The James L. Paris Report

Your Ultimate Guide To Financial And Personal Survival

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Think Twice Before Moving Your IRA Money as a Rollover

A Recent Ruling by the Tax Court Has Shaken Up the Way IRA Money is Moved

By Robert G. Yetman, Jr.

The title of this article may be easily misinterpreted, so let's clear that up right away – you can still move your money from one IRA to another. However, a recent court decision has turned on its head the whole matter of what is specifically known as an IRA "rollover," and how that process can be engaged while remaining compliant with the tax code.

For starters, let's clarify and detail the two ways money can be moved from one IRA to another. There is the "*direct* rollover," also known as a trustee-to-trustee transfer, and then there is the plain, old "rollover." With a transfer (to keep things clear in this discussion, we

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Affirmative Action Ban Upheld

The Supreme Court Makes a Decision That Could Change the Future of Quota Systems

By James L. Paris & Robert G. Yetman, Jr.

As greater overall progress has been made in the assimilation of races and cultures into the fabric of American society, a growing number of people seem disinclined to perpetuating the *affirmative action* and other quota systems that have been in place for decades as mechanisms to help ensure that minorities, who have so often been disenfranchised from the American Dream, are given greater access to the portals *of* that Dream. Legal challenges to affirmative action in the U.S. have a long history, and courts have, by and large, been supportive of quota mechanisms that have acted to disenfranchise some *whites* from opportunities in employment and education for which they were otherwise qualified. However, the general temperament regarding affirmative action seems to be changing, and perhaps the most recent, high-profile court decision on the issue indicates a shift in the long-standing and largely-prevailing winds that have dictated that the use of quota systems are not incompatible with the traditional American way of life.

From the beginning: In November of 2006, Michigan voters passed something called the *Michigan Civil Rights Initiative*, which bans preferential hiring and admissions practices with respect to government jobs

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and public education on the basis of gender, race, and ethnicity. Notably, the vote was not close – the measure passed by a margin of 58% to 42%. Still, even though the voters of Michigan had spoken, proponents of affirmative action organized protests and legal challenges almost immediately.

It is the most prominent of those challenges on which the U.S. Supreme Court recently ruled, and, this time, the Court's decision was in no way music to the ears of those who've long-benefited from legal rulings that have been benevolent to the institution of affirmative action. In the matter of *Schuette vs. Coalition to Defend Affirmative Action*, the Supremes held that the ban passed by Michigan voters was not unconstitutional – specifically, that the ban does not violate the Equal Protection Clause of the Fourteenth Amendment. A central point of contention was the enaction of the ban by the *voters* of Michigan. Opponents of the ban essentially took the position that the voters could not overturn affirmative action policies in the state. This point was a distinct focus in the fight, and was notably reflected in Justice Anthony Kennedy's opinion, written on behalf of the plurality - Justice Kennedy wrote that "there is no authority in the Constitution of the United States or in this Court's precedents for the Judiciary to set aside Michigan laws that commit this policy determination to the voters." Kennedy further wrote, "Democracy does not presume that some subjects are either too divisive or too profound for public debate." The Court's decision was 6-2, with Justices Sotomayor and Ginsberg dissenting. Justice Kagan did not participate, as she had previously encountered the case as Solicitor General.

There was a disquieting elitism that permeated the case, one that suggested the average voter had no business being entrusted with an issue such as the one at the heart of the Michigan Civil Rights Initiative. However, if the ability of the citizens to make changes at the ballot box can be subdued by a minority (numerical, not racial) voice, what sort of country, precisely, do we have? Granted, the voters of a state cannot make laws that contravene the U.S. Constitution, but it appears that it is affirmative action policies themselves that can be violators of the Equal Protection Clause - when there is material discrimination, regardless of the reason, it can be said that the Clause has been violated; previous affirmative action cases have made it past the Equal Protection Clause, but based only on narrow, provisional interpretations, and, as such, it was deemed not out-of-bounds for the citizens of Michigan to make a broader decision on affirmative action that did not look at the EPC so narrowly.

To many, as greater numerical parity among the racial and ethnic populations of the country continues, the appropriateness, of race-based hiring and admissions policies is diminished. That issue aside, the matter of the voters of a state having a lasting voice in the lawmaking of their commonwealth, one that cannot be subsequently silenced by judicial action, is significant, and something we should all be grateful to see.

