



Sovereign International Pension Services Newsletter

February/2012

Dear Valued Clients and Friends,

This month our newsletter focuses on trends in retirement plans and the black hole within which most investors find themselves.

A Good Investment Advisor Predicts The Future

One of the things every good advisor does is learn to read between the lines. I used to write a newsletter about sector and style rotation. It really taught me a great deal about how to read the economy, what was likely to come and where you wanted to be for the near term.

Why don't we take a look at a couple of the tea leaves today and I will explain what they mean..

Low Interest Rates=Low Returns Through 2014

Recently the Fed announced they will maintain a low interest rate policy at least through the end of 2014. There are a number of important things you can garner from this statement but we will focus on just a couple of the important ones. It tells us the Fed is not expecting an economic recovery at least for the next several years. In fact another report this week indicated the unemployment rate is likely to rise, not decline! Low interest rates means a low return on traditional investments like, bonds, savings accounts, CD's money market accounts and can foreshadow low returns from the stock market as well. A low interest rate also means the dollar remains less attractive as a currency. Bottom line; expect low return on investments and next to nothing on the dollar.

The Odds Greece Will Default are 100% within 5 Years!

In This Issue

[The Black Hole and Your Retirement Plan](#)
[Critical Trends for Retirement Plans](#)
[2012 Contribution Fair Market Value](#)
[Update on San Juan del Sur properties from Natalie Sullivan](#)

Connect with us on Facebook



Visit our Website

Login or Register to Your Sunwest Trust Account

FREE CONSULTATION



Today the Fed announced they will protect the U.S. economy from Europe. But I thought they had solved the problem in Europe! Obviously the first thing you can read from the tea leaves is there are still smoldering embers in the Euro Zone and where there is smoke there is fire!. Here is what Bernanke actually said- "Risks remain that developments in Europe or elsewhere may unfold unfavorably and could worsen economic prospects here at home,". Ouch! The dollar is not a great place to be because return on investment will probably be very low and you are telling me the Euro doesn't look so hot either. That is an understatement. The bank of England released a report stating the odds of Greece defaulting on its debt are 100% within 5 years. They also put the odds for Portugal at 60%, Ireland at 50% and Italy at 40%. I just don't see how the Euro as we know it today will not survive 2012. This is what the tea leaves saying to me and they seem to indicate we are headed towards a black hole. Read on to see where that takes us.

Regards,

Larry C. Grossman
Managing Director
Sovereign International Pension Services
www.sovereignpensionservices.com
727-286-6237
727-286-6238
877-733-6815
727-286-6239 Fax

The Black Hole and Your Retirement Plan

Black Holes are an amazing thing. We really can't see them but scientists are certain they exist. The funny thing is they can be super small yet super dense and they suck everything around them into the abyss. We still don't know what happens but imagine everything being crushed to a pinprick.

The Lost Decade Has Wiped Out Retirement Dreams For Millions

I know it might seem a bit far-fetched but that's what is happening to your retirement plan. For the last 10 years investors have either lost money in their IRA's and retirement plans or made nothing. It is being called the lost decade and yet many investors still are doing nothing about it. They sit paralyzed or worse believe the lie their traditional advisors and Wall Street feed them. How many times have I heard things like, "You need a long-term perspective, it will be different this time, just hang in there it is bound to come back, this it the year it is going to turn around", and on and on and

on.....

Let me tell you we are in really perilous times and I am frightened by the complacency I see around me. I don't know if everyone is just numb after so many years of a difficult economy and a bad market or if they have been lulled to sleep, meanwhile their retirement plans are being sucked into a black hole.

Currency Wars Have Kicked Into Gear and Your Wealth Is At Risk

A famous author once said, "The crisis takes a much longer time coming than you think, and then it happens much faster than you would have thought,.....". Here is the deal, I have repeatedly been trying to raise the alarm about the crisis in Europe, which threatens to destroy the euro and now we have a new coordinated attack on the dollar at the same time. Russia and Iran have signed an agreement stating they will no longer trade in dollars when doing business with each other. China and Japan just did the same thing indicating they will do business with each other in their own currencies and not use the dollar.

Complacency Can Kill You

I really hope you are not sitting there thinking none of this matters because it does. The worlds financial system is getting sucked into a black hole and it might seem like you have a long time to act but remember, it will suddenly happen much faster than you think.

I have had prospective clients over the years who have asked me to call them when I think it is time to get their retirement plans offshore. I think it is kind of cute really, evoking an image of the school bell ringing when recess is over and it is time to run back to class.

Larry the Leader of the Global Financial System is on Line 2

I wish it were going to be like that where one day my assistant says- "Larry the leader of the global financial system is on line 2", I pick up and they say, "Hey Larry you might want to let your clients know now is the time to move their retirement assets offshore because we are going to be sucked into the black hole in 3 months". Not going to happen! ***"and then it happens much faster than you would have thought....."***

Traditional Long Only Investments Are Very Risky In This Market

You just don't want to be in traditional long only investments in a market that has this much risk. You need to give serious consideration to holding non-traditional investment like precious metals; real estate, timber and other assets that can help you avoid the risk of a total meltdown.

