

Summer Letter 2013

Dear Client/Friend,

I hope this finds you well and enjoying the summer... heat, rain and all. We're still busy tying up some loose ends that go with any move, as our transfer to Sterne Agee is coming up on our one year anniversary! We're settling in to a wonderful place which brings additional investment and reporting sophistication as well as a myriad of services that allow us to offer you, our clients, the best of wealth management. We're excited for our collective future and thank you for your patience as we fine tune the smaller details. We continue to expand on the opportunities that made this short term upheaval worthwhile.

The investment environment seems to be hinging on when, not whether, the Fed will begin to taper off its bond buying binge of \$85 billion a month. We know it's going to happen sooner or later, and we expect the drift of interest rates to be upward. The bond markets are obviously jumpy. We see the real estate market continuing to improve, which bodes well for our REIT holdings. The US Equity markets have played the starring role this year, enjoying new highs, as the emerging and developed international markets have had their challenges.

We've been slowly adjusting portfolios to help minimize some volatility and to attempt to hedge some risks that are out there, perceived or not. We're also creating opportunities to invest in alternative portfolios that we anticipate can do well with any headwinds that may arise. We're not just waiting for something to occur. It's our job to be conscientiously awake at the wheel. We take that seriously.

Of course, in order for us to take advantage of these investment opportunities, there are some new regulatory requirements. To that end, our clients will find a disc enclosed of our new ADV Part II. No music, no pictures...just the facts, Ma'am. Our privacy policy is enclosed as well.

On an entirely different note, did you know that, according to a UBS poll published in Baron's, 80% of investors are helping to support their parents and/or adult children? That's a big number, but it's not surprising to us. Next to taxes, kids can be the biggest drag on a portfolio. ☺

Here's something to be aware of: the annual gift exclusion has increased in 2013 from \$13,000 to \$14,000, or \$28,000 for a married couple. This means that you can gift that amount to any number of recipients this year without it being taxable. Of course, that doesn't include payments to schools for education or for medical bills if paid directly. Please check with your tax advisor to make sure to "stay within the lines" when it comes to gifting and taxes, and note that these amounts are indexed for inflation and issued by the IRS on an annual basis.

It's hard to fathom, but Meg Green & Associates is now into our 30th year. We thank you for your loyalty and support, and welcome to the new clients who have joined us so far in 2013. We couldn't do what we do without you all....and without our spectacular team. A huge congratulation goes out to Mallory Mangrum, who has just been promoted to Vice President of Meg Green & Associates. Mallory has completed 15 years with us as Chief Compliance Officer as well as Chief Information Officer. Many of you also know him as the liaison to your CPA during tax time and beyond, keeping your accountant happy and informed. He's been so much a part of our growth, and we're grateful to have him choose to have his career with MG&A.

As always, we're here to help you through the financial mazes of life and to assist you in making the ride as smooth as possible for as long as possible. We see many of you having fun in your 90's and even 100's. Keep up the good work, and we'll certainly do the same.

Warmest summer wishes from all of us.

A handwritten signature in blue ink, appearing to read 'Meg Green', with a stylized, circular flourish at the end.

Meg Green, CFP®
Chief Executive Officer

A handwritten signature in blue ink, appearing to read 'Todd Battaglia', written in a cursive style.

Todd Battaglia
President