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Think Twice Before Moving Your IRA Money as a Rollover

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will refrain from using the term "rollover" at all in connection with the transfer option), the client does not ever take possession of the money; the money is moved directly from one custodian to another. In the case of a rollover, the client takes possession of the money from the custodian he's leaving behind, and may keep it for up to 60 days before he must re-deposit the money into the new IRA without suffering tax consequences. If the money *doesn't* make it back into an IRA "umbrella" by the 60th day, it is taxed as ordinary income, and if the distribution is made before the account holder has reached age 59.5, a 10% penalty will be assessed on the withdrawal amount, as well.

So what has changed? On January 28, the U.S. Tax Court made a ruling on rollovers that has, for good reason, confused and angered many. Even though the IRS's own document on the subject, Publication 590, declares otherwise, the Court ruled…in a case brought by two taxpayers…that a rollover may be done only once per year, total, regardless of how many IRAs the taxpayer owns. The prevailing standard, based on IRS Publication 590, has been that the once-a-year rule applied to *each and every* IRA owned by the taxpayer. In other words, up to the point of the ruling, if Mr. Joe Taxpayer owned three different IRA accounts, he could execute a rollover of each of those accounts every 365 days. However, per the ruling, he may now perform a rollover of only *one* of his three total IRAs every 365 days.

To be entirely fair, the plaintiffs did not acquit themselves perhaps as well as they could have - for example, one of the withdrawal amounts was not fully re-deposited into another IRA within the 60-day window, yet the plaintiff apparently prepared his tax return on the basis that he *had*. That said, here's what you need to know, going forward:

For starters, this is another reminder that the government can do whatever it wants. Even though the acceptable standard, and IRS's own publication on the matter, have fully embraced the one rollover-per-year-per-IRA rule, Tax Court's determination has done away with all that; the IRS will be updating Publication 590 to reflect the ruling – look for that come January 1 of 2015.

As for how to move money from one IRA to another, you are well-advised to do so via *direct transfer*, where the money moves directly from the sending custodian to the receiving custodian, and where it never goes through your hands during the move. The fact is that for people who are simply interested in moving their money from IRA A to IRA B, there's generally no good reason to opt for doing so with a rollover, anyway. As for those choosing a rollover because they want short-term access to the cash, this new standard may prove a hindrance, but if you're committed to maintaining the tax-deferred investment status of your monies, you'll want to err on the side of prudence.

As a qualifier, it should be pointed out that some account holders who would prefer the transfer option, anyway, elect to receive the money as a rollover if they find their present custodian uncooperative in sending the funds to the new one. However, given this ruling, it may be best, if this is your circumstance, to instead lodge a complaint with appropriate company bosses, or perhaps even regulators, to speed up the process. The rollover landscape has significantly changed, going forward, and the risks associated with not keeping up may be substantial.

Advertising vs. Engagement

Recognizing the Important Differences between One-Way and Two-Way Communication

By James L. Paris

The paradigm of how to build product awareness has shifted. In the "old days," it was done chiefly through advertising...but that has largely changed; now, it is accomplished, to a significant degree, through *engagement*., and it is incumbent upon you to know the difference, and be sure you're doing the right thing for your business.

Advertising involves a sender-seller delivering a message to be received by a recipient-potential buyer. However, in the advertising model, the message is designed to simply be "sent," with no direct response to the message expected or invited. While we know that the *ultimate* response comes in the form of the recipient either buying, or deciding *not* to buy, the product being pitched, that ultimate response applies in both advertising *and* engagement; what is being talked about here is more narrowly defined in terms of the specific advertisement message being sent. The advertiser is delivering a message, the inherent nature of which is such that not only is no response invited, but the message is delivered on a platform that makes recipient response impossible - for example, through the TV set, magazine ad, or billboard.

In the *engagement* model, the message recipient is expected to respond directly to the message itself, and part and parcel of that is the fact that the platform on which the message is delivered is designed to not only enable, but *facilitate*, responses. The engagement model is really a function of the Internet age—before the Internet, how could one realistically engage, in real time, with an advertiser's mass-delivered message? You couldn't. That said, it's important to note that in order for you to be able to engage as a message recipient, the sender has to choose to *use* one or more two-way platforms. For example, if a company does not enable a blog, a Facebook Page, or any of the other hallmark platforms that comprise the engagement medium, then it's more difficult *to* engage with it.

