



News from the Hill

An Open Letter to Our Clients

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“Never mind predictions, especially the future.”

-Casey Stengel

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Thoughts from the Hill

We've just entered the New Year, making it the perfect time to take stock of 2013 and share some thoughts on how we can help position your portfolio as we continue traveling the road of 2014.

Where we have Been

There is no better place to start than what greeted investors at the end of 2012. The country had just emerged from a bruising political election, and the fiscal cliff loomed large over the economy and the markets.

Failing any action by Congress, steep tax increases were scheduled to take effect, threatening to tip the economy into a recession again. At the midnight hour, Congress managed to craft a narrow bill that raised taxes for the top 1% of Americans, while enshrining the Bush-era tax cuts as law for the rest of the population.

In spite of all this stocks roared out the 2013 gates, foreshadowing what would be the best year for the S&P 500 since 1997.¹

The 2014 Crystal Ball

Baseball legend Casey Stengel once said “Never mind predictions, especially the future.” With that in mind, we will cautiously peer into our crystal ball, however fuzzy it may be.

Everything that drove stocks to new highs in 2013 remain in place such as super low interest

rates, expectations of further growth in corporate profits, and the belief that companies will continue to return cash to shareholders.

Yet we're never really in the clear. Questions being asked include: What will the fed do? Will the slow recovery in Europe take root, or will banking woes resurface? Will China continue to grow, or is an economic hard landing inevitable? Will conflict in Washington rock the boat?

What this means for your investment strategy

No one, and I mean no one, can accurately predict the future. We know that seems obvious, yet we've all seen the late night commercials and internet ads claiming to do just that.

Having said that here is what we think we need to focus on for 2014:

1. Be comfortable with your portfolio, we are here to help you mitigate risk, but you must be comfortable with the level of risk you are taking, if you are not, let's talk and recalibrate.

2. Stick to the plan, it's always tempting to make changes based on short term changes in the economy, or to make that high risk investment to make that big score. No matter what the distraction you should always stick with your investment plan.



3. Rebalance, last year's surge in stocks may have knocked you out of alignment with your target allocations of stocks, bonds and cash. Now may be a good time to get back in balance.

4. Choose dividends and income, we believe it make sense to concentrate on investments that generate dividends and interest, this may not be the sexiest choices, but they can potentially ease volatility in rough markets.

We realize complacency can sometimes set in following a euphoric rise, but we can guard against that with a portfolio crafted with your objectives and risk tolerance in mind.

As always we enjoy hearing your thoughts and comments. Should you have any questions, please feel free to reach out to me or my team. We truly value the trust you've placed in us and thank you for the opportunity to serve as your financial consultant.

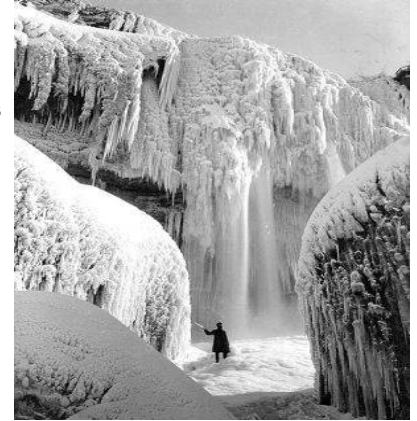
¹ St. Louis Federal Reserve Bank, 2013

Please feel free to share the content of this newsletter with anyone whom you feel it might help.



FUN FACTS of Winter

- ◆ The largest snowflake ever observed was found in Fort Keogh, Montana. It spanned 15 inches in diameter and was 8 inches thick.
- ◆ The Heaviest snowfall on record was in 1921 in Silver Lake, Colorado where 67 inches fell in just 24 hours.
- ◆ The first Winter Olympic Games were held in Chamonix, France in 1924. No country in the Southern Hemisphere has ever hosted the Winter Games.
- ◆ Nobody has won more medals at the Winter Games than cross-country skier Bjorn Dahlie of Norway, who has 12.
- ◆ The coldest temperature on record is -120 degrees Celsius in Vostok Station, Antarctica in 1983.
- ◆ A single snow storm can drop 40 million tons of snow carrying the energy equivalent to 120 atom bombs.
- ◆ Only four athletes have ever won medals at both the Winter and Summer Olympic Games: Eddie Hagen (US), Jacob Tullin Thams, (Norway), Christa Luding-Rothenburger (East Germany), and Clara Hughes (Canada).
- ◆ No two snowflakes are alike.



