

What Should Women Do Financially in 2016?

1/9/2016 AZ Republic by Dr. Harold Wong

The year 2015 ended in America with a fizzle and not a boom. The stock market was about even compared to the end of 2014; economic growth was tepid; the unemployment rate dropped but wage increases were small. Oil prices dropped to 11-year lows and consumers were happy for \$2/gallon gas prices.

However, the most important thing to most women and their families is: ***“What’s my income and can I buy what I need or want?”*** Unfortunately, the answer is a distinct “No” for the last 15 years. Some recent statistics can be found in a December, 11, 2015 article by Meteor Blades. In October, 2015, median family income (adjusted for inflation) increased to \$56,771, a 5.3 percent increase over October, 2014. “We have now recaptured all of the income losses that have occurred since Jun, 2009, when the great recession ended, and the October, 2015 median is nearly the same as the median that existed when the great recession began in December 2007. The October 2015 median is now only 1.2 percent lower than the median of \$57,372 in January, 2000, the beginning of our statistical series.”

The middle class has definitely shrunk. Since 1970, the middle class has gone from 62% of the nation’s income to just 43%. The upper class went from a 29% share to 49%. The lower class went from a 10% share to 9%. From 1983 to 2013, the median wealth of the middle class increased only 2% to \$98,100. The wealth of upper class families doubled to \$650,100. Lower-income Americans saw their wealth drop 18% to \$9,500.

If you just work a normal job with normal income, you will not get ahead. You will have to do something significantly different than most of your friends and neighbors. This might include starting a side business and reducing taxes.

When I gave a 1-day seminar in the S.F. Bay area, back in 1980, the average tax savings from a side business was \$5,000. If one’s net income, after all business expenses, is \$12,000, here’s the effect on your retirement. Assume that you started at age 40 and continue until 70, the extra \$17,000 per year, if you could earn 4%, would become \$991,581. If you did this for 20 years, you would still have an extra \$526,476. The only way most people are willing to work the extra hours, in addition to their full-time job, is if you have a passion for this business. It could be your prime hobby. For example, I know the wife of a guy who started a side business doing wedding photography, and earns \$35,000 gross, or \$25,000 after all business expenses. It allows her to deduct all her photography equipment, computer, trips, and 75% of the expense of her vehicle.

It also may require you to invest differently that you ever have. Jack Bogle is “projecting 2.0-3.0% bond yields over the next decade ... and 4.0% stock yields. A 50/50 balance of stocks and bonds would likely yield around 3.5% over the next 10 years. When you factor in the costs

associated with index funds, inflation, and taxes, you are actually looking at real returns of nominal to zero.” Source: *Vanguard Founder John Bogle Projects ‘Nominal To Zero’ Real Returns Over the Next Decade*”, by Wayne Duggan, 6/9/2015 finance.yahoo.com. You might have to leave Wall Street investments and do something different, such as lending to professional house fix and flippers at 7-9% interest.

Free Seminars: On Mon. 1/11/2016, “How Women, Widows and Couples Can Increase Income & Reduce Taxes” will be given at 25601 N. Sun Lakes Blvd., Sun Lakes, AZ 85248. **On Fri. 1/22/2016, “Secure Your Financial Future: Lessons from Warren Buffett”** will be given at the IronOaks Country Club, 24218 S. Oakwood Blvd., Sun Lakes, AZ 85248. Both seminars are 10 am-12 noon, followed by lunch from 12-1 pm. Choose one and **RSVP at (800) 955-1408.**

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