



Johnston Investment Counsel

Gregory A. Johnston, CFA, CFP, QPFC, AIF
President & Chief Investment Officer
2714 N. Knoxville
Peoria, IL 61604
309-674-3330
gjohnston@jicinvest.com
www.jicinvest.com

Correlation and Portfolio Performance



Different types of investments are subject to different types of risk. On days when you notice that stock prices have fallen, for example, it would not be unusual to see a rally in the bond market.

Asset allocation refers to how an investor's portfolio is divided among asset classes, which tend to perform differently under different market conditions. An appropriate mix of investments typically depends on the investor's age, risk tolerance, and financial goals.

The concept of correlation often plays a role in constructing a well-diversified portfolio that strikes a balance between risk and return.

Math that matters

In the financial world, correlation is a statistical measure of how two securities perform relative to each other. Securities that are positively correlated will have prices that tend to move in the same direction. Securities that are negatively correlated will have prices that move in the opposite direction.

A correlation coefficient, which is calculated using historical returns, measures the degree of correlation between two investments. A correlation of +1 represents a perfectly positive correlation, which means the investments always move together, in the same direction, and at a consistent scale. A correlation of -1 means they have a perfectly negative correlation and will always move opposite one another. A correlation of zero means that the two investments are not correlated; the relationship between them is random.

In reality, perfectly positive correlation is rare, because distinct investments can be affected differently by the same conditions, even if they are similar securities in the same sector.

Correlations can change

While some types of securities exhibit general trends of correlation over time, it's not uncommon for correlations to vary over shorter periods. In times of market volatility, for example, asset prices were more likely to be

driven by common market shocks than by their respective underlying fundamentals.

During the flight to quality sparked by the financial crisis of 2008, riskier assets across a number of different classes exhibited unusually high correlation. As a result, correlations among some major asset classes have been more elevated than they were before the crisis. There has also been a rise in correlation between different financial markets in the global economy.¹ For example, the correlation coefficient for U.S. stocks (represented by the S&P Composite Total Return index) and foreign stocks (represented by the MSCI EAFE GTR index) increased from 0.75 over the last 25 years to 0.89 over the last 10 years.²

Over the long run, a combination of investments that are loosely correlated may provide greater diversification, help manage portfolio risk, and smooth out investment returns. Tighter relationships among asset classes over the last decade may be a good reason for some investors to reassess their portfolio allocations. However, it's important to keep in mind that correlations may continue to fluctuate over time because of changing economic and market environments.

The performance of an unmanaged index is not indicative of the performance of any particular investment. Individuals cannot invest directly in an index. Past performance is no guarantee of future results. All investing involves risk, including the possible loss of principal. Asset allocation and diversification strategies do not guarantee a profit or protect against investment loss; they are methods used to help manage investment risk.

Investing internationally carries additional risks such as differences in financial reporting, currency exchange risk, as well as economic and political risk unique to the specific country. This may result in greater share price volatility. When sold, investments may be worth more or less than their original cost.

¹ International Monetary Fund, 2015

² Thomson Reuters, 2015, for the period 12/31/1989 to 12/31/2014

September, 2015

Correlation and Portfolio Performance

Taxes, Retirement, and Timing Social Security

Six Life Insurance Beneficiary Mistakes to Avoid

I've recently changed my legal name. Do I need to change my name on my Social Security card?



Johnston Investment Counsel
LIFE THE WAY YOU PLANNED IT.

Taxes, Retirement, and Timing Social Security



**This hypothetical example is for illustrative purposes only, and its results are not representative of any specific investment or mix of investments. Actual rates of return and results will vary. The example assumes that earnings are taxed as ordinary income and does not reflect possible lower maximum tax rates on capital gains and dividends, as well as the tax treatment of investment losses, which would make the return more favorable. Investment fees and expenses have not been deducted. If they had been, the results would have been lower. You should consider your personal investment horizon and income tax brackets, both current and anticipated, when making an investment decision as these may further impact the results of the comparison. Investments offering the potential for higher rates of return also involve a higher degree of risk to principal.*

The advantages of tax deferral are often emphasized when it comes to saving for retirement. So it might seem like a good idea to hold off on taking taxable distributions from retirement plans for as long as possible. (Note: Required minimum distributions from non-Roth IRAs and qualified retirement plans must generally start at age 70½.) But sometimes it may make more sense to take taxable distributions from retirement plans in the early years of retirement while deferring the start of Social Security retirement benefits.