For the smaller Internet marketer, engagement allows him to more easily identify relevant and interested recipients, and then develop that all-important *adherence* with them. Adherence is sometimes referred to as "stickiness," which has to do with the degree to which your message recipients "stick" to you, or, rather, *with* you. Jim Paris has, in the past, discussed the idea that in order to be successful, the adherence of your site visitors is more important than the sheer number of those visitors – this adherence is at the very *core* of engagement, and the concepts work in symbiosis; the more your audience member engages you, the more he "sticks" to you, and the more he sticks to you, the more inclined he'll be to continue to engage you.

Important: Avoid falling into the trap of using engagement platforms to advertise. A frequent complaint of businesses is that they're getting little from their engagement efforts, when the truth is they're using a blog (or Facebook, or Twitter, etc.) as another platform from which to purely self-promote.

To be successful as not just an Internet marketer, but as any small businessperson nowadays, you have to engage. People expect it, and those business owners who do *not* will lose out to those who make the effort to really connect. The influence of social media and other Internet-based platforms of communication is already substantial, and will only become greater with each passing day.

Run Out of Money in Retirement!

A "How To" Guide for the Retiree Seeking to Make His Golden Years More Challenging

By Robert G. Yetman, Jr.

OK, we'll admit that's a bit of a tongue-in-cheek title, but it's important that you pay full attention to this article. The truth is that there is probably a lot of ways you can run out of money in retirement, but what we want to cover here are two common mistakes that are frequently made by people who have no idea they're mistakes at all.

Stay completely out of the stock market. Many decades ago, the conventional wisdom said that when a person retired, all of his money should be moved into very conservative, income-oriented instruments. However, a funny thing happened on the way to the retirement home: we're all now living a lot longer than we used to. Now, hold on, you might be thinking – if our hard-earned retirement savings must last even longer, then I should be investing *especially* conservatively, right? Well, here's the problem with *that*: Unless you have a retirement account of a size such that earning a percent or two per year on your money translates into a substantial sum, then your money has to both grow *and* supply you with income simultaneously, and in order for that to happen successfully over the course of, say, 25 years, you must have a presence in the stock market.

Pull money out of your retirement savings on the basis of what "seems right." Anyone who has been a financial advisor is familiar with the client who will come into his office and say, "I have $100,000 in retirement savings, and I want to be able to withdraw just $2,000 per month; that's a no-brainer, right?" Well, it's a no-brainer, but not in the way the naïve customer means. The unreasonable expectations about how much of one's savings a person can safely withdraw is a common stumbling block. It's not unusual for a person with $100,000 in savings to think nothing of withdrawing $2,000 a month, but he would be suffering from an inability to correctly connect the dots from what he *wants* to withdraw, to how much he *can* withdraw based on a reasonable assumption of the performance of his account. $2,000 does not sound like a terribly large amount in the context of $100,000, but by withdrawing $24,000 in a year, he is taking out money at a rate far beyond what he can reasonable expect to earn from the investments annually.

Ultimately, the amount you can safely assume to withdraw has to start with a percentage figure, and that percentage will determine the dollar amount. For example, if the person with $100,000 in retirement savings has it invested in a mix of equity and bond ETF's or mutual funds such that he's assuming an annualized rate of return of roughly 5.5%, then he should expect to withdraw no more than 2 to 2.5% per year – withdrawing at least a couple of percentage points less than the assumed annual rate of return helps to insulate the account if the portfolio underperforms in a given year. If he's withdrawing 2.5% per year, that means he'll withdraw $2,500 for the year, or just under $210 per month—not a lot, but it's the right number.

We don't think you really want to run out of money in retirement, but we wanted to gain your attention. Please be mindful of what we have said here, and if you think you might need some assistance in ensuring your portfolio is properly configured for retirement, we encourage you to buy at least a couple of hours with a fee-only financial planner. You can find one in your area by visiting the official website of the National Association of Personal Financial Advisors at napfa.org.

Self-Defense "Tools" for the Elderly

The Cane and Walking Stick Can Be Much More than Mobility Assists

By James L. Paris & Robert G. Yetman, Jr.

