



# Horton Financial Services, LLC

Insights about choices  
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## Financial Choices

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### The Value of Your Ideas

Ideas are said to be worth “a dime a dozen”, with the real value in what you do with those ideas that really counts. Today, one idea could be worth millions. The tricky part is legally protecting your intellectual property while you are trying to find a market for it.

It is said by some that creative capital today in the technology age is worth more than actual cash, but the caveat to that is still being able to do something with it.

A friend of mine invented the camera-contained lense cover, and eagerly showed it to some visiting Japanese tourists. The rest is history, so they say. Another friend of mine invented the pocket calorie calculator for dieters, and versions of it sprang forth hither and yon.

Some companies, like General Motors, pay cash awards to employees that come up with ways to be more efficient. A seemingly simple enhancement on a production line might mean millions of dollars to the Company over time. The employee might get \$20,000.

A cousin of mine invented dozens of chemical blends used in the oil patch, but they were all registered in the name of the oil company. It was said to be part of his job, yet the company made millions with the products, albeit enhancing his job security.

I offered a project planning tool that I created to Microsoft’s software engineers, only to learn that they had plans to develop something like it. Fortunately, their product is nothing like mine.

As a ten-year-old, I invented a device that had a small cylinder, much like a tube of Chapstick, but inside was a tweezers that projected through the upper end of the tube. On the bottom of the tube was attached a small mirror. The purpose of the device was to clean your nose with the tweezers while looking up your nose from the mirror. I called the invention, “Booger Picker”. While my parents and friends thought it was novel, I was never encouraged to market the idea. Besides, what does a ten-year-old know about marketing?

As a twenty-three year old, I invented the “tunnel slide”. I made drawings of it and took it to the Gym Dandy Manufacturing Company that made playground equipment. The Vice President of Sales was a family friend. Two weeks later, I was told that their engineers said my idea had no useful purpose. I had sent it in to register a patent on it, but my papers were returned as incomplete, with remarks as to what else they needed. Being dismayed about the rejection of Gym Dandy, which was later bought by CBS, I never did anything else with it. After all, if it had no useful purpose, why would I want to embarrass myself more than I had already done? More than twenty years later I began seeing the tunnel slide appear in parks and recreation areas, and later in fast food restaurants and municipal and theme parks. I wonder who owns the patent?

That was then, and now is now. Creative capital today has enormous value, if harnessed, protected and focused to an end result. If you think you have a great idea, [see a patent attorney](#) about it.



Raymond C. Horton, Sr.

The “*Financial Choices*” bi-monthly newsletter is dedicated to the idea of making good choices, financial or otherwise, and is distributed to our firm’s clients, professional peers, potential networking professionals, and potential clients to inform and to strengthen relationships, present and future.

The United States District Court in Pennsylvania ruled favorably for a beneficiary’s right to enjoy the benefits of a deceased family member’s pension plan over an IRS Federal Tax Lien.

The court prevented the IRS from seizing the pension assets.

Typically, the IRS can seize most assets, but those in a qualified retirement plan are said to be protected, as in this case. However, the IRS still tries to attach available assets.

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We are trying out a new column this month (page two) that is comprised of witticisms spoken off-the-cuff by the editor’s spouse of forty-four years, Rita. Her remarks are often very funny and not at all contrived, or even an attempt at humor. They just come out that way.

*By the way...If you had named your partially dependent Mother-in-law, who is now deceased, as a co-first beneficiary with your spouse on your personal life insurance, you may have just made a nice tax-free award to your spouse's siblings upon your death.*

*The beneficiary arrangement of a life insurance policy can be a tricky thing, and worth checking out.*

### **Consumer Confidence Index**

The Consumer Confidence Index for July jumped to 106. What does this mean? The CCI is a measurement of how consumers feel about the economy, judged by their buying habits. Consumers do two-thirds of all buying. The current CCI number is the highest it has been in two years.

The July figure is the fourth straight monthly increase. The pattern is strong evidence of a sustaining positive trend.

