SIENA
WEALTH MANAGEMENT, INC.

Don't Be Victimized By These 10 Common Scams

Scams of all varieties continue to bilk unsuspecting victims out of billions of dollars each year. In particular, older Americans are being targeted, especially those who have been recently widowed. With that in mind, here are 10 scams to watch out for:

1. IRS imposters. This scam proliferates during tax-return season. A caller will say he or she is an IRS agent and claim you owe back taxes. Then the caller threatens you with stiff penalties or a lawsuit—and even arrest—if you don't wire the money immediately. But the IRS doesn't call debtors without sending a notice via U.S. mail first. To be on the safe side, if you get such a call, check with the IRS at 1-800-829-1040 to check the caller's credentials.

2. Tech support. Typically, you receive a phone call purporting to be from Microsoft or another software company, and the caller says a virus has invaded your computer. Then you're asked to provide access to your computer and the hacker installs malware that steals personal information. These software companies don't make unsolicited phone calls, so hang up immediately.

3. Robo-calls. Are you a victim of those annoying automatic telephone calls? Although the call itself isn't an attempt at ID theft, it helps the crooks build a "go-to list" for future phone scams. Use your caller ID to screen calls and don't answer if someone is calling from a number you don't know.

4. Charitable solicitations. Many legitimate charities call on the phone so it's hard to weed out the real ones from the fakes. Investigate any charity before handing over cash or making a credit or debit card contribution by mail or online. If the charity is for real, the caller won't hesitate to provide additional information. Check out charities at www.charitynavigator.org.

5. Credit cards. It's not surprising that scam artists are working an angle as credit card companies change their cards from magnetic strips to chips. Someone impersonating a credit card company employee may request information or ask you to click on a link to update your status. But credit card companies don't operate this way. If you have any doubts, call the company directly.

6. Dating websites. Initially, scams were based on prying money or sensitive data out of single people who recently have entered the dating scene. But now it has mushroomed into more sophisticated cons aimed at newcomers to religion-based sites. Because you're "dating" someone from your faith, you may be more likely to let your guard down and give access to money.

7. Widows and widowers. A typical trick of con artists is to prey on your emotions. Of course, elderly individuals are especially vulnerable

(Continued on page 4)

Who's Driving? By Meir Statman

The stock market has been very volatile lately, which is a polite way of saying that stock prices have declined. What should we do?

Good advice remains the same: Maintain a diversified portfolio and focus on your life goals — retirement savings, education of children and grandchildren, and bequests to family and charities.

Why do stock prices go up and down? Think of the prices of stocks and other investments as the outcome of struggles over a steering wheel by two kinds of drivers: fundamental and sentimental. Fundamental drivers steer prices by economic fundamentals such as the price of oil, the state of the Chinese economy and the actions of the Federal Reserve. Sentimental drivers steer prices by their emotions.

We see clearly now that we could have profited by selling stocks in late 2007 when sentimental drivers were excessively bullish. But we did not see it as clearly then, when it mattered. We see clearly now that we could have profited by buying stocks in early 2009 when sentimental drivers were excessively bearish. But we did not see it clearly then, when it mattered.

We might turn out to be right if we dump our stocks now, but the consequences of being wrong can be devastating. We might miss our life goals – retirement savings, education of children and grandchildren, and bequests to family and charities. This is why good advice remains the same: Maintain a diversified portfolio and focus on your life goals.

