



Weekly Interest Rate & Economic Update

January 2, 2013

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Rate Update

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Safe Sector Income:

	Average Maturity	Yield-to-Worst
CA Municipal	1.00 years	0.440%
CA Municipal	2.01 years	0.598%
CA Municipal	3.02 years	0.964%
CA Municipal	5.00 years	1.150%
CA Municipal	7.01 years	1.477%
CA Municipal	10.00 years	1.901%
National Municipal	2.00 years	0.911%
National Municipal	5.01 years	1.312%
National Municipal	10.01 years	2.185%

Corporate Bond Income:

Corporate Income	5.01 years	1.534%
High-Yield Income	3.51 years	4.799%
High-Yield Income	8.01 years	6.532%

Equity Income:	4.050%
MLP Income:	6.420%

US Treasury Rates (01/02/13):

3 Month Treasury Bill:	0.06%	3 Year Treasury Note:	0.37%
6 Month Treasury Bill:	0.12%	5 Year Treasury Note:	0.78%
12 Month Treasury Note:	0.17%	7 Year Treasury Note:	1.13%
2 Year Treasury Note:	0.27%	10 Year Treasury Bond:	1.83%

Weekly Economic Update

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News

Key Points in Bill Passed by Congress to Avert “Fiscal Cliff”

- Postpones the first installment of automatic spending cuts for two months
- Raises \$620 billion in tax revenue over a 10-year period through higher tax rates on the top income levels
- PERMANENTLY extends the Bush tax cuts for individual filers below \$400,000 and families below \$450,000
- Income levels above \$400,000/\$450,000 will be taxed at 39.6% (up from current rate of 35%)
- Income levels above \$400,000/\$450,000 will see capital gains and dividend tax rates move to 20% (up from current rate of 15%)
- Raises estate tax rate to 40% for estates of more than \$10 million per couple
- PERMANENTLY fixes the Alternative Minimum Tax (AMT)
- Extends unemployment insurance benefits for one year
- Extends child tax credit, earned income tax credit and tuition tax credit for five years
- Avoids a cut in payments to doctors treating Medicare patients

STATISTICS

National Unemployment Rate	7.7%	November 2012	
California Unemployment Rate	9.8%	November 2012	
Consumer Price Index (CPI)	1.8%	November 2012	Seasonally Unadjusted
Producer Price Index (PPI)	1.5%	November 2012	Seasonally Unadjusted
Gross Domestic Product (GDP)	2.7%	3rd Quarter 2012	Annually Adjusted
Prime Rate	3.25%	01/02/13	
Gold (Spot)	\$1,689.67	01/02/13	
Silver (Spot)	\$31.00	01/02/13	
Crude Oil (NYMEX Crude Futures)	\$93.01	01/02/13	

	10/27/10	01/03/11	01/03/12	12/10/12	12/17/12	01/02/13
MUNICIPAL BONDS						
CA - 1 Year	0.509%	1.079%	0.556%	0.400%	0.410%	0.440%
CA - 2 Years	0.947%	1.550%	0.810%	0.530%	0.556%	0.598%
CA - 3 Years	1.317%	2.053%	1.164%	0.907%	0.922%	0.964%
CA - 5 Years	1.889%	2.436%	1.501%	1.079%	1.090%	1.150%
CA - 7 Years	2.465%	2.998%	1.671%	1.385%	1.425%	1.477%
CA - 10 Years		3.842%	2.396%	1.804%	1.853%	1.901%
NAT - 2 Years	1.102%	2.340%	0.588%	0.846%	0.888%	0.911%
NAT - 5 Years		3.009%	1.305%	1.246%	1.276%	1.312%
NAT - 10 years		3.783%	2.315%	2.114%	2.166%	2.185%
CORP. BONDS						
INV. GRADE - 5 Years	1.459%	2.693%	1.599%	1.465%	1.493%	1.534%
HI-YIELD - 3.5 YEARS		5.220%	5.199%	4.691%	4.725%	4.799%
HI-YIELD - 8 YEARS	7.503%	6.735%	6.275%	6.405%	6.432%	6.532%
EQUITY INCOME MODEL						
EQUITY INCOME MODEL VALUE	\$ 1,000,000.00	\$ 1,014,146.52	\$ 1,132,073.80	\$ 1,167,635.96	\$ 1,163,935.65	\$ 1,161,516.36
MLP INCOME MODEL						
MLP INCOME MODEL VALUE	\$ 1,000,000.00	\$ 1,066,140.90	\$ 1,170,773.07	\$ 1,155,468.55	\$ 1,133,908.42	\$ 1,193,866.24
US TREASURY						
3 - MONTH	0.120%	0.120%	0.010%	0.050%	0.040%	0.060%
6 - MONTH	0.160%	0.180%	0.060%	0.110%	0.100%	0.120%
12 - MONTH	0.210%	0.270%	0.110%	0.170%	0.150%	0.170%
2 - YEAR	0.380%	0.600%	0.250%	0.240%	0.230%	0.270%
3 - YEAR	0.570%	1.010%	0.380%	0.320%	0.340%	0.370%
5 - YEAR	1.230%	2.020%	0.880%	0.620%	0.700%	0.780%
7 - YEAR	1.930%	2.740%	1.410%	1.020%	1.070%	1.130%
10 - YEAR	2.620%	3.340%	1.950%	1.620%	1.720%	1.830%
BLENDED MODELS (45% Tax Bracket)						
ULTRA INCOME STRATEGY	1.880%	3.220%	1.790%	1.210%	1.250%	1.340%
BLENDED INCOME STRATEGY	2.970%	4.010%	2.870%	2.440%	2.490%	2.520%
BALANCED INCOME STRATEGY	4.190%	4.860%	3.970%	3.700%	3.750%	3.780%
DIVERSIFIED INCOME STRATEGY	6.010%	6.160%	5.660%	5.560%	5.620%	5.630%
DYNAMIC INCOME STRATEGY	6.730%	6.610%	6.390%	6.450%	6.510%	6.490%