I think you know by now I also am a big believer that not only do you want to diversify your assets but you really need to diversify where they are held. Specifically I think you need to get your IRA and your Retirement Plan offshore while you still can.

The Bell Is Ringing

As Always I am available to answer any questions. If you listen real closely, that is the bell ringing. It is time...

Have You been getting Ripped Off In Your Retirement Plan?

Critical Trends for Retirement Plans- The new fee disclosure rules I have been pushing for the last 5 years finally begin April 1st. Lets us just say a lot of plan sponsors/business owners and their participant/employees are going to be SHOCKED when they find out just how much they are paying for their 401k plan especially when you consider how little they get in return.

The Dodd-Frank Act has been the driving force behind the adoption of a new fiduciary standard that some advisors and brokerage firms flat out hate! It looks like it will thin the herd with a number of advisors and companies exiting the business rather than actually acting in the capacity of a fiduciary. ***Sad- to think they would rather leave the business then actually have to put your interest before their own.***

2012 Retirement Plan Contribution Limits

Defined Benefit Plans

\$200,000 maximum
benefit

Defined Contribution Plans	\$50,000 or 100% of compensation maximum contribution
Elective Deferral Limit for 401(k) Plans, SAR-SEPs and TSAs	\$17,000.00
Catch-up for 401(k) Plans, SAR-SEPs and TSAs (age 50 or older)	\$5,500.00
Elective Deferral Limit for SIMPLE IRAs and SIMPLE 401(k) Plans	\$11,500.00
Catch-up for SIMPLE IRAs and SIMPLE 401(k) Plans (age 50 or older)	\$2,500.00
Elective Deferral Limit for 457 Plans	\$17,000.00
Minimum Compensation Amount for SEPs	\$550.00
Maximum Compensation for Qualified Plans, SEPs, TSAs, VEBAs	\$250,000.00
Highly Compensated Employee Definition Limit	\$115,000.00
ESOP Payout Limits	\$200,000/\$1,015,00000000
Contribution Limit for IRAs (Traditional and Roth)	\$5,000.00
Catch-up for IRAs (Traditional and Roth) (age 50 or older)	\$1,000.00

End Of The Year Reporting Requirements

This is the time of year where you need to be thinking about the Fair Market Value (FMV) of the investments in your retirement plan if they are non-traditional assets. We need the FMV for your account no later than March 31st. Let us know if you have questions regarding the method for determining the FMV.

Update on San Juan del Sur properties from Natalie Sullivan:

November 6th was the Presidential Election; an almost non-event. No major protests, just the usual loser complaints and a lot of celebrations by the winners. Now all is calm and normal in paradise ready for you to invest!

US News & Yahoo Finance - Nicaragua is #1 for Affordable Retirement:

Super Affordable

1. Nicaragua-specifically Leon, Granada, and San Juan del Sur. Nicaragua is more attractive than ever for one important reason: It's a super cheap place to live. I've been a fan of this misunderstood country since my first visit nearly 20 years ago. Property values, especially for beachfront property along the Pacific, reached bubble status last decade. Today prices are more realistic and more negotiable. In the meantime, the cost-of-living has remained seriously low. And last year Nicaragua inaugurated a new and improved foreign retiree residency program. For all these reasons, 2011 is the time to put this country at the top of your super-cheap overseas retirement list....

Check out the links below for the full articles which list Nicaragua as #1:

<http://money.usnews.com/money/blogs/On-Retirement/2010/11/15/the-worlds-top-retirement-havens-for-2011>

<http://finance.yahoo.com/focus-retirement/article/111327/top-retirement-havens-in-the-world-2011?mod=fidelity-livingretirement>

IMF Executive Board Completes Seventh and Final Review of Nicaragua's Extended Credit Facility and

Approves US\$8.74 Million Disbursement October 21, 2011

The Executive Board of the International Monetary Fund (IMF) today completed the seventh and final review of Nicaragua's economic performance under its Extended Credit Facility (ECF) arrangement, and the financing assurances review. Completion of the review allows for the final disbursement to Nicaragua of an amount equivalent to SDR 5.55 million (about US\$8.74 million). Total disbursements so far had been of SDR 72.45 million (about US\$114.1 million). Program performance was satisfactory. All quantitative performance criteria for end-June 2011 were met with margins, and the structural agenda is broadly on track....

... "The Nicaraguan economy grew strongly in the first half of 2011 despite deteriorating global conditions. Growth continues to be broad based. Inflows of foreign investment and official borrowing are expected to more-than-finance the still-high external current account deficit and contribute to reserve accumulation in 2011. The authorities' policies aim to enhance the resilience of the economy against downside risks...

... "The Nicaraguan banking system remains generally sound. Banks are well capitalized, profitability continues to improve, and liquidity buffers remain ample...

<http://www.imf.org/external/np/sec/pr/2011/pr11377.htm>

Nicaragua is an ideal location for either retirement or investment where your money goes further, the people are friendly, and you can truly enjoy a tranquil lifestyle!

Have a Great Day!

Natalie Sullivan
Property Sales Representative
Cell Phone in Nicaragua 505-8803-2037