Some basics

Up to 50% of your Social Security benefits are taxable if your modified adjusted gross income (MAGI) plus one-half of your Social Security benefits falls within the following ranges: \$32,000 to \$44,000 for married filing jointly; and \$25,000 to \$34,000 for single, head of household, or married filing separately (if you've lived apart all year). Up to 85% of your Social Security benefits are taxable if your MAGI plus one-half of your Social Security benefits exceeds those ranges or if you are married filing separately and lived with your spouse at any time during the year. For this purpose, MAGI means adjusted gross income increased by certain items, such as tax-exempt interest, that are otherwise excluded or deducted from your income for regular income tax purposes.

Social Security retirement benefits are reduced if started prior to your full retirement age (FRA) and increased if started after your FRA (up to age 70). FRA ranges from 66 to 67, depending on your year of birth.

Distributions from non-Roth IRAs and qualified retirement plans are generally fully taxable unless nondeductible contributions have been made.

Accelerate income, defer Social Security

It can sometimes make sense to delay the start of Social Security benefits to a later age (up to age 70) and take taxable withdrawals from retirement accounts in the early years of retirement to make up for the delayed Social Security benefits.

If you delay the start of Social Security benefits, your monthly benefits will be higher. And because you've taken taxable distributions from your retirement plans in the early years of retirement, it's possible that your required minimum distributions will be smaller in the later years of retirement when you're also receiving more income from Social Security. And smaller

taxable withdrawals will result in a lower MAGI, which could mean the amount of Social Security benefits subject to federal income tax is reduced.

Whether this strategy works to your advantage depends on a number of factors, including your income level, the size of the taxable withdrawals from your retirement savings plans, and how many years you ultimately receive Social Security retirement benefits.

Example

Mary, a single individual, wants to retire at age 62. She can receive Social Security retirement benefits of \$18,000 per year starting at age 62 or \$31,680 per year starting at age 70 (before cost-of-living adjustments). She has traditional IRA assets of \$300,000 that will be fully taxable when distributed. She has other income that is taxable (disregarding Social Security benefits and the IRA) of \$27,000 per year. Assume she can earn a 6% annual rate of return on her investments (compounded monthly) and that Social Security benefits receive annual 2.4% cost-of-living increases. Assume tax is calculated using the 2015 tax rates and brackets, personal exemption, and standard deduction.

Option 1. One option is for Mary to start taking Social Security benefits of \$18,000 per year at age 62 and take monthly distributions from the IRA that total about \$21,852 annually.

Option 2. Alternatively, Mary could delay Social Security benefits to age 70, when her benefits would start at \$38,299 per year after cost-of-living increases. To make up for the Social Security benefits she's not receiving from ages 62 to 69, during each of those years she withdraws about \$40,769 to \$44,094 from the traditional IRA--an amount approximately equal to the lost Social Security benefits plus the amount that would have been withdrawn from the traditional IRA under the age 62 scenario (plus a little extra to make the after-tax incomes under the two scenarios closer for those years). When Social Security retirement benefits start at age 70, she reduces monthly distributions from the IRA to about \$4,348 annually.

Mary's after-tax income in each scenario is approximately the same during the first 8 years. Starting at age 70, however, Mary's after-tax income is higher in the second scenario, and the total cumulative benefit increases significantly with the total number of years Social Security benefits are received.*



Six Life Insurance Beneficiary Mistakes to Avoid



Note: As with most financial decisions, there are expenses associated with the purchase of life insurance. Policies commonly have mortality and expense charges. In addition, if a policy is surrendered prematurely, there may be surrender charges and income tax implications.



Note: While trusts offer numerous advantages, they incur up-front costs and often have ongoing administrative fees. The use of trusts involves a complex web of tax rules and regulations. You should consider the counsel of an experienced estate planning professional and your legal and tax advisors before implementing such strategies.

Life insurance has long been recognized as a useful way to provide for your heirs and loved ones when you die. Naming your policy's beneficiaries should be a relatively simple task. However, there are a number of situations that can easily lead to unintended and adverse consequences. Here are six life insurance beneficiary traps you may want to avoid.

Not naming a beneficiary

The most obvious mistake you can make is failing to name a beneficiary of your life insurance policy. But simply naming your spouse or child as beneficiary may not suffice. It is conceivable that you and your spouse could die together, or that your named beneficiary may die before you. If the beneficiaries you designated are not living at your death, the insurance company may pay the death proceeds to your estate, which can lead to other potential problems.

