



It's Not All About Trump!

by Jim Bell, CFP®, President and Founder, Chief Investment Officer

With all of the political drama and turmoil in Washington, it is a good counterpoint that America, Europe, Asia, and the emerging markets are all growing together for the first time since the Great Recession. The cover article on the March 18 *Economist* bears the title: *On the up: The world economy's surprising rise.*

The U.S. Federal Reserve raised rates for the second time in three months due to a strong U.S. economy and because of growth everywhere else. Fears of a Chinese contraction have receded; capital expenditures in Japan are at a three-year high; the euro-zone has been accelerating since 2015; and euro-zone unemployment is at its lowest since 2009. Export growth in South Korea is up more than 20%, and the American economy has added new jobs for 77 months in a row. For investors, the important conclusion here is that IT'S NOT ALL ABOUT TRUMP! The American and global economies are much, much bigger than Trump.

An Offset for President Trump's Rough Start

The force of U.S. economic growth and the synchronized global upturn are helping to offset Trump's first-inning stumbles.



With the Republican failure to repeal and replace the Affordable Care Act (ACA), President Trump is signaling a willingness to build a coalition with Democrats. A bipartisan initiative may be a total pipe dream, but Trump was successful because he ran against both Democrats and Republicans, allowing himself to be associated with none of their baggage. He is loyal to none of them, it would appear.

The Bipartisan Prospect

As an independent outsider, Trump may have more success achieving some of his agenda with Democrats than he will with the Republican Freedom Caucus (formerly the Tea Party). The American Health Care Act authored by Paul Ryan betrayed many of Trump's campaign promises to cover everyone with better health care and lower costs. Trump's aversion to details clearly hurt his ability to promote the Republican Health Care bill. Although, if he understood the details, he may have noticed that it betrayed everything he promised in his campaign. Important, independent, bipartisan legislation would make Trump a true revolutionary.

If Trump is to be successful, he will need to be more involved in drafting and under-

MORE COVERAGE INSIDE

- California Real Estate and Retirement Possibilities [Page 2](#)
- What Do the South Carolina Gamecocks Know About Life Coaching? [Page 3](#)
- Upcoming Events [Page 3](#)
- Did you know ... [Page 4](#)

standing the legislation he wants to sign into law. Too much delegation and ignorance do not work in Washington. It seems remote that some Democrats and Trump could work together, but everything that put Trump in the White House has been a surprise. Trump's promises for universal health care and improving America's infrastructure clearly appeal to Democrats. Trump will become frustrated if he can pass no legislation, so turning to Democrats could allow him to score some legislative wins. Sounds preposterous, but much of this year has been preposterous.

The Corporate Tax Reform Challenges

Other initiatives, such as corporate tax reform, are likely to encounter resistance from Democrats. From the investment perspective, Goldman Sachs estimates that if the corporate tax rate were cut from 35% to 20%, it would lift S&P500 earnings by 10%. The possibility of a Border Adjustment Tax (BAT) or tariffs is a non-starter

(continued on page 2)

California Real Estate and Retirement Possibilities

by Forrest Bell, CFP®, Sr. Investment Advisor, Financial Planner

A caption to a *Wall Street Journal* article from November 2016 read, “Home prices set a record in September (2016), reaching their highest level since 2006 and bringing to a close the worst stretch for the housing market since the Great Depression.” This caption may have seemed intuitive to many readers across the country, but to those in California it might have been surprising. After all, in the Bay Area, for example, some home prices pushed above 2006 levels as early as 2012. In some cases this rise in home prices has been substantial enough to change homeowners’ retirement plans.



Using California Home Equity

When the recovery of California real estate as a whole began around 2012, the amount of equity in homes grew along with the rising home prices. As this equity grew, so did the number of options for how to use it. People could reduce expenses by downsizing with enough equity to buy a smaller home outright with cash. They could increase their living space by borrowing against the equity to pay for remodeling. The more adventurous could sell their California home and buy (or rent) a much bigger one in a different and less expensive state. In fact, selling a highly appreciated home to become a renter can liberate enough equity that early retirement becomes an option. The possibilities created by highly appreciated real estate are many.

Capital Gains Exclusion

Still, most homeowners never consider these possibilities. While homeowners love appreciation, they don’t love the tax liability it creates upon sale. However, real estate does receive some special tax treatment. Section 121 of the tax code allows those selling their homes to exclude \$250k or \$500k of capital gains depending on whether they are single or married. The problem, in the Bay Area anyway, is that even a \$500k capital gains exclusion can fall short of offsetting all the gains.