The winter of 1911 was so cold that Niagara Falls froze completely solid.

◆ The Great Snow of 1717 dropped four feet of snow on Bostonians with some drifts reaching 25 feet.

The Baby Boomer's Guide to Savvy Medicare Planning Part 4 of 6

How Much Medicare Costs



Some people think Medicare is free. This is not true. Part A may be free if you or your spouse has paid into Medicare for more than ten years. But when we say "free" we are only referring to the monthly premiums. If you are hospitalized, you will pay a deductible before Medicare pays its share. And if your hospitalization lasts for more than 60 days, you will be responsible for paying part or all of the daily rate.

Part B is not free for anyone, except those who qualify for special assistance for being poor. Medicare charges a monthly premium that is deducted from your Social Security check if you are receiving Social Security. If you haven't started Social Security yet, you will get a bill from Medicare. High-income people pay an extra amount on top of the base premium. In addition to the monthly premium, there is an annual deductible that you or your supplemental insurance must pay before Medicare pays its share. And because Medicare pays only part of the bill, you or your other insurance pays the remaining amount. There is no limit to the out-of-pocket expenses you could pay under Medicare alone. This is why most people have supplemental insurance.

**Next Issue:
How to Enroll in Medicare**

How Much Medicare Costs -Continued

Medicare subsidizes prescription drug coverage through payments to private insurers offering Part D prescription drug plans. Still, you will likely have to pay a monthly premium to the insurer offering your drug plan. In addition to the monthly premium, there may be an annual deductible as well as a copayment or coinsurance each time you get a prescription filled. Terms and premiums vary among drug plans, which is why you'll need to shop carefully for the right plan for your needs.

Business Continuation Planning: Making Sure Your Business is Secure



One of the most neglected areas for small business owners is succession planning. Succession planning allows a business owner to transition his/her business to future owners. One of the first things any business owner needs to consider is how to protect against events that may threaten the future of the business, like the death of the proprietor, partner or key employee. To preserve the value you created, it's important to plan for the orderly transition of ownership.

In many cases, your business represents one of the largest and most important assets that you own. Consequently, developing a succession plan or exit strategy is a key planning issue facing you and your business. A well structured succession plan protects you, your family and your employees.

An exit strategy prepares you to leave your business, whether it happens during life or death. Your exit strategy should focus on four key areas:

- Estate Planning: Coordinating your retirement and succession plan into an overall estate plan.
- Retirement Planning: Establishing a plan and reviewing it regularly
- Succession Planning: Protecting your business investment
- Business Valuation: Obtaining an accurate business appraisal or valuation

For more information or questions feel free to call us at 972-966-2020 or email us at terrence.hill@lpl.com or jamie.michelle@lpl.com.





**We Take the Stress Out of
Income & Retirement Planning**

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this site brimming with new articles and videos!**

www.TerryLHill.com

**We would like to take this time to thank all of you who have given us
the opportunity to help your family, friends and colleagues. Thank
you for the introductions; we always appreciate the chance to help.**

Here are some examples of the folks we can help:

Retirees

**Someone who is about to retire, or has retired. We can assist those
individuals with pre-retirement and post-retirement portfolio manage-
ment, long-term care insurance requirements, Medicare questions,
and estate planning.**

Business Owners

**Someone who is about to sell his or her business, or, maybe has just
sold the business, we can help. Not only will they have questions re-
garding portfolio development, but they probably will also have in-
come and estate tax questions related to the sale.**

EVENTS AND CELEBRATIONS

We would like to thank everyone who attended our December Holiday Open House benefiting the children at Scottish Rite Hospital. The event was a great success and an enjoyable time was spent with all of our guests. Your generous donations will spread many smiles across the faces of the children undergoing treatment at Scottish Rite.

We extend our appreciation and wish you all the best in the coming year!



*From left: Stacy Bukowsky representing Scottish Rite,
Terry Hill and Alison Watkins*