When it comes to personal safety, the elderly tend to project a vulnerability that is difficult to mask – older folks tend to move more slowly, as well as with less deliberation, and so, unfortunately, stand out like sore thumbs as targets to muggers.

One answer, of course, is for people with greater physical vulnerability to carry a firearm. The term *equalizer* is sometimes used to describe a firearm, and it's a perfect nickname, because that is what a gun does for people facing a physically-imposing assailant - it levels the playing field. Even the largest, most violent assailant around cannot stop a bullet, and so carrying a gun represents the most expeditious and certain way to put the odds back on your side.

However, as we know all too well, the legal carry of firearms for self-defense is either not available, or largely frowned upon, in a number of cities and towns throughout America. What's more, many people are simply not comfortable with carrying firearms on their person. Does this mean, then, that such folks should remain without any way to defend themselves? Not at all. As a matter of fact, there are two, common instruments available that are generally thought of as being the province of older people, and which can be used as highly-effective implements for self-defense: the cane and the walking stick.

(As an aside, please note that a younger, able-bodied person who walks around with a cane or walking stick will attract attention. for obvious reasons. While this does not mean that these tools cannot be carried by young folks, keep in mind that their use will prompt many to conclude that you're simply carrying a weapon while *pretending* to need mobility assistance.)

As a self-defense choice, these instruments should be sturdy – light aluminum (for example) versions are not good choices. There *are* canes and walking sticks that are specifically engineered to double as self-defense weapons, but there's no need to get clever, as long as the cane or stick is appropriately resilient. Plus, anything like that which can be shown to have been "weaponized" may work against you legally if trouble does come your way. The bottom line is that a regular, sturdy cane or walking stick will suffice.

If you do go this route, please be sure to engage in some practice. If there is no convenient way for you to obtain in-person instruction, then, at the very least, become well-versed in a quality instructional video on the topic. For example, Michael Janich's *Martial Cane Concepts* DVD is generally well-received. You can order the DVD through Paladin Press (paladin-press.com)

One final note - remember that striking weapons are extensions of your hand and arm; even if the cane itself is strong and sturdy, that may be of little help if the arm wielding it is feeble. While you don't necessarily need to engage in a rigorous strength and conditioning program, especially if you are of a considerable age, it is nevertheless a good idea to work on strengthening your forearms, particularly the one that will most likely be holding the cane or stick. There are a lot of grip-strength devices out there, and a lot of them are simply not very good; however, the "Captains of Crush" series of grip strength devices are particularly good – check them out online at captainsofcrush-grippers.com.

Prevailing in Small Claims Court

By Robert G. Yetman, Jr.

We are all familiar with the silly lawsuits that are filed each day, sometimes for millions of dollars, which clog the court system and present an array of unfortunate consequences, both directly and indirectly, to a multitude of parties. That said, the mechanism of the *small claims* court, where "civilians," rather than lawyers, can seek redress through the official legal system, remains a good option. Small claims court is a less formal setting that allows the parties involved to plead on their own behalves with the need for representation. There are a lot of elements to the small claims court process, but for the purposes of this article, we will limit the discussion to how best to *present* your case when you're actually in the courtroom - it is not difficult to find out where to file and how to get the particulars in order… but it is very common that people who do all of that perfectly well will make the effort all for naught by getting into the courtroom and doing a poor job with the presentation.

The biggest overall problem that people have when it comes to prevailing in small claims court is, in a variety of ways, reflecting inappropriate demeanor and decorum when it comes to the whole proceeding. Although small claims court is designed to be a venue that is less rigid, it is still a bona fide court proceeding before a real judge. Accordingly, it is often the case that the party who is most professional in bearing, who has the best presentation, will prevail. Elements like believability and credibility are always important in any court proceeding, but weaknesses in these areas can reveal themselves more readily when each side is not being represented by attorneys who can go a long way to insulating their clients from harmful transparency in these areas. In other words, when you walk into small claims court, there is no buffer between you and the judge (we're assuming, for purposes of this article, that one is not going to small claims court with the help of a lawyer, which is typically the case), which means any missteps that have to do with the impression you make on behalf of your case can loom large when a judge has to make a decision that often comes down to which party looks to be the most credible.