Death benefit paid to your estate

If your life insurance is paid to your estate, several undesired issues may arise. First, the insurance proceeds likely become subject to probate, which may delay the payment to your heirs. Second, life insurance that is part of your probate estate is subject to claims of your probate creditors. Not only might your heirs have to wait to receive their share of the insurance, but your creditors may satisfy their claims out of those proceeds first.

Naming primary, secondary, and final beneficiaries may avoid having the proceeds ultimately paid to your estate. If the primary beneficiary dies before you do, then the secondary or alternate beneficiaries receive the proceeds. And if the secondary beneficiaries are unavailable to receive the death benefit, you can name a final beneficiary, such as a charity, to receive the insurance proceeds.

Naming a minor child as beneficiary

Unintended consequences may arise if your named beneficiary is a minor. Insurance companies will rarely pay life insurance proceeds directly to a minor. Typically, the court appoints a guardian--a potentially costly and time-consuming process--to handle the proceeds until the minor beneficiary reaches the age of majority according to state law.

If you want the life insurance proceeds to be paid for the benefit of a minor, you may consider creating a trust that names the minor as beneficiary. Then the trust manages and pays the proceeds from the insurance according to the terms and conditions you set out in the trust document. Consult with an estate attorney to decide on the course that

works best for your situation.

Per stirpes or per capita

It's not uncommon to name multiple beneficiaries to share in the life insurance proceeds. But what happens if one of the beneficiaries dies before you do? Do you want the share of the deceased beneficiary to be added to the shares of the surviving beneficiaries, or do you want the share to pass to the deceased beneficiary's children? That's the difference between per stirpes and per capita.

You don't have to use the legal terms in directing what is to happen if a beneficiary dies before you do, but it's important to indicate on the insurance beneficiary designation form how you want the share to pass if a beneficiary predeceases you. Per stirpes (*by branch*) means the share of a deceased beneficiary passes to the next generation in line. Per capita (*by head*) provides that the share of the deceased beneficiary is added to the shares of the surviving beneficiaries so that each receives an equal share.

Disqualifying the beneficiary from government assistance

A beneficiary you name to receive your life insurance may be receiving or is eligible to receive government assistance due to a disability or other special circumstance. Eligibility for government benefits is often tied to the financial circumstances of the recipient. The payment of insurance proceeds may be a financial windfall that disqualifies your beneficiary from eligibility for government benefits, or the proceeds may have to be paid to the government entity as reimbursement for benefits paid. Again, an estate attorney can help you address this issue.

Taxes

Generally, life insurance death proceeds are not taxed when they're paid. However, there are exceptions to this rule, and the most common situation involves having three different people as policy owner, insured, and beneficiary. Typically, the policy owner and the insured are one in the same person. But sometimes the owner is not the insured or the beneficiary. For example, mom may be the policy owner on the life of dad for the benefit of their children. In this situation, mom is effectively creating a gift of the insurance proceeds to her children/beneficiaries. As the donor, mom may be subject to gift tax. Consult a financial or tax professional to figure out the best way to structure the policy.



Johnston Investment Counsel

Gregory A. Johnston, CFA, CFP,
QPFC, AIF
President & Chief Investment
Officer
2714 N. Knoxville
Peoria, IL 61604
309-674-3330
gjohnston@jicinvest.com
www.jicinvest.com

IMPORTANT DISCLOSURES

Broadridge Investor Communication Solutions, Inc. does not provide investment, tax, or legal advice. The information presented here is not specific to any individual's personal circumstances.

To the extent that this material concerns tax matters, it is not intended or written to be used, and cannot be used, by a taxpayer for the purpose of avoiding penalties that may be imposed by law. Each taxpayer should seek independent advice from a tax professional based on his or her individual circumstances.

These materials are provided for general information and educational purposes based upon publicly available information from sources believed to be reliable—we cannot assure the accuracy or completeness of these materials. The information in these materials may change at any time and without notice.



Johnston Investment Counsel
LIFE THE WAY YOU PLANNED IT.



I've recently changed my legal name. Do I need to change my name on my Social Security card?

Whenever an individual legally changes his or her name, it is important to contact the Social Security Administration (SSA)

as soon as possible. Failure to notify the SSA of a name change could prevent your wages from being posted correctly to your Social Security earnings record and might even result in a delay when you file your taxes.

To obtain a new card with your new name, you need to provide the SSA with a recently issued document that proves your identity and legal name change. Acceptable documents include:

- Marriage certificate
- Divorce decree
- Certificate of Naturalization showing new name
- Court order for approving the name change

If the document you provide doesn't offer enough information for the SSA to identify you in their records, you must also provide an identity document in your old name (expired documents with your old name are allowed).

