FIRST OHIO PLANNING
Founded 1979

News from the Financial Front

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First Ohio Planning Distinct Portfolios

In an effort to increase consistency and efficiency, First Ohio Planning will offer five distinct portfolios based upon each investor's risk profile. Prospectively, the Investment Committee's goal is to improve flexibility and employ tactical allocations, as economic indicators warrant, amongst the distinct portfolios.

The five portfolios will reflect risk tolerances that are Very Conservative, Conservative, Moderate, Moderate Aggressive, and Aggressive. All investors who profile as conservative will have the same portfolio allocation with the same level of risk. These asset allocations were developed by our Investment Committee utilizing Ibbotson®, a recognized leader in portfolio development, research technologies.

Over the next months clients will be asked to complete new risk questionnaires. Investment Policy Statements will be developed that reflect the resulting risk scores. With the client's concurrence those Investment Policy statements will be implemented and portfolio adjustments made.

Fixed Income Update – Domestic Bond Markets

Anticipation is building as the Fed nears a decisive move to raise rates before year end. Some believe that the Fed may have missed its chance to raise rates, which would have conveyed a sense of confidence about the nation's economy.

As rates have settled at 50-year lows for sometime now, pension plans are a distinctive few that have not benefited from the low, single-digit rates. This is so because pension funding and growth projections are primarily based on the interest earned. So when rates are low for an extended period of time, growth estimates decline and shortfalls evolve. The concern is that most fiscally strapped municipalities are struggling to meet shortfalls in pensions, thus increasing liabilities and hindering cash reserves.

Credit spreads continued to widen between U.S. government bonds and corporate high-yield bonds, somewhat of an indicator of the credit market's health. Questionable corporate earnings tend to pull corporate bonds down, feeding into higher stock volatility and price uncertainty.

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Fixed Income Update – Domestic Bond Markets - *(continued from page 1)*

Various fixed income analysts are closely following the $1.5 trillion of corporate bonds maturing in 2016 & 2017, representing nearly 20% of the entire $7.8 trillion corporate bond market. The question arises as to how capable companies will be to pay that debt off, as well as where rates will be should additional debt be needed to fund maturing bonds.

Content provided by Bloomberg, Moody's, Reuters

What We Spend On Vacations – Demographics Review

The travel industry in the United States is enormous, with over $887 billion spent every year on lodging, food-services, transportation, and amusement. The most is spent on dining, with over $209 billion going to restaurant and other foodservice entities nationwide. Hotels and retail stores also capture a generous portion of what travelers spend.

Well-maintained roads and secure facilities throughout the country afford Americans the ability to travel confidently across the states. As do U.S. citizens, foreign travelers also find the Unites States a safe and easy country to visit and vacation in. In 2013, the U.S. had nearly 70 million international arrivals into airports and seaports. Of these, about half were directly from Canada and Mexico, and the other half from various countries overseas. The U.S. Travel Association calculates that every international traveler to the U.S. spends $4500 on their stay, which averages about 17 days.

Since the attacks of September 2001, it has become more difficult for foreign travelers to enter the United States, as fewer visas are issued and fewer foreign passports are allowed into the country. These security procedures have curtailed some travel to the U.S., but has not dampened the desire to visit the United States.

In aggregate, the travel industry generates over $2 trillion in economic activity, which includes direct spending, taxes, and jobs. Nearly 15 million jobs are supported by the industry, producing over $200 billion a year on wages earned by U.S. workers.

The average leisure traveler is age 47.5, which represents a typical consumer in their prime spending years and most likely with children. Thus, the majority of companies in the travel and leisure industries tend to create and focus their activities and themes around the desires and interests of this age group.

Content provided by U.S. Travel Association

Year End Tax Planning Activities

As year end approaches, the importance of gathering necessary tax items is essential. Even though not much may have changed since 2014, it is always clever to have accurate estimates and tax items prepared for 2015.

Federal Tax Rates

For the most part, federal income tax rates for 2015 remain the same as they did last year. Federal income tax rates start at 10% and increase to a top rate of 39.6%. Keep in mind that the beginning

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Year End Tax Planning Activities - *(continued from page 2)*

and end points are increased slightly to account for inflation. Higher income individuals may also be susceptible to an additional Medicare tax on wages and self-employment income, as well as the 3.8% net investment income tax which can result in a higher marginal federal tax rate for 2015.