Let's start with the most important element – the actual presentation of your side of the case. You will want to make a terrific impression here, and doing so can, by itself, mean everything when it comes to winning. To make that great impression, remember a few, key things: first, practice relating your version of events, or whatever story that needs to be told, and practice a *lot*. There is nothing inappropriate about having notes to which to refer as you make what will essentially be your opening statement, or any other expression of your case. When you tell your story, it should be well-organized and succinct. Unless you have a natural talent for speaking in such a way *without* practice (which few possess), be sure you put the time in before you appear in court.

Another factor that makes an enormous difference in small claims court, as it does in any other kind of court, is *evidence*. While many disagreements that find their way to

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The Jim Paris Perspective
Notes and Thoughts on Bible Prophecy, Business, and Culture

Are You on Cholesterol Medication?

Millions of people, including myself, are on cholesterol-lowering medications known as statins. I have just starting reading a book entitled *The Great Cholesterol Myth.* It raises some very interesting questions about the widely accepted belief that cholesterol causes heart disease. It also points out that those taking statins will face serious side effects, the most notable of which is a depletion of coenzyme Q10 (also known as CoQ10). At a minimum, what I got from what I have read so far is that if I stay on statins, I should be supplementing with CoQ10. I also learned that there is a growing number of supplements available that are alternatives to statins. If you are taking statins, check out this book and consider supplementing, if you are going to continue.

Buying Your Groceries from Amazon?

Amazon.com has closed down thousands of bookstores; is their next target grocery stores? A new service called Amazon Prime Pantry was just launched. The service has resolved the long-standing shipping problem associated with buying groceries online. Prime members can now shop and fill up a 'pantry box' with flat rate shipping of just $5.99 for the entire box. Before the pantry box option, shoppers were required to buy 'packages' of items or large quantity versions of products. For example, you could not just buy one can of tuna, but were required to purchase a package of six. You can now shop and buy single items just like you would in the grocery store. The membership fee for Amazon Prime is now $99 per year. It also includes free shipping on most items in the Amazon store, and access to their free eBook and movie library, as well. I have been a member for several years and it pays for itself over and over again.

Supreme Court Ruling on Prayer

A Supreme Court ruling this month upheld the centuries-old tradition of prayer at public governmental meetings. While conservatives are reporting on this as a 'victory,' I found the ruling to be a bit more ominous. If you read the whole story you will see that it was a narrow 5-4 ruling; this means that we are now just one Justice away from perhaps losing the right of public prayer. Whether Obama gets to make another appointment, or it happens during the next presidential term, the very nature of the Supreme Court may be about to change. We seem to be simply hanging on a thread here, and the last of our religious freedoms is on the line.

The Mark of the Beast Update

As you will read in our upcoming book titled, *Bitcoin, Digital Currency, And The Coming Mark Of The Beast,* major changes will be coming soon to how we buy and sell. If you missed it (and that would have been tough to do), Target just went through one of the largest security breaches in modern history. Tens of thousands of credit card numbers and PINs were stolen when hack-

ers infiltrated Target's computer network. The company just announced that they will be swapping out their Redcards (their own store card) for a new version that will contain an embedded chip, and require the use of a PIN at checkout. The move by Target makes this the first time a major retailer has adopted such advanced security measures, but each time the security gets tighter, the hackers simply get more innovative. It won't be long before all of this becomes the foundation for the argument for a physical mark and an embedded chip for each American.

Toyota Leaves Los Angeles After 57 Years

Liberal policies and voters have left California in quite a predicament. Texas Governor Rick Perry has gone to great lengths to lure new businesses to Texas. In what he calls the greatest win for the state in a decade, Toyota has decided to relocate its headquarters from Los Angeles to the suburbs just North of Dallas. This is not the first major company to leave California, and it won't be the last. It does raise some serious questions, however, about the future of liberal states. I have long said that there will come a moment in time when these states cry foul and ask the federal government to step in and 'even the playing field.' Look for a move by states like California to try to get the Feds to take money from the growing states like Texas and Florida and somehow send it to them. This would likely be in the form of federal bailouts when these states begin to melt down financially.

