

THE MAIN ADVISORY

Piecing It All Together

www.MainAdvisory.com

— The Fear Trade

My brother and I are two years apart in age, and yes, I am the older. As we moved into our teen years, he became famous for his tricks that provoked or spooked me to my wits' end. Moreover, he didn't always isolate them to me but felt that in order to fit into the "inner circle," my dates had to pass the torture test, too.

Two can play this game. I vividly recall getting home from school several minutes before he did on a sunny afternoon. (Some things in our past are as clear and immediate as the moment they occurred.) I heard him stepping through the front door, and he was unaware I was present. Opportunity knocked! I scrunched down alongside the cook stove in our kitchen and hid. He would have to pass by sooner or later. Thankfully, the wait was not long because I'm not good at being quiet! As he approached, I jumped out and screamed "gotcha!" He immediately adopted footwork and fists that would shame Mike Tyson, prompting me to duck for cover.

When fear overcomes us, our natural instinct is to do something. The reaction is often one of self-preservation. Investors and savers can also be spooked by headlines, economic data, and politics. The gut reaction is to do "something" and that something is often to buy gold. Of course, radio ads tout gold as the one thing that will save us from the imminent end of the world.

Gold has been used throughout history as money, and many countries implemented "gold standards" to support their paper currencies. After World War II, the Bretton Woods system pegged the U.S. dollar to gold at \$35 per troy ounce. This lasted until 1971 when Richard Nixon cancelled the convertibility of a dollar into gold. Switzerland was the last currency to divorce the gold standard in 2000.



According to a report from the World Gold Council, it is estimated that 158,000 tonnes is the total gold mined ever through 2006. Annual production over the past few years has averaged around 2,500 tonnes with about 2,000 tonnes going into jewelry. Only about 500 tonnes is for investing. Unlike many commodities, the price of gold is largely influenced by sentiment rather than supply and demand.

The financial crisis of 2008 was a big "gotcha" that jumped out of hiding and spooked investors. The remedy to bring the global economies back from the brink of collapse has been, in great part, an exercise that has never been tested before. Then, there was another presidential election, the fiscal cliff, and the sequester--each event adding fuel to the fire of fear. Add in a dose of speculation and the price of gold rose to a high of \$1,925 per ounce in September 2011.

As of this writing, the price has fallen to \$1,586 per ounce. Investors who got in at the high have realized a loss of 17.6% in value. Gold was on a steady decline in 2012 and has continued into 2013 with many analysts predicting another double-digit decline through the end of the year. Societe Generale's Head of Commodities Research Michael Haigh recently indicated in an interview that the price of gold has reached bubble territory. Bubbles often explode leaving lots of carnage, i.e., the tech bubble and the housing bubble.

As economic activity improves, gold as a shelter suffers according to Mr. Haigh. He went on to say, "With the general economic outlook, rising interest rates are generally supportive of growth. In other words, these are a reflection of improved activity. So when we see rising interest rates--I'm not talking about spiking interest rates--this is actually a positive for the economy, as it is for most commodities. *Gold is the exception.* (Emphasis added)."

(Continued on page 3) >>

Assembling your financial puzzle one piece at a time.

Protect your Digital Assets

Advances in technology, specifically in the world of computing, have provided us with unlimited access to information, help us stay more connected, and allow us to be more efficient. But, can we really say that computers “simplify” our lives?

Perhaps some of you—those who’ve grown up using computers or use them regularly in the workplace—find the idea of going without a computer, tablet, or smartphone, for even a day, to be an appalling idea. For others, the mere thought of having to “log in” to a website to retrieve documents invokes feelings of stress, headaches, and general unease.

Technology and computers have become so ubiquitous, so engrained in our economy and society, that many companies are forcing consumers to access information online. Although the topic of protecting our “digital assets” may be old and tired, the threat of identity theft still continues. Defend yourself by considering the following:

Do you know what personal information about you is available to the public on the Internet?

Have you ever entered your name into various search engines to see what pops up? Try adding the city where you live to the search criteria, and you may be surprised by the amount of information that is retrieved.



Examples of sites to look for in the search results include **MyLife.com**, **WhitePages.com**, or **Spokeo.com**. You may also wish to conduct a search using the names of your family members. Once you discover information that you do

not wish to be publicly available, review the privacy policy of each website for instructions on how to remove your data. There are also companies such as **Abine**, **Reputation.com**, and **Safe Shepherd** which offer removal services.

How secure is your password?