In addition, if you were born outside the United States or you aren't a U.S. citizen, you typically must provide documentation to prove U.S. citizenship or lawful noncitizen status.

Once you have gathered the appropriate documentation, you need to complete the SSA Application for a Social Security Card. However, Social Security card applications are not accepted on the SSA website. As a result, you need to take or mail your application, along with your supporting documents, to your local Social Security office.

For more information on applying for a new Social Security card or finding a Social Security office in your area, visit the Social Security Administration website at www.ssa.gov.



How can I protect my Social Security number from identity theft?

Your Social Security number is one of your most important personal identifiers. If identity thieves obtain your Social

Security number, they can access your bank account, file false tax returns, and wreak havoc on your credit report. Here are some steps you can take to help safeguard your number.

Never carry your card with you. You should never carry your Social Security card with you unless it's absolutely necessary. The same goes for other forms of identification that may display your Social Security number (e.g., Medicare card)

Do not give out your number over the phone or via email/Internet. Oftentimes, identity thieves will pose as legitimate government organizations or financial institutions and contact you to request personal information, including your Social Security number. Avoid giving out your Social Security number to anyone over the phone or via email/Internet unless you initiate the contact with an organization or institution that you trust.

Be careful about sharing your number. Just because someone asks for your Social Security

number doesn't mean you have to share it. Always ask why it is needed, how it will be used, and what the consequences will be if you refuse to provide it.

If you think someone has misused your Social Security number, contact the Social Security Administration (SSA) immediately to report the problem. The SSA can review your earnings record with you to make sure their records are correct. You can also visit the SSA website at www.ssa.gov to check your earnings record online.

Unfortunately, the SSA cannot directly resolve any identity theft problems created by the misuse of your Social Security number. If you discover that someone is illegally using your number, be sure to contact the appropriate law-enforcement authorities. In addition, consider filing a complaint with the Federal Trade Commission and submitting IRS Form 14039, Identity Theft Affidavit, with the Internal Revenue Service. Visit www.ftc.gov and www.irs.gov for more information.



Stock Market Volatility Increases

During the past several weeks, worldwide stock markets have seen returns decline as volatility increased. For the month of August, U.S. stocks returned -6.0%, developed international stocks returned -7.4%, and emerging market stocks returned -9.0%. For U.S. stocks, it has been almost four years since we experienced a lower one-month return.

At times, the market has met the “formal” definition of a correction which is a -10% return from its highs. Depending on the day, we may or may not have a negative return for the year as +/-2% moves are becoming more common.

Background of Current Events

The media likes to attribute a single event that “caused” a market decline. Nice, simple, and neat. While one event may be the spark, it is almost always a series of issues. The fact is that stock market participants are always assessing new information in determining current prices. Are U.S. valuations too high, is China’s growth slowing too much, will Europe’s economy ever start to rebound, what is the potential impact of rising U.S. interest rates, could all be considered factors, among others, in the markets recent decline.

Often times market over-/under-shoot on both the upside and the downside. But, over the long term (an admittedly undefined length of time), economic fundamentals will take hold. The market will ultimately reflect expected growth in corporate profits. There are, of course, recessions when corporate profits fall, but recessions are not all that common and, over the past couple of decades, have become even less frequent.

Currently, the U.S. economy is experiencing consistent, modest growth so a U.S. recession seems unlikely in the near term. However, many countries worldwide are struggling to maintain economic growth. Given our global economic society, it is clear that poor worldwide economic growth could have implications here at home. The question is one of magnitude.

Putting Recent Events Into Context

With the events of the Great Recession still fresh in many of our minds, you may be asking if this is 2008 all over again. The short answer is we do not know – and no one else does either.

Usually severe bear markets do not start unless there is an impending steep recession. And while the scars of 2008/2009 are still with us, historically speaking, the level of decline we experienced during that period has been very rare.

History suggests that, after a long bull market (which we have been experiencing), it is common for investors to become somewhat complacent. We forget how common losses actually occur. For example, a 5% decline typically occurs four times in a calendar year. A 10% decline generally happens once per year with a recovery period of eight months. *See the attached chart for more information.*

In addition, since 1926, the U.S. stock market has had a negative calendar year return more than one out of every four years. Although, this has become somewhat less frequent during the most recent 25-year period (about one in every five years). *See the attached chart for more information*

So What Do I Do Now?

