

Winch Report

Global anger transcends financial markets

Short-term corporate bonds offer safe haven in troubled times

Time Magazine named The Protestor its Person of the Year, capping a year in which outrage has been the dominant universal emotion.

From complaints against austerity measures in Europe to uprisings against leaders in the



Middle East and Africa, to public discontent with Russia's Vladimir Putin, to the Occupy Wall Street protests, frustration is mounting worldwide.

This pervasive attitude has infected the global markets and the result has been more volatility.

To combat both an uncertain market and the extraordinarily low interest rates currently offered, we have been investing in short-term bonds. Specifically, we are purchasing corporate bonds, which lessen our exposure to the Sovereign Debt Crisis. We like the liquidity of this investment vehicle and the yields it generates. We've been buying corporate bonds with yields that range from 3-12 percent, with the majority earning between 5-8 percent.

Each morning we check bond desks across the country in search of high yield, short term bonds. Unlike stocks, bonds are not static and short term

bonds become available every day. Essentially, investors who hold bonds act as creditors for the business or government entity that issues them. The investor earns interest on the bond, or loan,

which is paid at intervals until the maturity date, at which time the bond issuer pays back the principal, or face value, of the bond.

We are limiting our selection of these short term corporate bonds to those that will mature within 15 months or less, which makes them especially attractive in today's market. When interest rates begin to rise, bond prices will begin to fall. At that point, we'll move away from short-term bonds and invest more heavily in equities. In the meantime, our strategy to purchase short-term bonds and hold them to maturity effectively eliminates any interest rate risk.

Each morning our investment team evaluates market conditions and makes decisions accordingly. They continue to monitor throughout the day. If you have any questions, please feel free to call or email us.



Merry Christmas!

We'd like to take a moment to wish you a very Merry Christmas and a Happy New Year.

We know 2011 brought some challenges, but we also know it brought some joy. We're so happy to be able to celebrate with you and we hope 2012 brings you good health, happiness and peace.

We're grateful for the confidence you place in us and we look forward to a wonderful new year.

In honor of the holiday season, we will be closed on December 26 and January 2.

No worries, the TD Ameritrade move won't trigger taxes

While the move to consolidate accounts under TD Ameritrade may prompt some extra paperwork, it definitely will not trigger more taxes.

According to the IRS, investors who transfer funds from one custodian to another are **not** required to report the transfer to the IRS.

Transfers, during which investors have no access

to their money, differ from rollovers, during which they may.

"Generally, do not report a transfer between trustees or issuers that involves no payment or distribution of funds to the participant, including a trustee-to-trustee transfer from one IRA to another," according to the IRS website.

This describes our move to TD Ameritrade from Schwab, Pershing and American Funds.

However, a representative we recently spoke to from Schwab indicated that Schwab does intend

to send out a form 1099-R to those clients who moved their funds from Schwab to TD Ameritrade.

If you receive a form 1099-R you

line 15a and a 0 amount will then be listed in line 15b.

Again, the transfer of funds from one custodian to another is a non-taxable event, regardless of

whether you have to report it to the IRS.

Additionally, you will receive Form 5498 from TD Ameritrade, which will indicate that a contribution has been made to your retirement account.

This form is strictly information, does not have to be reported to the IRS and may not be mailed to you until April.

If you have any questions regarding the TD Ameritrade transfer, please do not hesitate to contact us.

We also offer tax preparation services through Winch Financial for your convenience. Because we already have your paperwork, we can process your tax forms much easier and answer any questions

Income	7	8a	9a	10	11	12	13	14	15a	15b	16a	16b	17	18	19	20a	20b	21	22	
7	Wages, salaries, tips, etc. Attach Form(s) W-2																			
8a	Taxable interest. Attach Schedule B if required																			
b	Tax-exempt interest. Do not include on line 8a																			
9a	Ordinary dividends. Attach Schedule B if required																			
b	Qualified dividends																			
10	Taxable refunds, credits, or offsets of state and local income taxes																			
11	Alimony received																			
12	Business income (loss). Attach Schedule C or C-EZ																			
13	Capital gain or (loss). Attach Schedule D if required. If not required, check here <input type="checkbox"/>																			
14	Other gains or (losses). Attach Form 4797																			
15a	IRA distributions								Amount of your account											
15b										0										
16a	Pensions and annuities																			
b	Taxable amount																			
17	Rental real estate, royalties, partnerships, S corporations, trusts, etc. Attach Schedule E																			
18	Farm income or (loss). Attach Schedule F																			
19	Unemployment compensation																			
20a	Social security benefits																			
b	Taxable amount																			
21	Other income. List type and amount																			
22	Combine the amounts in the far right column for lines 7 through 21. This is your total income																			

If you do receive a form 1099-R from Charles Schwab, you will need to report that income on your form 1040. The income will be listed on line 15a and the taxable amount, which will be 0, will be listed on line 15b.

will have to report the transfer on your form 1040, but it will not be listed as taxable income.

