



# Cypress

Financial Planning, LLC

THIRD QUARTER 2014

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## Market Update

(all values as of 06.30.2014)

### Stock Indices:

Dow Jones	16,826
S&P 500	1,960
Nasdaq	4,408

### Bond Sector Yields:

2 Yr Treasury	0.47%
10 Yr Treasury	2.53%
10 Yr Municipal	2.30%
High Yield	5.33%

### YTD Market Returns:

Dow Jones	1.51%
S&P 500	6.05%
Nasdaq	5.54%
MSCI-EAFE	2.95%
MSCI-Europe	3.45%
MSCI-Pacific	1.71%
MSCI-Emg Mkt	4.80%

US Agg Bond	3.92%
US Corp Bond	5.67%
US Gov't Bond	3.93%

### Commodity Prices:

Gold	1,322
Silver	21.01
Oil (WTI)	105.74

### Currencies:

Dollar / Euro	1.36
Dollar / Pound	1.70
Yen / Dollar	101.40
Dollar / Canadian	.93

## A Spotlight on Career Decisions

*"If you're offered a seat on a rocket ship, don't ask what seat! Just get on."*

— Sheryl Sandberg, Facebook Chief Operating Officer

*"The only way to do great work is to love what you do. If you haven't found it yet, keep looking. Don't settle."*

— Steve Jobs, the late Apple, Inc. Founder, Chairman & CEO

When legendary business icons like Sheryl Sandberg and Steve Jobs speak, career decisions start to seem easy and exciting. However, our experience as financial planners leads us to a far different conclusion: that career decisions, even small ones, are often the most difficult ones to navigate. While day dreaming is easy, the reality of leaving the security of a large corporation to start a company and become an entrepreneur is incredibly intimidating. Even a less dramatic decision—like leaving a well-established organization for a smaller (and more risky) new entrant—can be quite emotional and stressful.

Why? At the end of the day, it comes down to uncertainty, whether real or perceived. Concerning Ms. Sandberg's advice, "rocket ship[s]" like Facebook are few and far between, as well as difficult to identify (except in hindsight). From where we stand now, Sandberg's decision to leave tech darling Google to join Facebook seems like a no-brainer. But Sandberg's experience is far from the norm—Silicon

Valley is littered with former Google executives who left the firm to join start-up ventures that subsequently crashed and burned. It's therefore reasonable to wonder whether Sandberg's success at Facebook is more the result of a savvy business sense or simply good fortune.

Furthermore, while Mr. Jobs' advice to avoid settling is certainly wise, it's also unrealistic for most of us. Yes, Jobs spent years exploring and refusing to settle (read his biography to learn how attending college calligraphy courses—as a college dropout—inspired Jobs toward the design of Apple products). But there is no doubt that Jobs sacrificed a significant amount of income and security in order to continue chasing his dream. It's up to each of us to balance our dreams against our other responsibilities and priorities in life, and that calculus often makes settling into a stable career the most appealing choice. Our spouses, children, and even extended family keep us in our seats and encourage us to avoid risking it all.

Take Sandberg and Jobs out of the equation—along with their larger-than-life anecdotes and lessons learned—and we are still left with the fact that all of us will face major career decisions (or consider entrepreneurial ventures) at some point in our lives, whether by choice or out of necessity. As financial planners, we take a practical view and see our role as enabling our clients to make wise career decisions.



Just like when we make investment decisions, we encourage clients to look at the risks and rewards through the lens of their own personal goals. This is best accomplished with a comprehensive financial planning process that aggregates all of the facts, identifies tradeoffs and risks, and allows for practical, informed decision-making.

Since most of us will eventually face the reality of a career change, what is the process you can follow when it's your turn to consider it? First, assess your personal goals, experiences, skills, and risk appetite to determine if the new opportunity is a good fit.

- Will this career be personally gratifying?
- What are the non-financial implications of a change (commute, travel, etc)?
- Do I have the requisite skills to succeed? If starting a business, do I need a partner?
- Is there anything I can do now to improve my ability to succeed?
- What is the long-term outlook for this profession? Industry? Company?

There are countless resources, including books, internet sites and professional advisors devoted to helping individuals with career issues. You might even cold-call someone in the career field you are considering; you will likely be surprised by how much helpful feedback you will receive.