Remember that you are not 100% invested to stocks. While we are all frustrated with the low-return environment of bonds, their diversification benefits are highlighted at times like this. In our hyper-active society, we do not think the best course is to make wholesale changes but, rather, move slowly, not letting our emotions get the best of us, and to make as rational of investment decisions as possible. Evaluate opportunities that may now be considered a bargain.

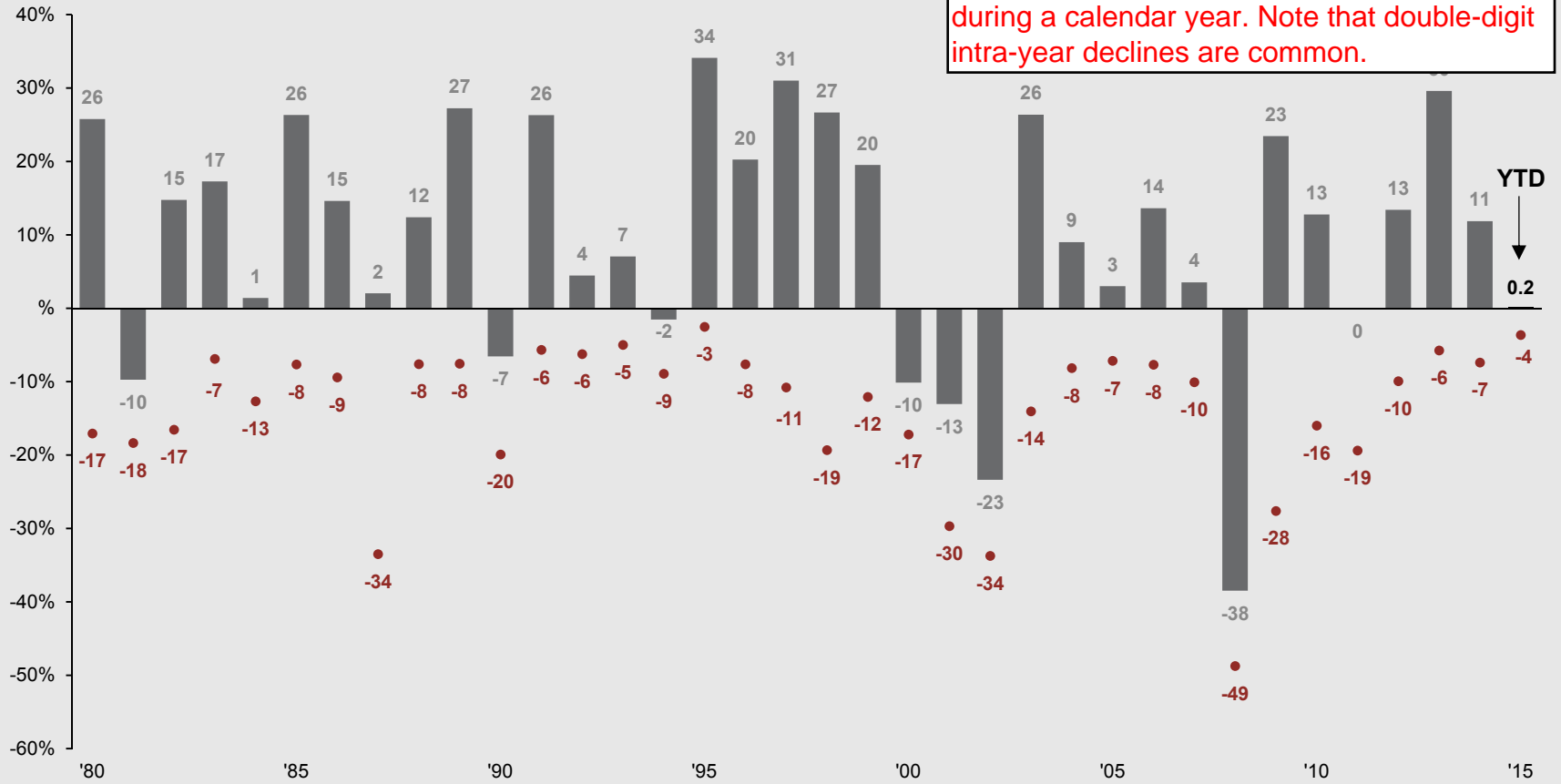
Behavioral economists have highlighted the counter-intuitive decisions investors often make. Investors often sell after a decline -- when markets should be "on sale". And, after a market (or stock) has done well, individuals often chase the hot return. We do not believe either approach is a good-long term investment strategy and is one reason why rebalancing can be a powerful ally.