You don't need to be a psychic or a futurist to see the handwriting on the wall here. In ten years (or less) the landscape of America will be changed. In my own case, I love living in Florida. My wife and I often laugh as we ride along the beach about how it is just as beautiful here as the beaches in California. We have no state income tax, our real estate taxes are just $1,600 per year, and it is an extremely affordable place to live. Why don't more people move from places like California? Well, they are, and in droves. On my own street there are right now three new houses under construction. The house I bought here in Palm Coast, FL has nearly doubled in value in just four years. Look for states like Texas and Florida to be great places to own real estate. The other truth here is obvious, but I will point it out anyway. If you own real estate in California, New York, Illinois, as well as much of the Northeast, the term 'under water' may not do justice to describe your predicament in a handful of years.

Dealing with the Rising Cost of Beef

I can only bristle when I consider the cost of beef these days. For health reasons, I have cut down substantially on my purchases of red meat. In fact, in our home these days it is maybe only once or twice a month that we will have it. I have found ground turkey and frozen chicken breasts to be much better options from both a health and financial perspective. I have also begun to more regularly purchase vegetarian meat substitutes. There was a time, not too long ago, that the price of vegetarian substitutes was expensive compared to meat – that is no longer the case. Not only have vegetarian meat substitutes come a long way in how great they taste, they now represent a real savings compared to the real thing. My wife and I now purchase a regular

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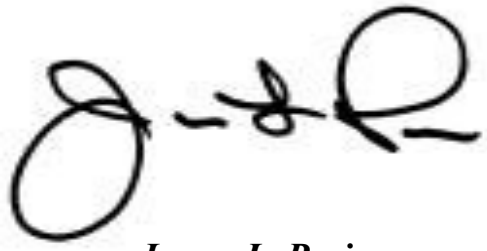
supply of Morningstar products at our local grocery store. This includes meatless hamburger patties, meatless buffalo wings, and meatless breakfast sausage. You will find these items in the freezer section of most major grocery chains. We have discovered these meatless products to be convenient to prepare, good values compared to meat, and an excellent health option.

I want to address two other issues here before moving on. First, if you do buy chicken breasts you will find a substantial price difference between fresh and frozen. In our area, the savings is huge and I see no good reason to pay for the unfrozen chicken breasts (which can cost double). Also, we have again planted a garden this year using GardenPatch above-ground growboxes. We are growing spinach, tomatoes, cucumbers, lettuce, and bell peppers. Gardening is a lot of fun, it pays off in huge savings, and fresh produce is much better for you nutritionally than what you will find at your grocery store. If you don't want the hassle of your own garden, look for better deals and much higher quality produce at your local farmer's market.

Four Blood Moons – Why the Debate?

There have been at least three notable books released in recent months about the so-called 'blood moons.' For those not familiar with the term, it describes the red hue of the moon during a lunar eclipse. Author Mark Biltz appears to be the first one that was able to connect the dates of the blood moon events with significant dates and holidays on the Jewish calendar. This book also outlines (as do the others) that there will be four such lunar eclipses over the next two years. The first eclipse occurred just a few days ago.

The scripture referenced most commonly on the subject of the blood moons is Joel 2:31 - *The sun will be turned to darkness and the moon to blood before the coming of the great and dreadful day of the LORD* (another reference is in Revelation 6:12). The significance of the four blood moons (one that just took place plus three more) has Christians divided. In one camp we have those waiting on their rooftops for the rapture, while others are dismissing this as a sort of 'prophecy bias' that has those looking for the end times seeing them around every corner. As for me, I am among those sitting on the roof of my house waiting for the Lord's return (no, not literally). Call me crazy, but I believe His return is so soon that I believe it will happen within my lifetime. I know I am not the first to make such a claim, but I truly believe that we are living in the very end of times. I also see no harm in living with such an expectation even if Christ does not return for one hundred years or more.



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small claims court stem from informal commitments made by parties, documentation that supports a position or claim remains the "gold standard." Before your court date, be certain, as you think through the presentation of your case, that you gather up as much material evidence as you can to support your position; especially useful in this day and age are email communications. People today communicate with one another a LOT by email, text, and social media platforms. Do not forget to review all of these portals to find evidence that may prove helpful to your position. Also, when you present the evidence in court, ensure it is neat, clean, organized, and well-formatted. Don't be too cheap to invest in a binder or report cover with which to present your evidence to the judge.

