



NOW THAT YOU HAVE FILED YOUR TAXES....

It's time to become aware of the tax planning opportunities and rules for 2013. There's no time like the present to plan- and while the ink on your return isn't dry (rhetorically speaking), it's hard to believe that you have eight months to act on your investment plans for 2013. Here are some changes that are effective now (Source: Morningstar):

Dividend Tax

The small increase in the dividend tax that passed Congress won't affect most investors. Morningstar recommends placing dividend payers in tax-sheltered accounts and keep taxable accounts for non-dividend earning investments.

Long-Term Capital Gains Tax

Long-term capital gains rates stay mostly the same between the 2012 and 2013 tax years.

Medicare Surtax

The Medicare surtax is part of Health Care Reform and was not impacted by the fiscal cliff negotiations at the end of 2012.

Estate Tax

The top estate tax rate increased 5 percent from the previous tax year, while the tax exemption remains above \$5 million.

Gift Tax. Gifts of \$14,000 apiece may be made to an unlimited number of people without incurring a gift tax, with special dispensation given to 529 college-savings plan savers, married couples contributing to a child's college plan, and those giving financial gifts to pay educational or medical expenses.

AND NOW FOR THE MONEY REPORT—

ANOTHER GOOD YEAR BEHIND US: SPECIFIC DATA FROM 2012 Yesterday's performance is one indication of trends in the market today. One analyst from Morningstar provides this summary: "Another good investing year is behind us. For all the angst, the typical U.S.-stock fund gained about 15% and the typical bond fund gained about 8%. Foreign- stock funds gained about 18%. The U.S. economy has shown signs of further growth as employment has gained steam, but Europe remains shaky. So, where does that leave us? My ideas for 2013 are a lot like my thoughts for 2012 because stocks are not cheaper and bonds have gotten even less attractive. So, I like stock funds, relatively conservative funds, inflation hedges, and short-term bond funds simply to keep some powder dry. I like some Asia and Europe funds for their yield and diversification value, and I also like some hidden gems. Today just about every type of bond has been milked dry. Whether high-yield or Treasury, there's very little value out there. Treasuries are among the least attractive given their meager yields. These are ideas designed

for the long haul that happen to be attractive now. Let's start with some conservative funds of various stripes that won't get clobbered in a correction."

WELL THAT WAS LAST YEAR; WHAT ABOUT 2013?

Here's what we know from the first Quarter (Summarized here- all quotes are from Morningstar):

UPSWING. Several factors are on the upswing- and include Retail Sales, Manufacturing, Disposable Income and Private Employment Growth. And while payroll tax increases, delayed tax returns and prices at the pump continue to dismay the public, Consumer Spending is solid.

LOOK MORE CLOSELY AND YOU WILL FIND SOME VOLATILITY- in general employment and Gross Domestic Production (GDP).

INSIGHTS FROM MORNINGSTAR on Q1: "Businesses and consumers have been more settled since the beginning of the year, due to many fiscal issues being temporarily, if not permanently, settled. While the U.S. economy is slowly growing, it is in better shape than the economies of many other developed countries."

BY THE WAY, WE'RE ENCOURAGING YOU TO CONSIDER BRINGING IN YOUR CPA TO THE RETIREMENT PLANNING PROCESS

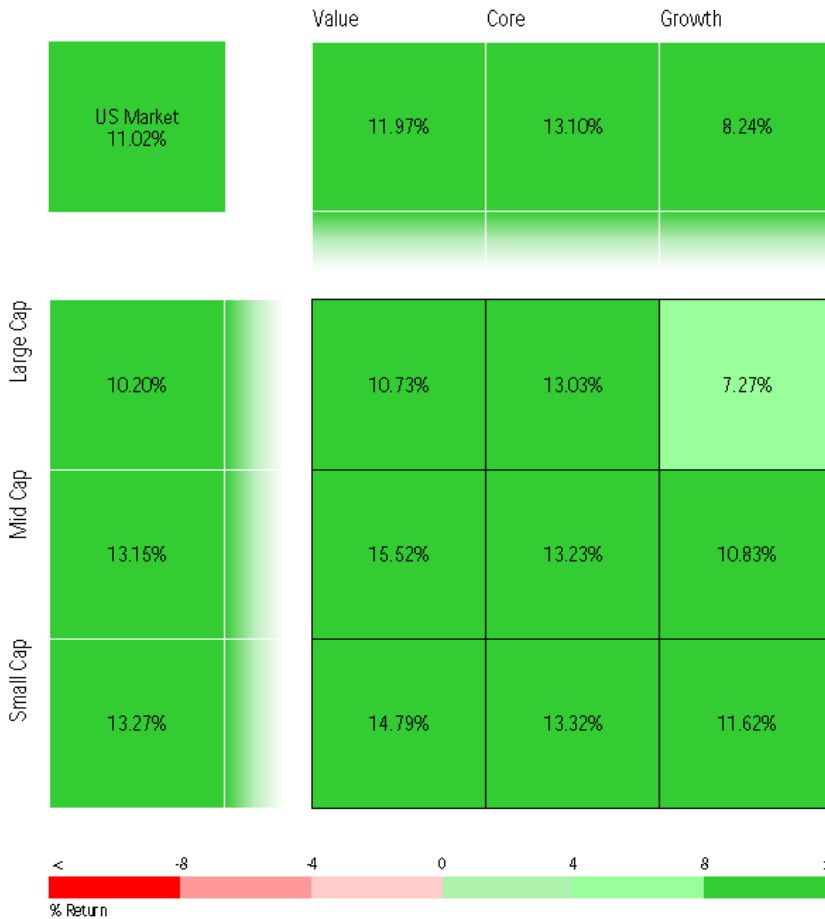
It's considered a best practice for your CPA and your Financial Advisor to meet to collaborate to make certain no strategy goes untried that meets your needs. If you haven't considered a meeting with us and your CPA, please do, and you may find some hidden revenue and opportunities for which you hadn't bargained. So give us a call and let's explore a meeting of the minds.

MORNINGSTAR MARKET BAROMETER REPORT...see below

May 2013

Morningstar Market Barometer Report

Time Period: YTD, ending Mar 31, 2013



The Morningstar Market Barometer provides a visualization of the performance of the Morningstar Indexes. The color scale (red for losses and green for gains) allows you to instantly assess which areas of the market are performing strongly and which areas are showing weakness. The Morningstar Indexes consist of a family of 16 indexes that track the U.S. market by capitalization and investment style using a comprehensive, rule-based approach. The Morningstar Index family is based on the same methodology as the well-known Morningstar Style Box™, and it provides an integrated framework that can be used for all stages of investment process.

Broad Market Index
US Market



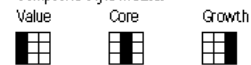
Targets 97% market capitalization coverage

Cap Indexes



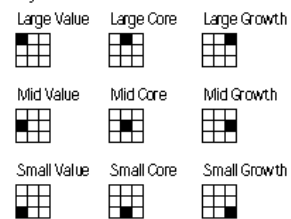
Large Cap: 70% market capitalization
Mid Cap: 20% market capitalization
Small Cap: 7% market capitalization

Composite Style Indexes



Value, Core, and Growth Indexes are defined by 10 variables. Each index represents roughly 1/3 of the overall market.

Style Indexes



The nine segments of the well-known Morningstar Style Box are specified by style and market capitalization.