



If you are Planning for Today, it's too late

If you are planning for today, it's too late. The day is already here. What you will be left with is a series of reactions that are not under your control, but instead are dictated by the forces around you. Planning should be about tomorrow and the years to come.

For some time I have been discussing our economic point of view, bringing attention to the difficulties that we face in our economy and in economies around the world. The list is long, including too much debt, cities and states in trouble, rising taxes, and few opportunities for growth. The trends were evident for all to see, and unfolded as if almost on que.

We are now halfway through 2010, the relief rally in the equity markets is behind us, the grim reality of the true nature of our situation is sinking in as people realize that unemployment will remain stubbornly high and stimulus spending is not a magic bullet. Things are different. Just as we knew they would be. The bad news is easy to find. The good news takes a little effort.

On the national stage we are hearing conversations that were unthinkable just a few short years ago. Lower benefits, higher taxes, all in an effort to attack the federal deficit. While the conversation is but a whisper in the US Capitol, it is a virtual shouting match in cities and states around the country. Faced with the possibility of closing down all public offices like Maywood, CA, many cities are finally confronting their budget woes. States are beginning to say "No" to special interest groups. A sober, clear-eyed accounting of where we are is being tallied. This is fabulous, as it sets the stage for how we emerge from this Great Recession.

Which brings us back to planning for the future, not reacting to today. The next several years could be marked by less growth opportunities, so conservation and streams of income are important. Taxes will be marching higher, so charting a course of tax minimization today can pay handsomely tomorrow. The best time to buy an asset such as a house, boat, or even car, should come as the economy slows again, yielding great deals. And there is the possibility of higher interest rates in the months ahead on corporate debt and municipal bonds as investors think twice about the credit quality of these borrowers.

All of this could occur in the course of our economy resetting itself to a position of less debt and less reliance on consumption, as well as bringing our social programs back into line with our ability to pay at all levels. This can't help but create a better environment for the next generation, which has always been our first responsibility.

Sincerely,

Jeremy E. Portnoff

Jeremy E. Portnoff, CFP®, AIF®, CRPS®, CES™, CFS®, CTS™, CAS®

NAPFA Registered Advisor

Ed Slott Master Elite IRA Advisor

HS Dent Master Certified Advisor