

## FALL 2019 NEWSLETTER

### **What is the Yield Curve and What Does it Tell Us?**

If you have heard the term yield curve and wondered what it is and why it is important, here is a simplified (we hope!) explanation. The yield curve tells us the relationship between the length of a government bond's term (time to maturity) and the interest rate it pays.

The normal yield curve shows higher interest rates on longer term bonds than those of shorter term bonds. The reason we would consider this a "normal" yield curve is because investors with confidence in our economy who are willing to tie up our money for longer timeframes should be compensated with higher interest rates.

The flip side of a normal yield curve is an inverted yield curve. An inverted yield curve occurs when longer-term bond interest rates are actually less than those of shorter-term bonds. This occurs when investors are feeling less confident about the economy and are willing to accept lower rates on longer-term bonds because they are just seeking safety.

Inverted yield curves are one of the many indicators used to predict when we are nearing or in a recession. When this newsletter was written, we currently have an inverted yield curve. We see no reason to be alarmed, but we should all consider this as a warning. As we said, this is one of many indicators used to predict recessions. We have stated many times that the current recovery has been long by historical measures. Based on that fact alone, it makes sense that we would be closer to our next recession than not.

When we receive these warnings, it reinforces why diversification and discipline are keys to successful investing. We receive warning signals but we never receive a telegraph—so constantly being prepared for the tide to turn is always prudent.

### **Beware of More Scams**

Some of you have heard Vikki's story regarding having her bank information compromised when she withdrew cash from a local ATM machine. For those of you that have not, please be cognizant when you use any ATM machine. While the bank did refund the money within one week, it created a headache because the account had to be closed.

This particular type of fraud is called skimming. The ATM machine is compromised by a skimming device that is affixed to the machine and looks like it is part of the machine. The reader "skims" your confidential information including your account number and pin as you insert your card.

To protect yourself from this type of fraud, the banking staff suggested checking ATM machines for anything out of the ordinary (tape, loose parts, glue marks, machine scratches, cameras, extra fixtures). Check the keypad as well. If something appears unusual, do not use the machine. Another best practice is to use your free hand to hide your card information and pin from any cameras that may be installed. In addition, it is preferable to use ATMs in high traffic locations.

The good news is that ATM fraud is less frequent as machines are updated with better technology.

### **Managing Increasing Long Term Care Premiums**

As many of you are already aware, it is now common to see significant increases in annual premiums for LTC (Long Term Care) policies. Unfortunately, it takes historical perspective, coupled with other pertinent information, in order for any type of insurance coverage to be properly priced. Long Term Care policies have only been around for a few decades. As a result, it has taken this amount of time for insurance companies to gather the necessary data to more accurately price newer policies.

Incorrect assumptions years ago led insurers to underprice older policies. Insurers projected that a larger percentage of individuals would drop their coverage at some point in their lives. That has not proven to be the case. In addition, life expectancy assumptions and utilization rates were incorrect. Policyholders are living longer and utilizing their LTC benefits at a greater rate than insurance companies had projected.

If you receive a notice for a premium increase, you can pay the increased amount if your budget allows or opt for reduced benefits. The benefits that can be reduced include the daily benefit amount, the benefit period, or the inflation rate.

Even with increased premiums or reduced benefits, we highly recommend that you keep these policies as they continue to offer a tremendous value. According to a March 3, 2018 article in AARP, by the time individuals reach age 65, chances are 50-50 that they will require long term care someday.

Please contact us if you receive a notice regarding a premium increase. We will work with you to evaluate the options provided.

Wishing you all a wonderful fall season ahead!

Vikki D. Lenhart  
Registered Principal/Investment Advisor Representative  
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## From Lorraine's Kitchen

### Tomato Tart

Here is a great way to use up some of the last summer tomatoes for a lunch or light dinner on the porch with friends before cold weather sets in! This simple recipe uses one of the two sheets from a 17.3 oz package of frozen Pepperidge Farm Puff pastry. The extra sheet can be re-frozen for another time or, invite four more people for lunch and double the recipe!

#### Ingredients

1/2 package of Pepperidge Farm Puff pastry or similar product, thawed according to package directions  
3-4 fresh sliced tomatoes  
1- 5 oz tub of Allouette Garlic and Herbs soft cheese from the cheese section of the grocery store  
1 tablespoon of extra virgin olive oil  
Salt and pepper to taste  
Fresh julienned basil for garnish

#### Directions

1. Preheat oven to 400° and move oven rack to center of oven.
2. Roll out a sheet of puff pastry dough on a floured board so that the dough is flat and no seams are showing. Cut the sheet into 4 equal squares. Using a small knife, score the inside of each square to make a border of about 1/2 inch all the way around, being careful not to slice all the way through the dough. You are just trying to make an edge or a border that will rise as the pastry bakes.
3. Place the tarts on a baking sheet. Lay the Allouette cheese on the surface of each tart, leaving the border empty. It's okay to dab pieces of the cheese on the surface of the pastry. Next, lay the sliced tomatoes on top of the cheese. Drizzle a little olive oil over the tomatoes. Season with salt and pepper and bake tarts for 15-20 minutes until pastry has browned.
4. Remove from oven, place julienned basil on each tart and serve.