of consensus about our economy and our stock market.

DJIA closing numbers: 01/18/2018 26115.

02/20/2018 24964.

04/12/2018 24483.

Dorothy's Commentary Cont'd.

In my opinion, the market is still overvalued. I plan to continue the heavy cash positions in the portfolios I manage until either- **the volatility subsides,**

or

we have another 10% correction.

My concentration for the portfolios has been research to determine the investments I might put into the portfolios should the volatility persist for a protracted period of time. There are investments that seem to be handling the volatility quite well. In general, they are considered to be *contrarian investments*. It is not yet time to get back in, but I am ready if and when it is warranted.

A Bit of BitCoin.

In April of 2017, Bitcoin was priced at \$1,184.00. It soared to \$19,768.00 in December of 2017. As of the writing of this newsletter, it is down to \$8,061.65. Some of our stock market pundits have hailed it as a precursor to movement in the broad markets.

Notable quote.

Peter Peterson, billionaire and co-founder of the Blackstone Group, grew up in a very frugal Greek immigrant family. His upbringing caused him to state:

Never, even in bad times, spend more than you earn.



Year of the Dog.

In the Chinese zodiac, 2018 is the Year of the Dog. The zodiac aside, 2018 promises to be a very explosive year and, like a hyperactive dog, requires constant attention. It certainly has our attention so far...

Dorothy

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Dorothy M. Belville, CFP™, California Insurance License #0584347

30 Ryan Court, Suite 260, Monterey, CA 93940

(831) 647-3170 Fax (831) 647-3177 CA (800) 253-0002 Outside CA (800) 354-3487