As for your appearance and demeanor, you should be squared away from the outset—*conservative* and *respectful* is what those who matter want to see from litigants in the courtroom. A man should wear a suit, and women, should be similarly attired. When you address the court and otherwise make your case, do so without emotional outbursts and without making snide comments. That may seem obvious, but remember that you're only human, and if you find yourself in small claims court as either a plaintiff or defendant, you're likely upset, to one degree or another. Whenever you open your mouth, be sure that your "internal filter" is working. On this note, be sure *not* to open your mouth when you shouldn't; for example, one mistake litigants in small claims court make all too frequently is to interrupt the other party, and even the judge. The reason that happens has to do with something that occurs on a psycho-emotional level; in this environment, we don't even want to hear expressed *anything* that counters our position, so our instinct is to do what we can, in those moments, to simply drown out the "noise." However, be sure *not* to do that. Even if it is not the judge you're interrupting, he will take a dim view of you personally if you behave this way more than once (it's best not to do it all, but you can expect some grace if you transgress only a single time this way).

A big part of being organized and decorous has to do with the matter of respect for the court and the system itself, and not just the matter of helping your particular interests. As noted previously, the judge is a real judge, and someone who has been a part of what is a formal legal system. As such, they all maintain a special sensitivity with regard to the matter of respect for that system, and if your presentation and bearing is a little too informal, don't be shocked if that prejudices *your* judge against *you*. Be focused, well-prepared, well-organized, well-dressed. Oh, and it should go without saying, but be *early* to every place you're supposed to be in connection with your appearance.

Winning in small claims court is oftentimes about odds, and putting as many of those in your favor as possible. In a world that has grown increasingly accustomed to expecting lower standards of behavior, exhibiting the highest standards in the courtroom can make all the difference.

Time for Municipal Bonds?

By Robert G. Yetman, Jr.

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The performance of municipal bonds here in 2014 is more evidence that if you seek to consistently make progress with your portfolio, you cannot stick with a "set it and forget it" approach to investing. Municipal bonds, or "munis," are issued by taxing authorities at the state level on down, including cities, counties, towns, as well as by a variety of other similar sorts of taxing authorities. The great benefit of municipal bonds is that the interest paid is not subject to federal income tax, and if one happens to reside in the same state that serves as the issuer, the interest is typically not subject to state tax, either. Munis with that characteristic are referred to as *double tax-free*, precisely because they avoid both state *and* federal taxation. All of this tax savings means that the benefit of munis is derived as much by what an investor *saves* as by what he earns (which is why they are of particular interest to folks in higher income brackets).

As it turns out, municipal bonds have been some of the best performing investments so far here in 2014. The S&P National AMT-Free Municipal Bond Index is on pace to finish April with a return of over 4.5%, while the stock market is not even at 2% for the year so far. Although a lot of folks have been frightened away from munis on the basis of the lousy news they've heard concerning the financial soundness of places like Detroit, Chicago, and even Puerto Rico, this is where you have to look more closely at what's going on to get the straight story. The rate of default, nationwide, is substantially lower than it was just a few years ago, and, in most municipalities and counties, the worst of the financial crisis is in the past.

The best strategy when going into munis is to do so through high-quality debt packaged in an intermediate-term bond fund. What does "high-quality" mean? Look for a fund that has substantial exposure to A-rated bonds, and which also has an average *duration* of about five years; duration is a measurement that informs the investor about what a 1% change in rates will do to a bond's value – for example, looking at a bond with a five-year duration, it means that a 1% increase in rates will result in the bond's value dropping by 5% (on that note, while 2013 saw a harmful boost in rates for the bond-oriented investor, and there is not expected to be any significant activity in rate movement in the near-term, a move up in rates is by no means an impossibility). The matter of duration is important, because if the duration is much longer than that, it means the fund is largely comprised of long-term bonds that have greater exposure to the aforementioned interest rate risk; one example of such a mutual fund is the Vanguard Intermediate-Term Tax-Exempt Fund (symbol: VWITX). If you like ETFs, something like the iShares National AMT-Free Muni Bond ETF (symbol: MUB) may be worth a look, although the duration is a little high (currently just over six years) which is actually good as long as rates don't start moving back up again – again, just keep a closer eye on bond funds with durations much over five years.

(*The author has no position in the funds named in this article, and the funds are indicated as examples, not recommendations*.)