Next, you should consider the financial impact of starting a new career. Start this process early and certainly don't quit your present job until you've determined how you will survive financially during your career transition. In particular, you should be able to answer the following questions:

- How much money can I expect to make initially? In 5 years? In 10 years?
- How will changing my career affect my income and expenses in the short term? Long term?
- How long can I or my family survive with

out any income?

- What are my conservative projections of business expenses and income, including start-up costs (legal, professional designations, marketing, office space, employees, etc)?
- How will a new career affect my insurance coverage (health, life, and disability)?
- How will this change affect my retirement savings/income options (pensions, 401(k) plans, ESOPs, deferred compensation)?

Quantifying the financial implications of a change will be a key step in building your confidence. Avoiding surprises is critical to ensuring that you do not find yourself caught off-guard and disappointed.

Finally, one cautionary piece of advice in the career-decision literature suggests that one should "be careful not to become a want-repreneur," someone who constantly talks about starting one's own business, but never actually musters the confidence to do so. While this advice is targeted to entrepreneurs, the concept applies to anyone that desires to make a change, since any significant career switch requires first making a conscious shift from desire into action.

To avoid falling into the "want-repreneur" trap, start with actions that are related to personal and financial goals, so that you maintain your focus. Take the time to define your own success, and then determine whether you can achieve that success in a different job, career, or venture. If you desire to build a company of your own around a specific idea or concept, begin testing the concept by asking others about it. Find a simple way to test the idea or find a cost-effective way to create a "demo" version of your product. If your current employer allows it, consider doing some consulting work on the side, so that you can take your product or service to market in a low-risk manner.



If you're having trouble seeking out a new job or career, or you just don't know how to get started, set a few specific goals and deadlines for yourself, and take a few "baby steps" to test the waters. Update your resume. Perhaps follow in Steve Job's footsteps and take some classes that interest you but aren't related to your current work. Soon, you'll have a better idea of what really interests and excites

you, and you'll be better equipped to consider the various options that may be available.

With apologies to Sandberg and Jobs, Abraham Lincoln may have said it best when he stated that "things may come to those who wait, but only the things left by those who hustle." Just get started!

### **Current Environment - [Macro Overview](#)**

Turmoil in Iraq failed to deter equity markets from elevating to higher levels in June. Albeit, as OPEC's third largest member, Iraq is becoming more of a concern for markets as insurgents threaten to disrupt production. With substantial production and ample supply, domestic oil production has left the United States much less vulnerable than other countries to any geo-political events in the Middle East.

A 40-year ban on U.S. oil exports may start to be dismantled as the Commerce Department issued a ruling in late June allowing the export of lightly processed crude oil, also known as condensates. Industry analysts believe that U.S. oil exports could translate into economic and employment growth nationwide.

A decision by the European Central Bank (ECB) to lower key rates was seen as an all out effort to confront the threat of deflation in Europe. The ECB is hoping that the lower rates will stimulate lending and growth activity throughout the 18-country Eurozone. The ECB will also be requiring European banks to hold less capital in order to free up more money for lending to businesses.

Conflicting economic data in June had both Fed members and market analysts puzzled, as employment and payrolls had generous increases, yet GDP figures were worse than expected. In addition, both the IMF and the World Bank cut their forecasts for U.S. economic growth this year.

Advances in asset prices and economic data helped suppress volatility throughout the financial markets to a seven-year low in June. Fed Chair Janet Yellen said that low volatility in the financial markets may be worrisome if it encourages excessive risk taking. She went on to say that the Fed has no target for an appropriate level of volatility.

As employers increase hiring, wage growth has become a focal point for the markets rather than job gains, since wage increases translate into immediate consumer spending. The number of positions waiting to be filled in the U.S. rose by 289,000 to 4.46 million in April, the highest since September 2007, the Labor Department reported.

There are now 421 companies in the S&P 500 paying a cash dividend, the most since 1998. As companies continue to generate favorable cash flows, more of their earnings are being paid out as dividends. This is attractive to income investors in a low yielding environment.

**Sources: Fed, EuroStat, Commerce Dept., ECB**



NET CRUDE OIL IMPORTS HAVE DROPPED NEARLY 25% IN THE PAST FIVE YEARS

## U.S. Starts To Lift 40-Year Ban On Oil Exports - Energy Sector Review

A 40-year ban on U.S. oil exports may start to be dismantled as the Commerce Department issued a ruling in late June allowing the export of lightly processed crude oil, also known as condensates.