1031 Exchange

For those interested in redeploying home equity into a rental property while avoiding capital gains altogether, there is the 1031 exchange. A 1031 exchange allows the exchange of one investment property for another while avoiding capital gains, as long as the exchange is done according to a very specific set of rules. Exchanges can be especially useful around retirement, when income streams become more appealing. It’s common for investors approaching retirement to shift some of their liquid investments from stocks to bonds. This essentially trades the appreciation of stocks for the income of bonds. A similar shift, from appreciation to income, is possible in real estate as well, through a 1031 exchange.

But a little patience is required for those interested in exchanging a home: 1031 exchanges are only for investment properties, and to establish a home as a legitimate investment property, the homeowners must move out of their home and rent it out for two years. Of course, moving out of their home also means they have to find a suitable place to rent for themselves. This search and adjusting to the idea of renting can take time. After the two years of renting out their home, the homeowners can begin the 1031 exchange process and, in some cases, still make use of the Section 121 capital gains exclusion of \$250k or

\$500k. (In order to be Section 121 eligible, homeowners must have resided in their home for at least two out of the last five years.)

... if you live in California and own your home, chances are you have a lot of options ...

— Forrest Bell, CFP®



Not all homeowners are interested in leaving their current home no matter how much it has gone up in value. Many have deep roots in their community and want to leave their home to their children. But for others, a different home will better fit their current phase of life. In either case, if you live in California and own your own home, chances are that you have a lot of options, and that flexibility is something to celebrate. ■

IT’S NOT ALL ABOUT TRUMP!

(continued)

with Walmart, the largest private employer in America. Not a good idea to wound the private sector’s employment leader. As trading partners both raise tariffs, the world economy shrinks for everyone. Harvard economist Robert Lawrence writes:

It makes no sense for us to make things at home if it costs less to import them. We raise living standards by sending the Chinese airplanes that we exchange for their clothes.

The Infrastructure Plan

Trump’s proposed budget is another disconnect from his campaign promises such as spending a trillion dollars on infrastructure investments, yet his budget cuts the Department of Transportation by 13%, reduces funding for AMTRAK, and zeroes out funding for new transit projects. Is it possible that working with Democrats would help the president fulfill some of his promises? Remember: IT’S NOT ALL ABOUT TRUMP! ■

1111 Broadway, 16th Floor
Oakland, CA 94607
510.433.1066 ■ f 510.433.1067
800.700.0089

Santa Rosa Office
Fountaingrove Village
800.700.0089

info@bellinvest.com
bellinvest.com
careerlifecoaching.bellinvest.com



Bell Investment Advisors

Investment Management ■ Financial Planning ■ Career/Life Coaching

What Do the South Carolina Gamecocks Know About Life Coaching?

by Bonnie Bell, MA, MDiv., Principal, and Director of Career/Life Coaching

This is not exactly a question on the tip of everyone's tongue in the midst of March Madness. However, the somewhat surprising topic of life coaching did make its way into the headline of the sports section of the *New York Times* on Saturday, March 25, 2017, when the Gamecocks upset Duke in the surprising second half of the contest: "A Lift from the Life Coach." Just before they pulled off their unexpected victory, the team huddled with its life coach, Rev. Chris Leevy Johnson, a fourth generation funeral home director from Columbia, South Carolina, who serves as life coach for both the men's and women's basketball teams. "He's always encouraging us," junior forward Jarrell Holliman said. "He knows we can do it."

Emerging Trend

While a life coach for a college basketball team might seem remote to some, according to the column's author, Zach Schonbrun, there seems to be an emerging trend in that direction. Players for Xavier, the No. 11 seed in the West region, have sought counsel this season from Gerald Yearwood, a retired administrator turned life coach, and seventh-seeded Michigan has relied on Greg Harden, a motivational speaker and associate athletic director who previously



advised Tom Brady and Michael Phelps. Kevin Jordan, a former wide receiver at U.C.L.A., now serves as life coach for the No. 3-seeded Bruins, and Baylor relies on Tim Maloney, now in his eighth year as the team's "Director of Basketball Operations," citing "life coach" on his official biography on the program's website.

Countless Variations

Coaching exists officially and unofficially, professionally and unprofessionally, and takes on countless variations, depending on a person's education, training, and par-

What athlete would expect to have a successful career without the help of a coach?