### **Economic Commentary**

Despite the nay Sayers and the slower growth of the second quarter (3%), some analysts are still forecasting growth of 4.6% or more in gross domestic product (total of all goods and services) for the year. If it does that, it will be the best growth in the last twenty years.

The Congressional Budget Office forecasts a real (adjusted for inflation) change in the Domestic Gross Product of 4.8%

The Clinton administration had two years of 4.5% growth. In 1984, the Reagan administration had an economic growth rate of 7.2%.

### **Did You Know?**

- 80% of U.S. citizens own running shoes; 8% actually run.
- Thirteen million Americans suffer from depression; six million are untreated?
- 30% of all fatal traffic accidents are alcohol related.
- Per capita, the biggest "charitable giving" State is Louisiana; the least giving State is Connecticut.
- Employers are expected to reduce or eliminate drug coverage for four million retirees when Medicare drug benefits begin.
- Two-thirds of all persons ever born in the history of Earth who have reached age 65 or older are alive today.
- To strengthen discipline, one must exercise it, much like a muscle in the body. Use greater discipline to gain greater discipline.
- The intermediate range of Social Security recipients' cost-of-living adjustments are: 2004=1.1%, 2005 = 1.6%, & 2006=2.0% .
- Fifty million U.S. citizens will buy life insurance in September of 2004, the anniversary month of the "9/11" terrorist attacks.
- Emotion often plays a bigger part of one's investment decisions than does rational thinking.
- The fear of loss is a greater motivator than the expectation of profit.
- 48% of all mortgage foreclosures in the U.S. are caused by a long-term disability of the breadwinner.
- Approximately 300,000 U.S. persons die each year from causes rooted in poor diet and physical inactivity.

### **Saving and Investing**

Saving is what we do for a rainy day, usually in the short term. Investing is what we do for the long term. Investment proceeds often come from savings.

Investors should remember that nothing is ever certain, and keep in mind the following:

1. Investing involves decision-making under uncertainty.
2. If all uncertainty is eliminated, there is no opportunity.
3. If none of the uncertainty is eliminated, there is only risk.

Investment news, good or bad, feeds on itself, and pushes the buttons of our time-tested emotions—fear and greed. Be aware.

### **Banks Moving To Digital Future**

Banks are preparing to handle checks digitally. U.S. banks are boosting their technology spending as a new law set to take effect in October will allow them to store electronic versions of canceled checks rather than the actual paper. Banks are believed to be gearing up to spend more than \$1.6 billion this year and next on this move to the digital future for check handling.

**JOBS** increased to over 1.3 million by mid-year, 50% of the Bush administration's target of 2.6 million new jobs for the year.

Critics are saying the number of hours worked for each job are less than in previous years, in an apparent effort to undermine the good news. However, there are more persons bringing home a paycheck and buying groceries and paying house notes than before. And, the hourly wage is up a tiny bit.

**INFLATION** is not an immediate threat to the economy. Core prices for goods and services nudged up only slightly recently. The worst of the acceleration in inflation should be behind for now, and should continue only moderately for the remainder of the year, analysts say.

### **Rita's quote corner.....**

*"We had the most rain in June since the 1500s."*

*"I think I have a sciatic nerve."*

*"How do you know its over when its over?"*

*"Nobody wants a free dog."*

**How Much Do You Enjoy Your Iced Tea?**

The average cost of a glass of iced tea in a restaurant in the U.S. is about \$2.00. If one couple foregoes the tea when eating out three times per week for twenty years and invests the money at 6%, and the price inflates by 4% each year, they will have \$35,740 to supplement retirement, or for other needs.

Then, at retirement, you can turn around and draw an additional \$3,116 per year from the nestegg over the next twenty years, or \$62,319. However, if you still want a glass of iced tea, then it will cost you about \$4.38. If you dined out and had three glasses of iced tea each week, as a couple, that would run you \$114 per month, \$1,368 per year, and so it goes.

