Cypress Financial Planning, LLC

SECOND QUARTER 2014

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Market Update

(all values as of 03.31.2014)

Stock Indices:

Dow Jones	16,458
S&P 500	1,872
Nasdaq	4,199

Bond Sector Yields:

2 Yr Treasury	0.44%
10 Yr Treasury	2.73%
10 Yr Municipal	2.52%
High Yield	5.26%

YTD Market Returns:

Dow Jones	-.35%
S&P 500	1.76%
Nasdaq	1.69%
MSCI-EAFE	0.00%
MSCI-Europe	1.52%
MSCI-Pacific	-3.32%
MSCI-Emg Mkt	-.80%
US Agg Bond	1.84%
US Corp Bond	2.94%
US Gov't Bond	1.98%

Commodity Prices:

Gold	1,283
Silver	19.75
Oil (WTI)	101.49

Currencies:

Dollar / Euro	1.37
Dollar / Pound	1.66
Yen / Dollar	102.80
Dollar / Canadian	.90

IRA Review For Everyone

Income too high to contribute?

Skip to the section covering "IRA As A Gift."

Already contributed?

Feel free to pass this article on to a friend that you think may benefit.

Not yet contributed?

Continue reading to determine eligibility and understand the benefits.

The Roth IRA

Let's start with the Roth IRA. With the Roth IRA no age limitation applies to contributions. As long as you have taxable compensation and qualify, you can contribute to a Roth IRA even after age 70½. However, your ability to contribute and the amount you are able to contribute (up to the annual limit) will depend on your income and tax filing status. Although Roth IRA contributions are not tax deductible, Roth IRAs have other advantages. The main strength: qualified withdrawals after age 59.5 will avoid income tax forever.

Remember, you have already paid taxes on your contribution to a Roth IRA. Furthermore, you are not required to take distributions from a Roth IRA at any age, which gives you more estate planning options. The Roth even avoids penalties on an early withdrawal, before 59.5, if certain conditions are met. Nonqualified withdrawals will be taxed and penalized only on the earnings portion of the withdrawal, since the principal amount is, after all, your own after-tax money.

The income limits for determining how much you can contribute to a Roth IRA increased in 2013. Contributions cannot exceed 100% of your earned income. The maximum amount you can contribute to a Roth IRA for 2013 is $5,500 (or 100% of your earned income, if less), and it will remain $5,500 in 2014. The maximum catch-up contribution for those ages 50 or older is $1,000. (You can contribute to both a traditional and Roth IRA for 2013, but your total contributions cannot exceed the $5,500 annual limit.) As an example, a married couple that files taxes jointly and earns $125,000 of modified adjust gross income can contribute the full $5,500 each because their combined modified adjusted gross income is less than $178,000. If they are 52 years old they can each add $1,000 and contribute $6,500 each.

2013 Roth IRA Income Limits (2014 MAGI limits are slightly higher)

2013 tax filing status	Full contribution	Reduced contribution if MAGI is:	You cannot contribute to a Roth IRA if your MAGI is:
Single or head of household	$112,000 or less	More than $112,000 but less than $127,000	$127,000 or more
Married filing jointly or qualifying widow(er)	$178,000 or less	More than $178,000 but less than $188,000 (combined)	$188,000 or more (combined)

The Traditional IRA

In some ways, the Traditional IRA is the opposite of the Roth IRA. For one, when an individual reaches age 70½ they are no longer eligible to contribute to a Traditional IRA. Furthermore, that individual is required to begin taking required minimum distributions from any IRAs they own at age 70½. And while the Roth does not allow for any income tax deduction, individuals eligible to contribute to a Traditional IRA may receive a tax deduction on their contribution up to $5,500 in 2013 (plus a $1,000 catch-up if age 50 or older) up to IRS published annual income thresholds. Deductions on traditional IRA contributions will depend on your annual income, your filing status, and whether you or your spouse are covered by an employer-sponsored plan. The two charts show the distinction between deduction limits for individuals that have access to an employer-sponsored plan (covered) and those that do not (uncovered).

2013 Traditional IRA Deduction Limits (If COVERED by an employer plan)

2013 tax filing status	Full deduction	Reduced deduction if MAGI is:	No deduction allowed if your MAGI is:
Single or head of household	$59,000 or less	More than $59,000 but less than $69,000	$69,000 or more
Married filing jointly or qualifying widow(er)	$95,000 or less	More than $95,000 but less than $115,000 (combined)	$115,000 or more (combined)

2013 Traditional IRA Deduction Limits (If NOT COVERED by employer plan)

2013 tax filing status	Full deduction	Reduced deduction if MAGI is:	No deduction allowed if your MAGI is:
Single or head of household	No limit	No limit	No limit
Married filing jointly (spouse not covered)	No limit	No limit	No limit
Married filing jointly (spouse covered)	$178,000 or less	More than $178,000 but less than $188,000 (combined)	$188,000 or more (combined)

Your personal goals and circumstances will determine which type of IRA is right for you. If you wish to minimize taxes during retirement or preserve assets for your heirs, a Roth IRA may be the way to go. If you qualify and can benefit from an income deduction immediately the Traditional IRA may be a better way to go. The most critical factor in an individual's decision is his/her current tax bracket and expected tax bracket upon taking distributions (future tax rates are always uncertain).