— Bonnie Bell, MA, MDiv.



ticular expertise. Probably athletic coaching is the type of coaching with which people are most familiar and of which they most approve. What athlete would expect to have a successful career without the help of a coach? What Olympian could achieve world class performance without an Olympic coach?

Beyond the Athletic Coach

Athletic coaching is widely accepted. And yet, when it comes to the most important matters of life and death, including career choice, change, development, and beyond, sadly, too many people end up winging it because either they don't think they can get help, or they are too proud to ask. This doesn't make good sense.

Of course not every life coach in the world is competent or a good match for you. A certain amount of shopping for the right match should be expected, as it is if you were shopping for a doctor, a dentist, or any other professional.

Personal Experience

As with many other people in this growing field, I did not aspire to be a life coach; there was no such thing when it emerged as a professional possibility for me. I had a degree in psychology, years of social work experience, a graduate degree in counseling, and a master's of divinity. I had an over-riding passion for helping women, especially, get where they wanted to go in life and not get stuck doing something they hated or that did not suit them.

In many ways, I had been a "natural coach". I always had had deep, long-lasting friendships that were all about encouragement, positive thinking, growing, life-long learning, and development. I was an extrovert who loved a wide variety of people, and I had a thirst for life stories. My mother, grandmother, and great-grandmother had this same gift and passed

it on to my sister and me. I can't imagine it any other way.

Find Your Right Coach

There is tremendous crossover and intermingling of the roles of therapist, counselor, coach, and minister and varying degrees of spirituality, depending on who you are. That is not the point. The point is to find the right person, one who can help you sort things out and help you get where you want to go in life. And don't overlook this: it's just more fun and effective to bring someone else along on your journey, rather than wrestling life's toughest issues all alone on your pillow at night. ■

UPCOMING EVENTS



LUNCH PRESENTATION

Making a Good Life Happen®

Wednesday, April 26, 12 – 1:30 pm

rsvp@bellinvest.com or 510.433.1066

LUNCH PRESENTATION

Insight into the College Admissions Process:

Charting a Course of Action

Tuesday, May 16, 12 – 1:30 pm

rsvp@bellinvest.com or 510.433.1066

WINE & CHEESE GATHERING

The Women's Roundtable

Wednesday, May 17, 6 – 8 pm

rsvp@bellinvest.com or 510.433.1066

OAKLAND SYMPHONY CONCERT

"Guys and Dolls in Concert"

Paramount Theatre

Friday, May 19, 8 pm

Info, tickets: oaklandsymphony.org

WEBINAR (FOR CLIENTS ONLY)

Investment Committee Update

Wednesday, June 14, 2 – 2:30 pm

www.bellinvest.com/events

Did you know . . .

- **Bell has blogs.**

Recent posts to the *Bell Finance Blog* at www.bit.ly/BellWrites include: “Are You Saving for Retirement? — Advice for Women”, “Tax Season Prep: Taxes and More”, and “Where to Stash Your Cash”. You can read Bonnie Bell’s commentary on career and life topics in her *Making a Good Life Happen® Blog* at www.bit.ly/BonnieWrites.

- **Bell offers a variety of Investment Management strategies:**

Active, Cash Reserves, Indexed, Social Impact, and Stable Growth. They are used individually or in combination to develop a unique and appropriate approach for each portfolio based on the investors’ goals.

- **Bell supports Rebuilding Together Oakland/East Bay.**

On two Saturdays every April, Bell staff with family and friends and in conjunction with staff from the law firm Wendel, Rosen, Black & Dean, volunteer for a labor of love — providing home repair and landscape cleanup for a low income senior or disabled homeowner. Bell also provides financial support to the organization.



Building Positive Momentum in
Our Community Since 1991

- **Bell sponsors the Oakland Symphony.**

In addition to regular support of the Symphony, Bell fully sponsors the season’s final concert. This May 19: “Guys and Dolls in Concert” at the beautiful Paramount Theatre. oaklandsymphony.org

- **Bell has invited Alistair Grant to speak with parents of teenagers.**

As part of our Financial Planning Department’s public programming, Mr. Grant will present “Insight into the College Admissions Process: Charting a Course of Action” on May 16 in our Oakland office. To register for this free lunch event, contact us at 510.433.1066 or rsvp@bellinvest.com. More information at bellinvest.com/events.

- **Bell sponsors the Piedmont East Bay Childrens’ Choir.**

You can attend their outstanding performances. Check their calendar at piedmontchoirs.org.