History has consistently taught us that making investment decisions based on short-term events is rarely (if ever) a winning long-term investment strategy. Your investments with JIC are designed to help you through decades, not days. Nevertheless, if recent events are leading to sleepless nights, we encourage you to call or set up a meeting to discuss your specific portfolio strategy.

S&P 500 intra-year declines vs. calendar year returns

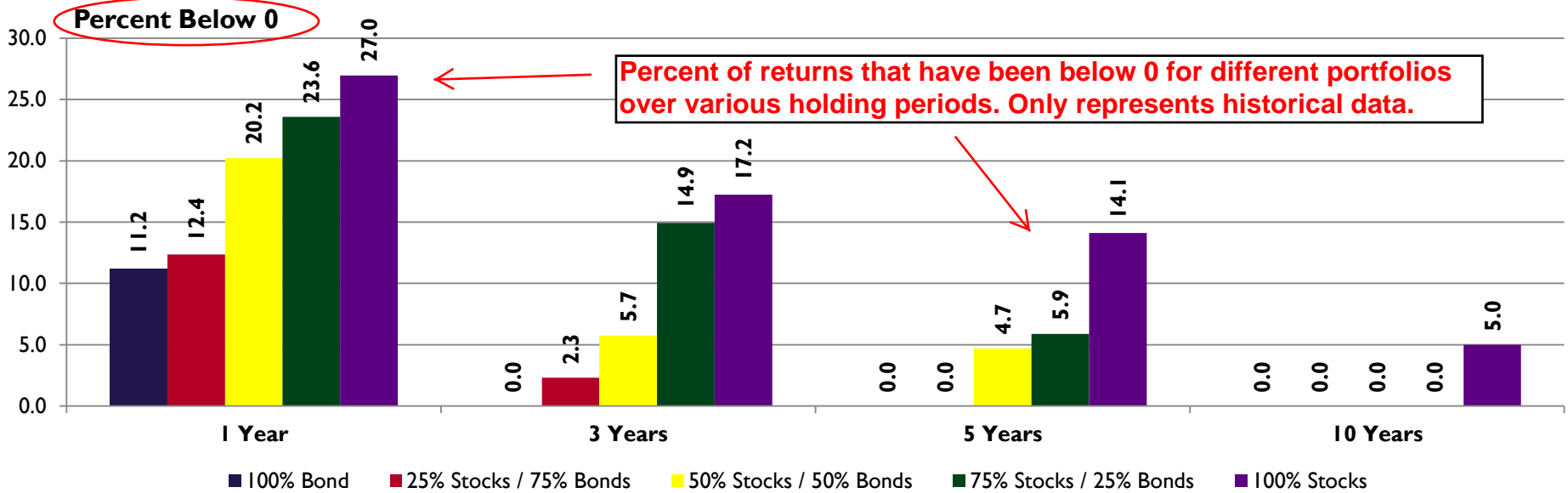
Despite average intra-year drops of 14.2%, annual returns positive in 27 of 35 years*

Grey bar represents calendar year return. Red dot is the largest peak-to-trough decline during a calendar year. Note that double-digit intra-year declines are common.



Source: FactSet, Standard & Poor's, J.P. Morgan Asset Management. Returns are based on price index only and do not include dividends. Intra-year drops refers to the largest market drops from a peak to a trough during the year. For illustrative purposes only. *Returns shown are calendar year returns from 1980 to 2014 excluding 2015 which is year-to-date. Guide to the Markets – U.S. Data are as of June 30, 2015.

Percent Below Zero Returns, Average Loss, & Largest Loss (Annualized Returns) Different Holding Periods & Portfolio Allocations 1926 to 2014



1 Year Summary

3 Year Summary

5 Year Summary

10 Year Summary

	Number Below 0	Avg. Loss	Largest Loss	Number Below 0	Avg. Loss	Largest Loss	Number Below 0	Avg. Loss	Largest Loss	Number Below 0	Avg. Loss	Largest Loss
100% Bond	10	-1.6	-5.1	0	--	--	0	--	--	0	--	--
25% Stock	11	-3.5	-12.9	2	-3.3	-4.0	0	--	--	0	--	--
50% Stock	18	-6.5	-23.4	5	-5.5	-11.6	4	-1.5	-2.7	0	--	--
75% Stock	21	-10.2	-33.6	13	-5.4	-19.2	5	-4.8	-7.2	0	--	--
100% Stock	24	-13.6	-43.4	15	-8.4	-27.0	12	-4.6	-12.5	4	-0.8	-1.4

Returns are annualized.

