

## Did You Know

January 2012

***From all of us at The Gildenmeister Wealth Management Group we wish each of you and your families a healthy, happy and prosperous 2012!***

**Did You Know...**Did you know the economic outlook for 2012 may be one of the most difficult to analyze? But, but we are going to try and see how that will influence our investing for 2012. First of all, according to the Conference Board, the Gross Domestic Product (GDP) will continue to grow slowly in the United States so we believe chances of a full blown recession are not likely. The U.S. GDP will most likely remain between 2-2.5% while the global GDP will probably be around 3.5% with the emerging markets growing at over 5%. Europe will continue to struggle while oil prices, barring any Middle East prolonged outbreaks that would cause delays in oil shipments, will probably trade between \$90 to \$100 a barrel.

With this Macro Economic background, how should we invest for 2012? First of all, with slow growth in the world economy, interest rates will remain low. In order to get higher returns in the fixed income markets, investors will have to go to lesser quality investments such as emerging markets bonds. Keeping maturities short (less than 5 years), will help to protect principal if and when interest rates turn up. Another alternative is floating rate bonds because when interest rates do turn up they should as well.

Another way to enhance your income is to own stocks that pay a good dividend and have a good possibility of increasing them such as; **General Electric (NYSE, \$18.84 as of 1/13/2012)**, **Pfizer (NYSE, \$19.30 as of 1/13/2012)**, **Abbot Labs (NYSE, \$55.43 as of 1/13/2012)**, **New York Community Bancorp (NYSE, \$13.31 as of 1/13/2012)**, **Norfolk Southern (NYSE, \$76.50 as of 1/13/2012)**, and **Intel (NASDAQ, \$25.14 as of 1/13/2012)** just to name a few.

As investors, we want to own companies that are efficient deliveries



such as; **CSX (NYSE, \$22.94 as of 1/13/2012)**, **FedEX (NYSE, \$90.37 as of 1/13/2012)**, **TJ Maxx (NYSE, \$65.15 as of 1/13/2012)**, **Wellpoint (NYSE \$71.91 as of 1/13/2012)**, **McDonald's (NYSE, \$100.35 as of 1/13/2012)**, **SalesForce (NYSE, \$103.90 as of 1/13/2012)**, and **Deere (NYSE, \$84.66 as of 1/13/2012)**.

Additional information is available upon request.

Source: Riverfront Investment Group January 3, 2012

**Did You Know...**despite the apparent lack of any tax reforms being accomplished by congress, there are numerous changes in tax rates, deduction amounts, and limits for 2012? An extension that typically gets passed at year-end and was not addressed is the Alternative Minimum Tax (AMT) ex-



emption which will now revert back to year 2000 levels. Unless addressed retroactively, it is a much lower level affecting millions more taxpayers. Income tax brackets will be adjusted slightly upward for inflation while the Bush-era tax rates remain the same through 2012. The capital gains and qualifying dividends tax rates of 0% and 15% also remain in place for this year. The standard deduction will rise between \$150 to \$300 depending on filing status, while the additional deduction of \$1,150 for those aged 65 or older or who are blind remains the same. The “kiddie-tax” exemption of \$1,900 remains for all children under 19 and full-time students under 23 years old. The 2010 Tax Relief act brought the estate tax back in 2011 although at a much higher exemption of \$5million and a top tax rate of 35%. For 2012, this exemption increases to \$5.12million along with the lifetime gift tax and generation-skipping tax exemptions. The annual gift tax exemption remains unchanged at \$13,000 for 2012. Social Security will receive a cost-of-living adjustment (COLA) of 3.6% but the combined income levels used to determine the percentage Social Security benefits are taxed did not change. As mentioned in November’s newsletter, the amount you can contribute to a 401(k), 403(b),

and 457 plan in 2012 increases to \$17,000 while the \$11,500 SIMPLE IRA contribution, \$5,000 traditional and Roth IRA contributions, and their respective catch-up provisions all stay at the 2011 levels. You will also need to take your 2012 required minimum distribution (RMD) by 12/31/2012 or face a 50% penalty. There are many more items beyond these. Please consult your tax-preparer for how the 2012 numbers will affect your situation this year and pay attention to what reforms are put in place to address all of the items set to expire at year end.

Source: Horsesmouth: Key Financial Data for 2012

**We are back to our Saturday winter hours; 9am-noon. Come in, kick back, and enjoy a hot cup of coffee while we discuss your investments.**



The information is not intended to be a substitute for specific individualized tax, legal, or investment planning advice. Please note, changes in tax laws or regulations may occur at any time and could substantially impact your situation. While we are familiar with the tax provisions of the issues presented herein, as Financial Advisors of Raymond James we are not qualified to render advice on tax or legal matters. We suggest that you discuss your specific tax issues with a qualified tax advisor. The views stated herein are those of The Gildenmeister Wealth Management Group of Raymond James, as of this date, and are subject to change without notice. Further information is available upon request. The information contained herein was received from sources believed to be reliable, but accuracy is not guaranteed. Past performance is no guarantee of future results.

## Important Dates to Remember

January 16 MLK Jr. Day  
(Market’s Closed in Observance)  
January 17 Quarterly estimated tax payments due  
February 14 Valentine’s Day  
February 20 President’s Day  
(Market’s Closed in Observance)



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“The most important trip you take in life is meeting people half way.”

~Henry Boyle