Ron, Mike, Chris, Mike and Lina – the Siena Team

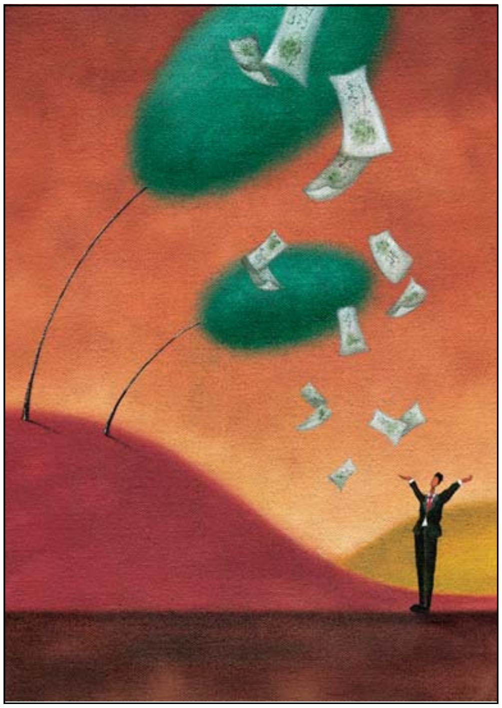
7 Tax Breaks Set To Last Forever

After years of passing "tax extender" laws, Congress finally enacted tax legislation in 2015—the Protecting Americans from Tax Hikes (PATH) Act—that permanently restores several key tax breaks for individuals. These seven tax provisions are now a permanent part of the tax code until, if ever, Congress changes them. They are:

1. American Opportunity Tax Credit. Before PATH, parents could claim a maximum $2,500 American Opportunity Tax Credit (AOTC) for qualifying higher education expenses, subject to phase-outs based on modified adjusted gross income (MAGI). But the maximum credit was scheduled to drop to $1,800 in 2017 with lower phase-out levels. The new law preserves the higher AOTC.

2. Sales tax deduction. Before 2015, taxpayers could choose to deduct state and local sales taxes instead of claiming the usual deduction for state and local income taxes. This optional deduction, especially valuable if your state has no income tax, has been restored retroactively for 2015 and made permanent.

3. IRA transfers to charity. Under a provision that had expired, if you were over age 70½ you could transfer up to $100,000 ($200,000 as a married couple) directly from an IRA to charity—including amounts paid as required minimum distribution (RMDs)—with no tax consequences. The PATH Act restores this rule for 2015 and makes it permanent.



4. Conservation deductions. If you grant a conservation easement for property you own, you get a deduction based on the easement's value. Previously, that deduction could be for as much as 50% of AGI (100% for farmers and ranchers), rather than the usual 30% limit, and there was a 15-year carry forward period for excess amounts instead of five years. Both enhancements are restored permanently, retroactive to 2015.

5. Qualified small business stock. Under a former law, investors could exclude 100% of the gain from the sale of qualified small business stock (QSBS) that they acquired before 2015. That amount was scheduled to drop to 50% for QSBS purchased after 2014. Now the 100% exclusion is permanent.

6. Child tax credit. Parents had been entitled to a child tax credit of up to $1,000, subject to a phase-out, with an additional refundable credit of 15% of earned income that exceeded $3,000. But that threshold was set to increase to $10,000 in 2017. The PATH Act restores the lower threshold and makes it permanent.

7. Educator expenses. Finally, teachers and other educators had been able to deduct up to $250 of their out-of-pocket classroom expenses. The new law restores this deduction, retroactive to 2015, and makes it permanent. Future maximums will increase with inflation.

The PATH Act also extends other individual tax breaks, as well as business provisions, and makes some of them permanent. ●

Show More Life With A Living Trust

In some financial circles, a revocable living trust has been touted as a staple of estate planning that can even be used to replace a legally valid will. Normally, however, a living trust is viewed as a supplement to a will, not an outright replacement. Here's how this estate-planning technique may serve you best—in life and death:

It's important to understand the basic differences between a will and a living trust. Your "last will and testament" is a legal document determining how, when, and to whom your possessions will be distributed upon your death. It doesn't have any effect until you die. However, a will normally must go through probate before distributions are made. (Property passing through joint rights of survivorship may be one exception to that rule.)

In addition, a will alone may not achieve all of your estate-planning objectives. For instance, you can't impose any conditions on gifts made through a will.

A revocable living trust also is a legally valid document, and you may be able to transfer securities, real estate, or other property to the trust, and you can give the trustee power to manage it on behalf of the designated beneficiaries. Typically, you might name yourself as both the trustee and the initial beneficiary of the trust. At the same time, you can designate other family members—say, your spouse, your children, or both—as secondary beneficiaries entitled to receive remaining assets in the trust when it terminates.

