

# Googins & Anton

## Investment Advisors

Dear Friends and Clients:

February 23, 2010

### **The Markets: Barron's interview - James Paulson, Chief Strategist, Wells Capital Mgmt: 2/15/10.**

“The investor psychology is bad, which is of course, good for stocks.”

“The latest correction, which came close to hitting 10%, revived all the investor fear and loathing.”

“Even if the trade balance remains negative, the fact that exports continue to rise relative to imports figures to have an outsized impact on GDP growth.”

“I think that some commentators are ignoring some extremely positive factors in the current recovery. Take inventories, for example. I expect that we're going to have a prolonged positive impact from inventory rebuilding that will be comparable to 1982 when inventories boosted GDP for some five straight quarters of that recovery. This time around we've only stopped liquidating inventories at such a rapid rate as in early 2009, so the rebuild lies ahead.”

### **The Estate Tax: Robert W. Gordon, Investment News, Feb. 8, 2010**

“But the bad news (about having no estate tax this year) is that there is no longer a step-up in basis for property with unrealized capital gains. That means that some heirs could pay more tax this year than if the estate tax were still in force.....There is some comfort that in 2010 the government allows a \$1.3 million step-up of unrealized appreciation to heirs and an additional \$3 million if the inheritor is the spouse.”

“...to maximize wealth transfer under the old rules, many wills are constructed to leave the maximum allowable amounts to the next generation without triggering the estate tax. After that, everything else goes to the spouse free of estate tax.....Using that methodology in 2010 could cause all the wealth to go to the next generation with nothing for the spouse-certainly not what was intended. *That is why anyone with a sizable estate should check with his or her attorney to make sure that the necessary provisions are in place.....*Considering that the old law may be put back in place retroactively, don't do anything you would not have done under the old law, or make sure whatever you do is reversible...”

**Regular Reviews** with Louise or Tracey - Please call if it seems a long time since you have heard from us. We've made significant changes to our calling procedures as we have attempted to go paperless over the past year. It is possible intended actions have slipped “through the cracks.”

**Attached is Nick Murray's article, “The Progress Perspective.”** We tend to expect current trends (*positive or negative*) to continue, but that is rarely true. As James Paulson also said, “President Clinton left us in the late 1990's with budget surpluses and low unemployment, yet the succeeding decade was nothing to write home about in terms of either growth or stock-market performance.” As Nick Murray says, “Welcome to 2010...It's at least possible that this is the first year of the worst decade to be a pessimist in all of human history.”

Louise Googins

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