**Hot Ideas !**

Employees who participate in their employer's 401(k) plan with the company's stock as one of the investment choices are encouraged to put no more than 25% of their investment contributions, by way of salary deferrals, into the company's stock.

Some employees want to own as much of their employer's stock as they can get, and often try doing so in the 401(k) plan. This is generally riskier than most of the other investment choices, and limits diversification. Remember Enron? Remember Worldcom?

If you have a desire to own the company's stock, purchase it outside the company's qualified plan with discretionary income after you have made all of your 401(k) deferrals.

**10 MEDICAID MYTHS**

You probably know that Medicaid will pay for your long term nursing home care if you meet certain limitations on income and assets. But, most people misunderstand the Medicaid eligibility rules. This series, "10 Medicaid Myths," discusses the most common misconceptions.

**Medicaid Myth # 1**

**"If I'm already in a nursing home, it's too late to do any Medicaid planning and I'll have to go broke before Medicaid will pay. My children will inherit nothing."**

Medicaid planning typically involves giving away assets to your children so you can meet the poverty guidelines to qualify for Medicaid. Many people believe that gifting must be done at least 36 months before entering a nursing facility, and if you are already in the nursing home it is too late to make gifts. This is not true.

If you could have benefited from Medicaid planning before entering a nursing home, you can benefit by planning after you are admitted. True, if you had planned sooner, you could save more, but unless you are already impoverished and qualified for Medicaid, you can still initiate a gifting program to qualify for Medicaid. It is almost never too late to save assets for your family.

How much can you give away and save for your family? That depends on several factors, such as the amount you now have, your monthly expenses, whether you are married and what your spouse's income is, and so forth.

For more details and a free booklet on Medicaid Planning in Louisiana, (each State is different) and/or Estate Planning in Louisiana, please call my office and ask to speak to one of my staff, or just email your request to me.

Compliments of:

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**Meeting Financial Challenges Every Day!**

WE are on the web. Visit us  
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## About Our Practice

For almost forty years, we have been helping people solve financial problems. The slogan of Horton Financial Services is "**Meeting Financial Challenges Every Day**"!

Our firm is paid for distributing insurance and investment products, and the benefit of our counsel, but the nature of our business is "**planning**", working with each client, one at a time, to help them achieve certain financial objectives.

We have never focused upon our personal income, but upon doing the right thing for the client, always considering the income a by-product of our service.

We have impacted over 3,000 lives in a positive way over the years, and continue to grow our business one client at a time, typically upon referral from existing satisfied clients and contract holders.

Our pledge to you is that we will always strive to do the right thing for you, and to merit your trust and confidence.

*Raymond C. Horton, Sr.*

## NEW LOCATION

Most of our clients are seen on their own turf, and a large number of them are out-of-town. We do business in a number of States. Moreover, with the Internet, much of our work is online. Our office is more a point of processing data, providing customer service, preparing recommendations and keeping track of our business. It isn't like we have huge machines processing people on a conveyer belt.

Approaching our fortieth year in the financial services industry, we decided that we could divert the commercial rent we have been paying all these years into our own property. Some decisions come slowly.

To enable us to buy the dream home, we decided, with enough space, we could put the office in the house. More and more professionals have been doing this in recent years. It just made good economic sense. 80,000 vehicles per day pass by.

In the event someone does need to come see us, once he or she steps inside, they aren't far away from the executive suite. State-of-the-art electronics and software contain everything we do for the client, including access to the client's account information, service opportunities, and planning solutions.



## For CPAs Only

Certified Public Accountants can soon check the Continuing Professional Education credits seminar schedule provided by Horton Financial Services, LLC, by going to [www.HortonFinancial.com](http://www.HortonFinancial.com), then to the 'Seminars' tab. Or, just give us a call.

### Sources include:

- Wall Street Journal
- Fox Financial News
- The Shreveport Times
- Dow Jones
- National Assn of Ins. & Fin. Advisors
- American Health Insurance Assn.
- The Associated Press
- The National Underwriter
- Million Dollar Round Table
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