The average and maximum loss when for different portfolio allocations when returns are below 0. Only represents historical data.





Rent Or Buy?

If you read articles that offer budgeting advice, you might see an item that says you shouldn't spend more than 25% of your income on housing costs. These days, that advice doesn't apply.

Why? According to the latest report from Zillow Group, which tracks rental housing affordability, the typical renter making the median income in the U.S. spent 30.2% of her income on a median-priced apartment. This is the highest rate since Zillow started keeping statistics in 1979. The average from 1985 to 1999 was 24.4%.

The rise appears to be driven by greater demand for apartments and rental units. In the second quarter of this year, due to strict lending standards, the U.S. homeownership rate fell to the lowest level in almost five decades, forcing a greater number of people into the rental market. However, those fortunate enough to obtain mortgage loans appear to be much better off than renters. With today's low interest rates, homeowners are paying, on average, 15% of their income in mortgage payments, well below the historical average of 21%.

Zillow found that rents were least affordable in Los Angeles, where residents were paying 49 percent of monthly income. The share in San Francisco was 47 percent, 45 percent in Miami, and 41 percent in the New York metro area.

Source:

<http://www.bloomberg.com/news/articles/2015-08-13/renting-in-america-has-never-been-this-expensive>

a 2714 N. Knoxville
Peoria, Illinois 61604

w jicinvest.com
e info@jicinvest.com

t 309.674.3330
tf 877.848.3330

f 888.301.0514

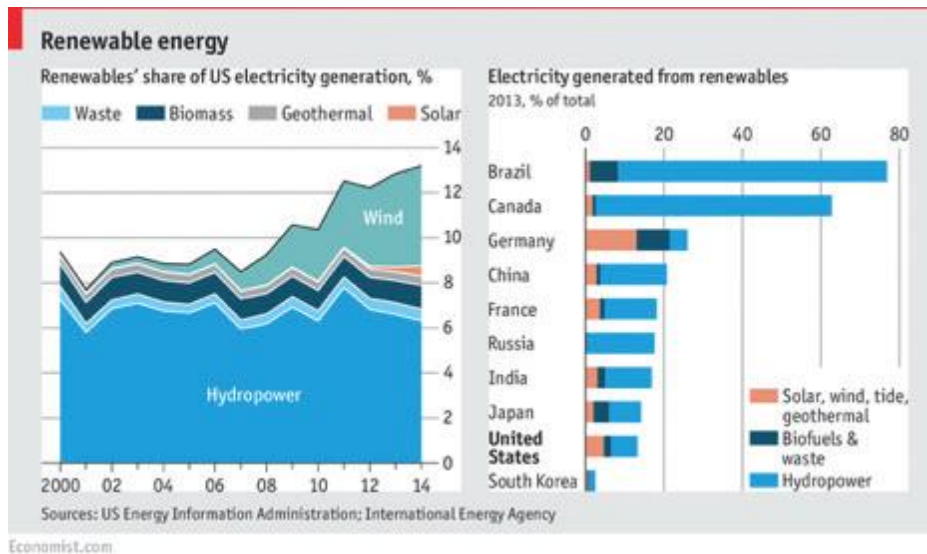


Renewable Energy Controversy

If you live in West Virginia or somewhere near its border, you probably aren't in favor of the new climate change initiative recently announced by President Obama. The actual proposal was quite modest: it would require carbon emissions from the power sector to drop by 32% from 2005 levels by 2030, up from 30% before the announcement. But that slight change equals 870 million tons of carbon dioxide pumped (or not) into the atmosphere.

Much of the decline will come from coal-based power, which is by far the biggest source of carbon emissions among all the power plant fuels. Independent analysts say that by 2030, coal's share of U.S. electric generation will fall from 39% down to 27%. The gains will come in oil, suddenly plentiful natural gas and a retooling nuclear energy sector, but also potentially from renewable energy sources—and the President cited studies which show that innovation in the renewables sector can save consumers money in the long run.

As it happens, the political war over whether global warming is (or is not) the result of carbon pollution has held the U.S. back in renewable technologies, to the point where it is now lagging far behind other nations. As the chart shows, renewables make up just 13% of total U.S. electricity generation, and if you look at the right-hand chart, you can see that Brazil, Canada, Germany and even China and Russia are well ahead of the U.S. in the percentage of electricity that comes from renewable sources. The President's modest initiative is likely to be challenged by Congress, and you can bet that with partisan gridlock, the U.S. is not likely to move up in the rankings any time soon.