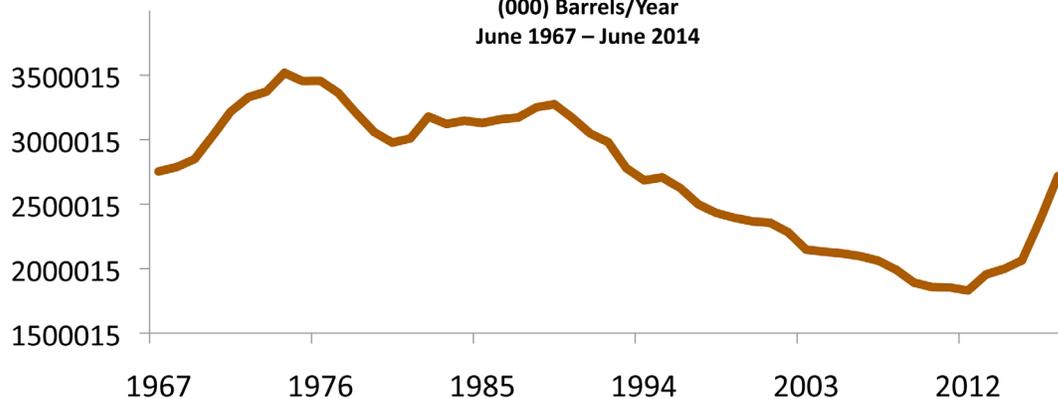
In response to the Arab oil embargo, the U.S. imposed regulations in 1975 that restricted the exportation of crude oil. For years, oil companies and industry leaders have sought

prices varying depending on existing supplies. WTI is also known as Texas light sweet because of its relatively low-density, light characteristics and sweet because of its low sulfur content. Conversely, Brent Crude is a bit heavier and not as sweet, thus making WTI a higher quality oil and more desirable worldwide.

The lighter and sweeter WTI is easier and less expensive to refine and distill into gasoline, diesel, jet fuel, and other fuel products.

For the past few years crude oil production in the United States has surged tremendously because of the technology

**U.S. Crude Oil Production**  
(000) Barrels/Year  
June 1967 – June 2014



a relaxation of the export restrictions in order to compete in the global oil markets.

According to the Energy Information Administration (EIA), U.S. oil production rose to nearly 8.5 million barrels a day in June, marking the highest production levels since 1986. The country's crude inventories were at 400 million barrels through the end of April, the highest since 1982.

As the U.S. has increased crude oil production, demand for U.S. oil has also risen worldwide. In the international oil markets, there are two primary types of crude oil, West Texas Intermediate (WTI) and Brent Crude. Both are used as a benchmark in pricing oil worldwide, with

behind horizontal drilling and hydraulic fracturing, primarily in the states of North Dakota and Texas.

As the United States is becoming the world's leading oil refiner, it is considered good for economic and job growth nationwide. Inexpensive crude along with an abundance of supply in the United States has allowed refiners to become extremely profitable and capable of efficient refining.

The International Energy Agency (IEA) estimates that any exports of U.S. crude oil will be quickly consumed by the international markets and help stabilize any supply inefficiencies caused by political uncertainty in the OPEC countries.

**Sources: IEA, EIA, Commerce Department**

\*Market Returns: All data is indicative of total return which includes capital gain/loss and reinvested dividends for noted period. Index data sources; MSCI, DJ-UBSCI, WTI, IDC, S&P. The information provided is believed to be reliable, but its accuracy or completeness is not warranted. This material is not intended as an offer or solicitation for the purchase or sale of any stock, bond, mutual fund, or any other financial instrument. The views and strategies discussed herein may not be appropriate and/or suitable for all investors. This material is meant solely for informational purposes, and is not intended to suffice as any type of accounting, legal, tax, or estate planning advice. Any and all forecasts mentioned are for illustrative purposes only and should not be interpreted as investment recommendations. Broadridge Investor Communication Solutions, Inc. does not provide investment, tax, or legal advice. The information presented here is not specific to any individual's personal circumstances. To the extent that this material concerns tax matters, it is not intended or written to be used, and cannot be used, by a taxpayer for the purpose of avoiding penalties that may be imposed by law. Each taxpayer should seek independent advice from a tax professional based on his or her individual circumstances. These materials are provided for general information and educational purposes based upon publicly available information from sources believed to be reliable—we cannot assure the accuracy or completeness of these materials. The information in these materials may change at any time and without notice.