With a living trust, you'll retain a high level of control while you're alive. For instance, you may be able to sell trust assets and keep the cash, amend the terms of the trust (for example, by changing secondary beneficiaries), or revoke it entirely. Unlike a will, a living trust allows you to place restrictions on gifts to

10 Stock Market Moves After An Early Fall

The start to 2016 was one of the worst in history for stock market investors as the Standard & Poor's (S&P) 500 registered a record-breaking plunge in January. Some prognosticators are predicting doom and gloom for the rest of the year and a bear market. They say the market downturn might even lead to a recession.

But experienced investors know not to panic. While it's important to keep abreast of the S&P 500 and other key indicators, it's equally essential—if not more so—to stick to investment principles that have guided you successfully in the past. Consider these 10 practical suggestions:

1. Have a game plan. Assuming you have lofty long-term objectives—a comfortable retirement, say, or buying a second home—make sure you map out a plan to get there. Focus on how much you need to set aside and invest annually, and if you're saving for retirement, factor in future withdrawals. Also keep in mind some of the advice below.

2. Balance risk with reward. While your investment plan should be designed to make money over time, it's important to consider the risks that could disrupt your path to profits. Ideally, your investment strategies should maximize your rate of return while minimizing the risks—and how much risk you're willing to accept will depend on many factors that may relate to you alone.

3. Play with "house money." With any investment, losses are possible, and you'll need to consider what you can afford to lose, and when. While the stock market, historically, always has made money over the long haul, there have also been steep dips along the way, and that could hurt if you're counting on the money you lose. Try not to invest amounts earmarked for paying your mortgage, sending your kids to college, and other necessities.

4. Diversify. Spreading your money across several kinds of investments is essential to most investment plans. Including a variety of stocks from across sectors or industries, as well as a diverse mix of bonds and cash equivalents in your portfolio, can help when one type of investment rises while others fall. Putting money into mutual funds or exchange-traded funds (ETFs) indexed to market benchmarks can be a simple way to diversify.

5. Avoid market timing. Getting in and out of stocks quickly tends to be a loser's game. If you're lucky you might see short-term benefits but over longer periods it's impossible to outguess financial markets.

6. Don't forget about taxes. When you examine your investments, you may tend to focus on returns to the exclusion of practically everything else. But taxes also can have a major impact. Adding tax-exempt municipal bonds to your portfolio, for example, could improve your overall after-tax returns, and it makes sense to look for ways to offset capital gains with capital losses before the end of the year.

7. Review and rebalance. Regardless of how the stock market is performing today, it's important to look at your portfolio periodically and make whatever adjustments are necessary to stick to your long-term plan. Suppose you want to keep a hypothetical asset allocation of 50% in stocks, 25% in bonds, and 25% in other investments. If stock prices fall and your allocation drops to 35%, you may need to sell bonds and buy stocks to get things back in line. That also has the potential advantage of adding to your stocks when prices are low.

8. Try to keep your emotions out of it. It's easy to be swept up when the market is climbing or falling, but you'll be much better off if you're able to remain calm. Resisting impulse acquisitions and sales tends to be a winning long-term strategy.

9. Stick with your plan. It's not enough to develop an overall investment plan—you also need to follow it even when you face market turbulence—in other words, don't abandon the stock market just because you're experiencing some negative returns. Staying the course over the long term is likely to give you the best results.

10. Obtain professional assistance. Last, but not least, you don't have to go it alone. Your professional investment advisors can help you weather the inevitable ups and downs of the stock market. Don't hesitate to contact us at any time. ●

beneficiaries. The trust becomes irrevocable when you die.

The main advantage living trusts have over wills is that the property transferred to the trust doesn't have to go through probate. Depending on the state in which you live, probate can be time-consuming. In addition, unlike a will, a living trust isn't available to public inspection, ensuring complete privacy with respect to the assets it holds and distributes.

But don't assume that a living trust is a panacea. It will require some time and work on your part to make all of the necessary arrangements. Also, if you devise a "pour-over will" to catch assets not in the living trust, the will must be probated anyway. Finally, despite some claims to the contrary, there are no estate-tax benefits for property transferred to a living trust.