Employer Qualified Retirement Plans

Whether you are a self-employed individual or a W-2 employee, it is important to tally up any contributions that may have been made to your retirement accounts over the year. Most employer retirement accounts allow for year end contributions until December 31st. So any additional contributions that you can make to a company qualified plan such as a 401(k) or a 403(b) should be made before the end of the year. It's a good idea to estimate how much more you can contribute then spread out the additional contributions between now and year end.

Investment Portfolios

For investors that hold securities as various types of positions, it is important to identify any investments that may have either significant losses or significant gains, which should be realized before the end of the year. With the market being as volatile as it has been, it is also important to identify any investment positions that may yield some type of tax benefit before year end.

Alternative Minimum Tax (AMT)

Affecting more and more people every year, Alternative Minimum Tax (AMT) should be carefully considered when implementing tax planning strategies going into the new year. Originally enacted in 1969, AMT was never indexed for inflation, thus it continues to affect more and more taxpayers each and every year. AMT is essentially an additional tax on top of the standard tax tables. There's a good chance that taxpayers taking significant deductions at the state and local levels (such as state tax free municipal bond income), claiming multiple dependents, exercising stock options, or recognizing a large capital gain for the year, may eventually be affected by AMT.

Content provided by Tax Foundation, IRS

Most Popular Bills In Circulation – U.S. Currency Facts

Even with the onslaught of electronic payments and the efficiency of credit cards, the use of cash is on the increase, led by the $100 bill and $1 dollar bill.

With over 36 billion Federal Reserve notes (bills), including the $1, $2, $5, $10, $20, $50 and $100 bills, the $1 bill has the largest circulation with over 11 billion notes in circulation. The $100 bill is the second most utilized bill, with over 10 billion currently in circulation. The popularization of the ATM over the years has also increased the public's use and demand for cash. The $20 note is the bill most used by ATMs, adding to its popularity.

There is approximately $1.3 trillion in U.S. currency circulating worldwide. Because of the insatiable demand from abroad, the Federal Reserve estimates that over half of all U.S. currency is currently overseas.

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Most Popular Bills In Circulation – U.S. Currency Facts - *(continued from page 3)*

Each of the 12 Federal Reserve Banks keeps an inventory of cash on hand to meet the needs of the depository institutions within its District. Currency is actually created and printed by the Bureau of Engraving & Printing, while the U.S. Mint engraves and produces coins. To minimize the threat of counterfeiting, the Treasury revised bill designs in the 1990's and began issuing newly designed bills in 1996.

The Federal Reserve Banks are responsible for keeping the currency in circulation in good condition. About one-third of the notes in circulation are tattered and replaced by new notes on a continuous basis. Notes taken out of circulation are destroyed and eliminated from the overall money supply. Since some notes are used more frequently than others, the life of a note depends on its denomination. The $100 bill enjoys the longest life expectancy, while the $50 bill and $5 bill are around for less time.

Content provided by Federal Reserve Bank of New York, U.S. Treasury

Market Update

(all values as of 8.31.15)

Stock Indices:	
Dow Jones	16,528
S & P 500	1,972
Nasdaq	4,776
Bond Sector Yields:	
2 Yr Treasury	0.74%
10 Yr Treasury	2.21%
10 Yr Municipal	2.22%
High Yield	7.24%
YTD Market Returns:	
Dow Jones	-7.27%
S&P 500	-4.21%
Nasdaq	0.85%
MSCI-EAFE	-2.15%
MSCI-Europe	-2.72%
MSCI-Pacific	-1.24%
MSCI-Emg Mkt	-14.39%
US Agg Bond	0.51%
US Corp Bond	-0.84%
US Gov't Bond	0.27%

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Market Update - *(continued from page 4)*

Commodity Prices:	
Gold	1,134
Silver	14.60
Oil (WTI)	48.02
Currencies:	
Dollar / Euro	1.11
Dollar / Pound	1.53
Yen / Dollar	121.66
Dollar / Canadian	.75

Vision: To be recognized as the most reputable partner and resource for financial advice and counseling.

Mission: To establish long-term consultative relationships with clients to comprehensively serve the financial needs of their businesses and families.

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