Sources:

<http://www.cnbc.com/2015/08/03/obama-unveils-clean-energy-plan-amid-legal-threats.html>



Territorial Default

You've probably read that the island territory of Puerto Rico formally defaulted on its municipal debt obligations recently — an unsurprising event that has been expected by insiders for more than three months. What did surprise everybody was the fact that the Puerto Rican Public Finance Corporation (PFC) found a way to make a partial payment on its \$58 million in interest obligations—even if the amount was only \$628,000.

Going forward, the situation is rather bleak. The Moody's credit rating service has noted that, according to the debt contracts, interest payments can only be made if and when the PFC has appropriated funds for them. Since the PFC has not done so, there appears to be no legal requirement for Puerto Rico to pay the debt, or any legal recourse for bond holders.

A number of mutual fund companies are probably wishing that they had read these contracts more closely before buying a big chunk of the territory's \$70 billion in debt on behalf of their shareholders. Puerto Rican muni bonds were once considered to be the Swiss army knife of the muni world, since they qualify as tax-exempt in all 50 U.S. states and therefore can be placed into any state-specific muni fund portfolio. They also paid significantly higher interest than most states were offering—between 9% and 21% right before the default on 20-year issues, as high as 5% on 2-year notes. The national averages among all U.S. states are closer to 2.85% and 1%, respectively.

How much of the default are you, personally, on the hook for? Very little to none at all unless you're invested in broker-sold Oppenheimer funds. Oppenheimer manages nine of the ten funds with the greatest exposure to these investments — \$5.1 billion according to the Morningstar mutual fund analysis service. The other fund with high exposure is the Franklin Double-Tax Free Income Fund, which currently has about 60% of its shareholders' money tied up in the Puerto Rican fiasco. Ten of Wells Fargo's 14 municipal bond funds have also wagered on Puerto Rico's debt, as have 20 of Eaton Vance's 27 muni funds.

As mentioned, the default is not exactly a shock. Puerto Rican bonds, once sold as high-rated paper, have been sliding down the ratings scale for years, causing losses for investors all along the journey. A \$5 million class action lawsuit was filed against the brokerage firm UBS back in 2013, alleging that older investors were urged to take out loans in order to load up on risky Puerto Rican bond funds that brokers touted as safe and secure. An estimated \$500 million was ultimately borrowed to buy into the mess, and investors in those funds suffered at least \$1.66 billion in losses when the suit was filed—two years before the recent downgrade.

Sources:

<http://www.msn.com/en-us/money/markets/moodys-says-puerto-rico-has-defaulted/ar-BBlmOUz?ocid=ansCNBCII>

<http://puertorico.municipalbonds.com/bonds/recent/>

http://www.fmsbonds.com/Market_Yields/index.asp?so=bing&kw=muni%20bond%20rates%27&ad=753035947&ty=search&mt=e&st=muni%20bond%20rates&dt=c&utm_source=bing&utm_medium=cpc&utm_term=muni%20bond%20rates&utm_content=753035947&utm_campaign=Municipal%20bonds%20Rates

<http://www.cnbc.com/2014/02/08/redemptions-force-us-mutual-funds-to-unload-puerto-rico-debt.html>

<http://blogs.wsj.com/moneybeat/2015/06/30/puerto-ricos-crisis-deals-a-blow-to-municipal-bond-funds/>

http://www.nytimes.com/2015/08/04/business/dealbook/puerto-rico-decides-to-skip-bond-payment.html?_r=0



Johnston Investment Counsel
LIFE THE WAY YOU PLANNED IT.

Blog Updates for August: Articles of Interest

Education Planning Articles

[5 Mistakes to Avoid When Opening a 529 College-Savings Account](#)

Estate Planning Articles

[Forgetting Digital Assets Like Facebook Can Create Lawsuits After Your Death](#)

Financial Advisor Articles

None this month

Financial Planning Articles

[Is The NanoCard Bitcoin's 'Killer' App & Can It Transform The Global Remittance Market?](#)
[Financial Bonus of \(Same-Sex\) Marriage](#)

Insurance Planning Articles

[7 Ways To Save On Long Term Care Insurance](#)

Investment Planning Articles

None this month

Retirement Plan Articles

None this month

Retirement Planning Articles

None this month

Tax Planning Articles

None this month

a 2714 N. Knoxville
Peoria, Illinois 61604

w jicinvest.com
e info@jicinvest.com

t 309.674.3330
tf 877.848.3330

f 888.301.0514