Even if you make every effort to create long, complex passwords and change them frequently, these passwords may still be compromised by hackers. Many organizations store usernames and passwords in encrypted master files, which can be leaked or stolen, so oftentimes multifactor authentication is required. Rather than getting annoyed if a website asks you to change your password, be glad they are making it harder for crooks to steal your information.



Lauren C. Peck,
CFP®

If you become incapacitated or pass away, would anyone else know how to access your personal digital files?

Very few states have enacted laws authorizing executors or agents to access digital assets. Because the law is slow to catch up with technological developments, it is important to adapt your estate plan to safeguard your digital assets so that someone else can: (1) preserve family photos and videos (2) safeguard online financial accounts (3) control social media (4) follow instructions about what to delete, preserve, or transfer to a new owner.

To do this, first write down your usernames, passwords, security questions, and other account access information (we recommend *The Personal Internet Address & Password Logbook* – Peter Pauper Press). Store this information securely and make sure your agent or power of attorney and executor know where to find this information. Second, leave instructions about what should be done with each account, computer, or mobile device. Third, change your power of attorney, trust, or will to include provisions authorizing someone else to take control of your digital assets and obtain passwords or other information needed to manage your assets as you intended.

In the past, important papers were kept in a safe deposit box; but, in today’s world, many records are digital. While it may sound counterintuitive to write down all of your secure login information, it is important that someone else has access to this information (in the event of an emergency). Otherwise, you – and your heirs – may risk losing access to this very important information altogether.

Unfortunately, we have witnessed situations where a client passes away, and her family is unable to access the client’s banking information to stop automatic payments, withdrawals, etc. Heirs must go through a long and arduous process to get a court order from a judge to access bank accounts, etc. Don’t let this happen to you. Be proactive when it comes to protecting yourself and preparing for uncertainties. ■

Stop Unsolicited Phone Calls and Mail

Does it seem as if telemarketing calls and credit card offers in the mail are on the rise? In case your phone is ringing or your mailbox is getting full again, here are some websites to revisit to be sure your name and number are on the Opt-Out lists!

■ If you decide that you don't want to receive **prescreened offers of credit and insurance**, you have two choices: you can opt out of receiving them for five years or opt out of receiving them permanently.

To opt out for five years: Call 1-888-567-8688 or visit www.optoutprescreen.com. The phone number and website are operated by the major consumer reporting companies.

To opt out permanently: You begin the permanent Opt-Out process online at www.optoutprescreen.com. To complete your request, you must return (in the mail) the signed Permanent Opt-Out Election form which will be provided to you after you initiate your request online.

When you call or visit the website, you'll be asked to provide certain personal information including your home phone number, name, Social Security number, and date of birth. The information you provide is confidential and will be used only to process your request to opt out.

■ If you would like to receive **less telemarketing calls**, contact the federal government's National Do Not Call Registry. Register your phone number at www.donotcall.gov, or call 1-888-382-1222 from the phone number you want to register. You will get fewer telemarketing calls within 31 days of registering your phone number(s).

■ If you would like to **cut down on unwanted mail in your mailbox**, you may contact the Direct Marketing Association's Mail Preference Service which lets you opt out of receiving unsolicited commercial mail from many national companies for five years. When you register with this service, your name will be put on a "delete" file and made available to direct-mail marketers and organizations. (Please note, however, that only those organizations registered with DMA will delete your name.) Visit www.dmachoice.org. ■

(Federal Trade Commission, <http://www.consumer.ftc.gov/>)



The Fear Trade *(continued from Front Cover)*

Central governments continue to pour liquidity into the marketplace with their quantitative easing strategies. Japan recently began a very aggressive stimulus program with plans to inject about \$1.4 trillion into the economy over the next two years. Similar activity by the Federal Reserve Bank has resulted in higher stock prices. Japan is hoping for the same. These activities are generally negative for gold prices.

The very small island of Cyprus recently dominated the headlines because their banks became insolvent. The government closed the banks for over a week while a plan to obtain loans from the European Central Bank in exchange for promises of austerity and taxation--some would argue confiscation--were formulated. While banks were shuttered, the mode of exchange for all goods and services was cash. Even amidst the peak of fear, gold did not become the currency de jour.

While the calls have subsided from clients interested in buying gold, I am certain we haven't received the last inquiry. Times are volatile across the globe. There will be currency wars as nations fight to stay competitive. There will likely be "gotcha" moments and rising fears will prompt thoughts of accumulating gold.