Should you receive a form 1099-R in the mail, (these forms must be postmarked by January 31 so you should receive them early in February), you will list that income on line 15a of your form 1040.

Codes indicating that a custodial transfer generated this income (code G for a regular IRA, code H for a Roth IRA) will render that income non-taxable.

Your fund amount will be listed on

PAC, Lambeau offer entertainment and economic impact

Both our professional associations and our personal affinities have led us here at Winch Financial to develop a strong appreciation for athletics and the arts.

The Green Bay Packers returned as Super Bowl champions and opened their season with a 13-0 run. In a rough and tumble economy, the Fox Cities Performing Arts Center has stood strong within a supportive community that sustains extensive runs of expensive Broadway musicals, and fills seats for equally talented but lesser known performers as well.

Beyond their entertainment value, these two entities contribute monetarily to the community as well.

During the 2010-11 theater season, which included extended runs of both *Wicked* and *Jersey Boys*, the Fox Cities Performing Arts Center generated \$17.74 million in revenue and supported 803 FTE jobs, according to Maria Van Laanen, Fox Cities PAC executive vice president. Additionally, the PAC produced \$880,000 in local revenue and \$1.03 million in state government revenue.

According to an economic impact study of the Green Bay Packers and the redeveloped Lambeau Field pre-



pared for the Green Bay/Brown County professional stadium district last year, off-site visitor spending per season in Brown County topped \$87 million in 2009. That year, the Packers also created 1,670 jobs in Brown County and generated \$8.7 million in tax revenue from visitors to the county.

Those numbers have increased significantly since the Packers won their third Super Bowl title and launched a 19-0 win streak. They will go up again when the Packers complete a self-funded stadium renovation thanks to a wildly popular public stock sale.

While in most communities two such disparate

venues might draw completely different audiences, here in the Fox Valley many residents enjoy visiting both. With continued care both to the entertainment offered within the walls and the buildings that house it, these two local landmarks will continue to draw support.

And even for residents who have no interest in either place, that's good news for the local economy.

Fox Cities PAC Schedule

Jan. 27	Swan Lake
Feb. 1	Ladysmith Black Mambazo
Feb. 4	New Horizons
Feb. 7-12	Million Dollar Quartet
Feb. 21	Doubt—A Parable
Feb. 25	Stayin' Alive
Feb. 26	Clifford the Big Red Dog
March 6-11	Mary Poppins
March 17	Celtic Celebration
March 23-25	Stomp
April 14	Flying Karamazov Brothers
April 24-29	West Side Story
May 17	Rain-A tribute to the Beatles
June 19-24	Billy Elliott

Santa made a cold call at the office

Winch Financial

Founded in Appleton, Wisconsin by Christina Winch more than 30 years ago, Winch Financial has become a nationally recognized, full service financial planning firm.

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Last week Santa and Mrs. Claus showed up at the office with candy canes for everyone. We've been pretty good this year so everyone was very excited to see them. Santa has a business card and he left it for us. There's still time if you want Santa and Mrs. Claus to pop in. Just call the number on the business card listed below.



Careful planning can reduce tax impact

In general, there are two areas to consider when you are looking to reduce your taxes. For the most effective planning, **always look at two years at a time**. Essentially, you are looking to reduce your taxable income and increase your deductions. For a full review of Donna's Mullen's presentation on year-end tax tips, please contact the office. In the meantime, consider the following two areas:

Reduce taxable income, or defer taxes on the income. Remember that the IRS works on a cash basis. This means that all income received in a calendar year is considered income that year, even if it is not earned in that year.

Increase deductions. Remember that all deductions are based on when they are paid – cash basis. A credit card payment for a deduction is considered paid when it is charged to the credit card, not when the credit card is paid. This can be useful with Medical/Dental expenses or some charitable contributions.