



Registered Investment Advisor Firm

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When is the best time to use tax loss harvesting? Tax loss harvesting is a strategy for investors to offset their annual tax liability. This involves selling a security that has lost value in your non-retirement portfolio. By selling the asset, you are realizing, or harvesting the loss so that you may be able to offset capital gain taxes. If you don't have capital gains to offset, you may reduce your current ordinary income by a maximum of \$3,000 or carry the loss forward to future years.

December has been the traditional season. Many investors were selling in November trying to be first before the selling started which drove the price of the security down further. So the best time is before year-end.

Why wait till year-end? Sometimes assets decline in value earlier in the year, only to rebound and become profitable by year-end. So it pays to wait. All trades have to settle before the last trading day of the year to be eligible.

If you want more information, you can review the last 2 year-end newsletters on the Davis Investment Group website or

you can call contact Bob Davis at (707) 648-2024.

What is Market Watch's newest dashboard? Market Watch has started a new real-time updating dashboard that tracks how the average American family is fairing financially. There are ten data points divided into three categories: Your Money; Debt and Cost of Living.

In Your Money category, the median Net Worth of an American family is \$81,200 (down 1.9% from the previous month); Savings was 3.5% (down 2.7% from the previous month).

In the Debt category, the Mortgage Debt, on a per capita basis, was \$31,590 (up .8% from the previous year); Auto Debt was \$4,340 (up 6.6% from previous year); Credit Card Debt was \$2,930 (up 4.6% from the previous year) and Student Debt was \$4,920 (up 5.6% from the previous year).

In the Cost of Living category, Home Prices were up 5.8% from one year ago (up 5.7% from previous month); Gas Prices were \$2.49 per gallon (up 3.3% from previous month); College Tuition

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was \$9,650 per school year (up 1.6% from the previous year) and Food Prices were down .3% from one year ago (down 1.2% from previous quarter).

What does this indicate? American household's net worth climbed to all time high just before the recession, but the gap between top earners and the average family remained wide. We still are not saving as much money as we used to, leaving many of us ill-equipped to cope with retirement or financial emergencies.

The 2008 real estate crash and recession saw millions of Americans falling behind on mortgages and losing homes to foreclosure. These days, there's less housing debt, but other types have ballooned. Student loan debt has reached a crisis level – \$1.4 trillion – more than 4 million borrowers defaulted last year. Americans now have the highest credit card debt in history - \$1.02 trillion. Auto loan debt is growing with more cars being repossessed.

After plummeting during the recession, home prices are on the rise. Home purchase is putting a financial strain on many Americans and housing costs are a larger share of the paycheck. College tuition has soared in all 50 states. Gas prices are down from a year ago.

How do you compare? If you need more information, contact Bob Davis at DIG to help develop your financial well-being.

FED Watch

The Fed is meeting after this newsletter goes to print, but there is only a 1.5% chance of rate increase at this meeting and 97% chance at the December meeting.

Next meeting:
December 12th and 13th.

Davis Investment Group

Davis Investment Group is a fee-based Registered Investment Advisor firm servicing the needs of clients across the United States.

Davis Investment Group custodies all client assets at Charles Schwab & Co. Davis Investment Group's home office is located at 714 Marin Street, Suite #C, Vallejo, CA 94590. The telephone number is (707) 648-2024.

If you have questions or would like further information on this month's topics or any other financial or investment related subjects, including Social Security claiming strategies, please contact me by phone or through my email address at:

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