IRA As A Gift

If you are fortunate enough to be in the position to help, you may at some point consider helping a child, sister, brother, or friend set up an IRA. You can employ this with a teen that has a summer job, a college student that works part-time, or a working-age child who remains burdened by student loans. You can help them begin or continue saving for their retirement or perhaps take the opportunity to teach that individual the value of investing long-term or understand market risk. A few things to keep in mind:

- As stated with IRA rules, the receiver must have earned income at least 100% of the contribution
- Federal gifting rules allow you to gift up to $14,000 in 2014 to any other person without triggering an IRS gift reporting requirement.
- However, 2013/2014 limits on IRA contributions remain $5,500 or $6,500 for individuals 50 or older, subject to respective AGI limits

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Current Environment - Macro Overview

Geopolitical events unfolding in Russia have altered international markets as newly imposed sanctions create financial uncertainties. Markets vacillated between the events in Ukraine and stronger economic data in the United States.

Over $6 billion of Russian equities and bonds have been sold since the Ukrainian crisis began, simultaneously rating agencies S&P and Fitch reduced their credit outlook on Russian debt to negative from stable.

Of concern to Western European countries is the fact that Russia supplies natural gas and oil directly to Western European countries. Ukraine is also a large supplier of wheat and corn for the region, drawing the possibility of increasing commodity prices throughout Europe.

The White House revealed a $3.9 trillion budget for 2015, with proposed cuts for several departments and agencies. The budget also proposes over $1 trillion in new and higher taxes.

The Fed acknowledged via its Beige Book report that the weather was a significant factor contributing to lackluster economic data earlier in the year. The recent weakness in economic data, from jobs and retail sales to industrial production and home building, appears largely due to the unusually harsh winter that should soon dissipate.

The Federal Reserve's annual stress test for U.S. banks found that 29 of the 30 largest banks could withstand a severe financial crisis similar to what occurred in September 2008. The Fed's stress test takes various factors into consideration, such as severe unemployment, a dramatic stock market decline, and rapidly rising interest rates. The Fed also concluded that capital levels for banks had greatly improved since 2008.

Sources: Fed, WhiteHouse.gov, EuroStat

Who Owns Gold - Historical Review

Many believe that Russian President Putin is trying to distance his country from its reliance on the U.S. dollar, which is the primary currency used to trade oil and other major commodities worldwide.

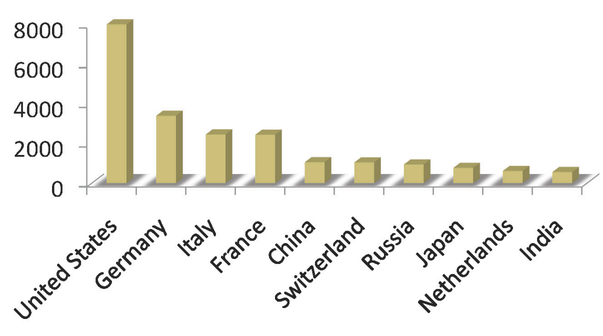
Over the past five years, Russia has been increasing its stockpile of gold bullion significantly, to over a value of $44 billion.

Gold is a unique asset in that it is no one else's liability and is not directly influenced by the economic policies of any individual country. Its status cannot, therefore, be undermined by inflation in a reserve currency country.

According to the World Gold Council, the ten countries with the largest percentage of reserves in gold include Germany, Italy, France, China, and India, with the United States holding the largest amount of reserves.

Largest Country Gold Reserves

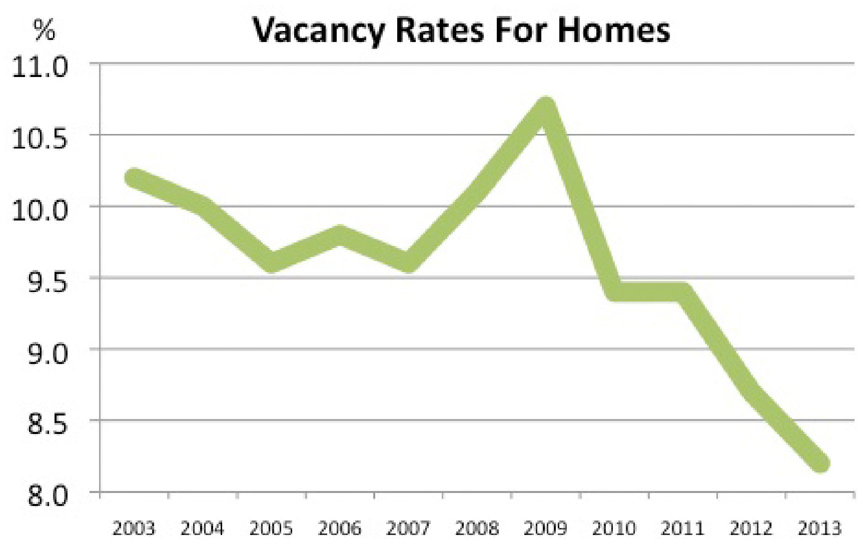
In Metric Tonnes
As of December 2011



Sources: CIA Factbook, World Gold Council

Growing Number of People Are Renting Not Buying - Demographical Fact

With loans difficult to obtain from banks, and with lower incomes than existed a few years ago, renting has become more prevalent for families across the U.S. Since the height of the housing market in 2004, homeownership rates have dropped to 65.2 percent, down from a high of 69.2 percent in 2004. From a historical perspective, homeownership rates are back to 46-year averages, as the housing bubble dissipated since its height in 2004.



Various factors account for changes in homeownership rates, such as employment, interest rates, home vacancies, aging trends, and family growth to mention a few. Even with incredibly high rates, and elevated unemployment in 1980, homeownership was still 65.5% then, not far from current levels. The 46-year average is 65.4%.

Sources: Current Population Survey/Housing Vacancy Survey, Series H-111 Reports, Bureau of the Census

As investors have been buying properties to rent, a growing number of renters continue to seek rentals, a benefit for rental owners. Some believe that as the employment markets improve and wages rise, home ownership will increase, while demand for rentals will decrease.