Clearly, a living trust may provide valuable benefits, but it usually works best hand in hand with your will. We can help you work with your attorneys to find a solution that works for you. ●

Are You Afraid Of The Estate Tax?

Who has to worry about federal estate taxes? They're an afterthought if you believe they affect only families such as the Rockefellers and DuPonts. But the truth is that the reach of this tax may extend further than you think, according to the latest IRS statistics.

Estate Tax Returns Filed in 2014, published in an IRS Statistics of Income report, shows that 11,931 estate tax returns were filed in 2014 on estates with a total value of $169.5 billion. Those figures represent a significant increase from the 2013 IRS statistics when 10,568 returns were filed on estates valued at a total of $138.7 billion, continuing a recent upward trend.

In other figures of note, the breakdown for 2014 estate tax return filings based on gross estate valuation were as follows:

- For returns under $5 million, 1,631 returns were filed on estates totaling $5.4 billion in value.
- For returns of $5 million to $10 million, 6,735 returns were filed on estates with a total value of $46.2 billion.
- For returns of $10 million to $20 million, 2,283 returns were filed on estates with a total value of $30.9 billion.
- For returns of $20 million to $50 million, 938 returns were filed on estates worth a total of $27.9 billion.
- For returns of $50 million or more, 345 returns were filed for estates worth $59.1 billion in total.

The figures are interesting on a couple of levels. First, they indicate that more families are being hit by the federal estate tax. Second, they would be even higher if taxpayers didn't avoid federal estate tax complications through some smart legal maneuvering.

Consider these basic tax breaks that are at your disposal: Under the unlimited marital deduction, any amount transferred from one spouse to another, whether by gift or bequest, is completely exempt from tax. In addition, amounts you leave to other beneficiaries such as your children and grandchildren are covered by the unified estate and gift tax exemption of $5.45 million in 2016. Also, the annual gift tax exclusion allows you to give each family member and others up to $14,000 free of gift tax in 2016. Gifts above this limit may be sheltered by the unified estate and gift tax exemption, although this will erode the amount available to reduce estate taxes.

Furthermore, the "portability" provision in the tax code provides extra flexibility for married couples. If a proper election is made, the estate of a surviving spouse can benefit from any unused portion of the estate tax exemption of the first spouse to die.

By utilizing and combining these tax breaks through various estate-planning devices, including sophisticated trusts, you may avoid the high tax bills awaiting unsuspecting families. Finally, don't overlook the potential impact of state inheritance taxes. Contact our office for more details. ●

10 Common Scams

(Continued from page 1)

after the death of a loved one. It's not unusual for a criminal to pretend to be a banker or other professional to coerce you to hand over funds. Rely on reputable financial planners you know and trust and close family members to steer you in the right direction.

8. Medical ID theft. ID theft often is associated with financial information, but loss of medical information can be just as damaging. Just imagine someone running up costs for expensive drugs, doctor visits, and even surgery under your name. What's more, unlike theft of credit card data, you're often held liable for these purchases. Don't volunteer your particulars (for example, Social Security and insurance account numbers) unless you're certain it's for a valid reason. Check with your insurer about any charges you don't understand.

9. Gift card vouchers. If you're targeted for this scam, you receive an unsolicited email offering you a free gift card from a well-known retailer or restaurant if you click on a link. It can look legitimate—the scammers will go to great lengths to replicate logos and corporate designs—but often it isn't. Clicking on the link will install malware on your computer that can siphon away personal data. No matter how appealing an offer is, don't click on links you have not verified.

10. Counterfeit apps. Finally, in a highly publicized incident, Apple developed some applications that were found to contain vicious malware that spied on consumers. While Apple believes it has purged these malicious apps, similar occurrences could lead to loss of personal data. Try to use only well-known apps and consider reading reviews before purchasing them.

These are just 10 of the scams currently making the rounds. Be on your guard and be skeptical of anything that doesn't seem just right. ●

Siena Wealth Management, Inc. | 1550 The Alameda, Suite 125, San Jose, CA 95126 | Office 408.244.3800 | Toll Free 1.866.940.1763
Articles are written by a journalist hired by Siena Wealth Management, Inc. and are general information not intended as advice to individuals.