I'll close with a reminder that President Roosevelt imposed a national emergency and signed Executive Order 6102 in the era of the Great Depression, outlawing the "hoarding" of gold. While the order was eventually lifted and only one prosecution resulted, one never knows what will be enacted in the future to protect the value of the dollar. How's that for a "gotcha?" ■

The views are those of Darla Main and should not be construed as individual investment advice. All information is believed to be from reliable sources; however, we make no representation as to its completeness or accuracy. All economic and performance information is historical and not indicative of future results. Investors cannot directly invest in an index.

"Quality is not an act, it's a habit."

---Aristotle, Greek philosopher

OUR TEAM!



The Main Advisory Team. Suzanne Campanella, Lauren Peck, and Darla Main.

Darla Main - President, Main Advisory, Inc.

One of our dear friends is of Hungarian descent. We spent a week in December cruising down the Danube River from Passau, Germany to Budapest, Hungary. Plans included spending a couple extra nights in Budapest before returning home so we could indulge in the food and culture of her parents and grandparents. Recently, she emailed with news she'd located a Hungarian restaurant, The Darlington Inn, about an hour away from our home. We packed in the car and sought it out the following weekend. The food was totally authentic, and the atmosphere completely reminiscent of her childhood. The evening was immensely fun as she shared her family traditions while we loaded up on paprikash and palacsintas. Yum!

JOURNEYS & TRAVELS

...to Turkey



Last summer, Glenn and I were invited to join a group from our daughter's alma mater, Wheaton College, to visit Biblical cities in Greece and Turkey. One of our stops was in the small town of Pamukkale, Turkey. Though not a biblical city, it is a place listed in the book, *1000 Places to See Before You Die*. Pamukkale means "cotton castle" in Turkish. The city contains hot springs and travertines, terraces of carbonate materials left by flowing water. The hot springs were used as a spa, and many people traveled there to soothe their ailments dating back to 200 B.C. The ancient city Hierapolis was built adjacent to the white mountain and boasted a population of 100,000 at its peak. The warm water from the Pamukkale springs was pumped approximately three miles to the ancient city of Laodicea. Some commentators suggest the reference in the book of Revelation to Laodicea as being neither "hot or cold" but "lukewarm" as an analogy to the water being pumped into their city from Pamukkale. Due to the distance between Pamukkale and Laodicea, the hot water had

Lauren Peck - Assistant Director of Investments

A couple of weeks ago, I was invited to attend a Pittsburgh Penguins game with a friend. Of course I said yes! The Pens played the New York Rangers and won the game 3-0 (Marc-André Fleury's 23rd career shutout). The game was also the 8th consecutive win of what became a 15-game winning streak! As I write this, the Pens are playing without four of their best players due to injuries, yet they've already clinched their spot in the playoffs and won the Atlantic Division. If you ever get the opportunity to go to a game, don't pass it up! Hockey is such a fun sport to watch and the energy of the fans is contagious! Good luck to the Pens for a continued successful season! Let's Go Pens! 😊

Suzanne Campanella - Client Services

Launching kids after college, need I say more?! The terrific/marvelous/stupendous news is that our son, Joe, after graduating from Grove City College in June 2011 with a math degree, is now the proud employee of BNY Mellon, Pittsburgh. When he returned home from graduation, we insisted that he assume his old summer job as a stocking clerk at Shop-N-Save. He worked hard, not quite 40 hours a week, and actually got a promotion to Frozen Department Manager. Since arranging ice cream and stocking frozen pizzas wasn't quite his dream, Joe persevered and kept at the interviews and the online search. He couldn't be happier than to have landed this job. Now, we await Caroline's graduation May 2014. She wants to teach elementary school...keeping fingers crossed.

become lukewarm by the time it arrived at the city gates.

The location has garnered the interest of many empires throughout the ages. As you can imagine, the "healing waters" were a huge draw for emperors and their court. The Phrygians have been credited as building the first temple in Hierapolis. Because of the Christian influence of the Apostle Paul, a church was founded here. The Christian Apostle Philip spent the last four years of his life at Pamukkale/Heirapolis before being martyred by crucifixion and buried there in 80 A.D.

We were permitted to wade in the very warm blue water pools. Wearing shoes is prohibited to protect the deposits. The sun reflecting against the white travertine and blue pools of water was blinding. Sunglasses are definitely a "must have" when visiting. The experience was definitely one of the many highlights of our journey. ■