Model		Annual Income	TEY 35% (Bracket)	TEY 45% (Bracket)
Ultra Income Strategy				
Municipal Income - Short-Term	75%	\$ 4,485.00	\$ 6,900.00	\$ 8,154.55
Municipal Income - Mid-Term	25%	\$ 2,875.00	\$ 4,423.08	\$ 5,227.27
MLP Income	0%	\$ -	\$ -	\$ -
Equity Income	0%	\$ -	\$ -	\$ -
Corporate Income	0%	\$ -	\$ -	\$ -
High-Yield Income	0%	\$ -	\$ -	\$ -
	100%	\$ 7,360.00	\$ 11,323.08	\$ 13,381.82
		0.74%	1.13%	1.34%
Blended Income Strategy				
Municipal Income - Short-Term	50%	\$ 2,990.00	\$ 4,600.00	\$ 5,436.36
Municipal Income - Mid-Term	25%	\$ 2,875.00	\$ 4,423.08	\$ 5,227.27
MLP Income	10%	\$ 6,420.00	\$ 8,395.38	\$ 9,921.82
Equity Income	5%	\$ 2,025.00	\$ 2,648.08	\$ 3,129.55
Corporate Income	10%	\$ 1,534.00	\$ 1,534.00	\$ 1,534.00
High-Yield Income	0%	\$ -	\$ -	\$ -
	100%	\$ 15,844.00	\$ 21,600.54	\$ 25,249.00
		1.58%	2.16%	2.52%
Balanced Income Strategy				
Municipal Income - Short-Term	25%	\$ 1,495.00	\$ 2,300.00	\$ 2,718.18
Municipal Income - Mid-Term	25%	\$ 2,875.00	\$ 4,423.08	\$ 5,227.27
MLP Income	15%	\$ 9,630.00	\$ 12,593.08	\$ 14,882.73
Equity Income	15%	\$ 6,075.00	\$ 7,944.23	\$ 9,388.64
Corporate Income	15%	\$ 2,301.00	\$ 2,301.00	\$ 2,301.00
High-Yield Income	5%	\$ 3,266.00	\$ 3,266.00	\$ 3,266.00
	100%	\$ 25,642.00	\$ 32,827.38	\$ 37,783.82
		2.56%	3.28%	3.78%
Diversified Income Strategy				
Municipal Income - Short-Term	10%	\$ 598.00	\$ 920.00	\$ 1,087.27
Municipal Income - Mid-Term	20%	\$ 2,300.00	\$ 3,538.46	\$ 4,181.82
MLP Income	25%	\$ 16,050.00	\$ 20,988.46	\$ 24,804.55
Equity Income	25%	\$ 10,125.00	\$ 13,240.38	\$ 15,647.73
Corporate Income	5%	\$ 767.00	\$ 767.00	\$ 767.00
High-Yield Income	15%	\$ 9,798.00	\$ 9,798.00	\$ 9,798.00
	100%	\$ 39,638.00	\$ 49,252.31	\$ 56,286.36
		3.96%	4.93%	5.63%
Dynamic Income Strategy				
Municipal Income - Short-Term	5%	\$ 299.00	\$ 460.00	\$ 543.64
Municipal Income - Mid-Term	5%	\$ 575.00	\$ 884.62	\$ 1,045.45
MLP Income	30%	\$ 19,260.00	\$ 25,186.15	\$ 29,765.45
Equity Income	25%	\$ 10,125.00	\$ 13,240.38	\$ 15,647.73
Corporate Income	10%	\$ 1,534.00	\$ 1,534.00	\$ 1,534.00
High-Yield Income	25%	\$ 16,330.00	\$ 16,330.00	\$ 16,330.00
	100%	\$ 48,123.00	\$ 57,635.15	\$ 64,866.27
		4.81%	5.76%	6.49%

Assumptions:

Invested Amount: \$ **1,000,000.00**

Yields:	Yield	Notes:	Ave. Mat:
Municipal Income - Short-Term	0.5980%	Tax Free (California Residents)	2.01/years
Municipal Income - Mid-Term	1.1500%	Tax Free (California Residents)	5.00/years
MLP Income	6.4200%	85% Tax Efficient	
Equity Income	4.0500%	Assume 15% Qualified Tax Rate	
Corporate Income	1.5340%	Fully Taxable	5.01/years
High-Yield Income	6.5320%	Fully Taxable	8.01/years