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Will the Child IRA Solve Retirement Woes?

How to start a newborn on the road to retirement, VanEck files for a bitcoin ETF, and eMoney opens a Rhode Island office.

WealthManagement.com Staff | Aug 16, 2017

Financial advisor Christopher Carosa's latest book introduces an interesting concept for solving the retirement-readiness crisis: the Child IRA. The book, *From Cradle to Retirement*, set to release in September, uses real-life case studies and in-depth analysis to explain and demonstrate how parents can help their children retire "as multimillionaires," and how children can make $1,000 a year, even as minors. Adam Bergman, a retirement specialist at IRA Financial in New York City, reinforces the idea of ultra-early preparation: "I have several clients who have been able to pay their babies for modeling or other services and have opened Roth IRAs in their names in order to take advantage of the benefit of tax deferral, or tax-free growth in the case of a Roth IRA. The key is finding a source of income for the child," he told *TheStreet.com*. Carosa started a Kickstarter campaign for the book, which allows patrons to preorder the book and encourages financial professionals to write reviews and chapter introductions that may be featured in the book.

VanEck Files to Launch Bitcoin ETF

Investment-management firm VanEck has filed a Form N-1A with the Securities and Exchange Commission to launch a bitcoin exchange traded fund (ETF). The fund, the VanEck Vectors Bitcoin Strategy ETF, will be listed on the Nasdaq and will not invest in bitcoin directly, but instead via "bitcoin-linked derivative instruments." The announcement last week of VanEck's ETF comes just one day after Joseph Foster, the firm's portfolio manager and strategist for its flagship International Investors Gold Fund, called bitcoin a fad. "At best, digital currencies may eventually occupy some middle ground as a niche product," he said, according to Bitcoin.com. “At worst, they become a failed experiment that ends in tears."

eMoney Opens Rhode Island Office Using State Incentives

roxanabalint/iStock/Thinkstock

eMoney Advisor has always been proud of its Radnor, Pennsylvania, roots, but now the company is expanding into Rhode Island. According to the Providence Journal

told the Journal that jobs at eMoney pay an average salary of $80,000 a year. eMoney's headquarters will remain in Radnor.

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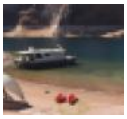

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A Bull Case on Stocks Tied to When to Declare a Bear Market

If anything, the market’s ability to bounce back is getting stronger.

Aug 17, 2017

By Oliver Renick

(Bloomberg) --The bull market in U.S. stocks that everyone expects to keel over with exhaustion is back to baffling everyone with its resilience. It can’t keep happening, right?

Perhaps -- though a bear case based on that reasoning has been a loser. Since April 2016, when this advance became the second-longest ever, gains in the S&P 500 total 19 percent.

That’s a lot to miss because you thought the clock was running out.

"For some investors, the sheer age of this cycle is enough to cause consternation. Yet there is nothing magical about the passage of time," wrote Krishna Memani, chief investment officer at OppenheimerFunds Inc., in a recent paper. "As we have said time and again, bull markets do not die of old age."

A subtler bull case on stocks for the long run centers on the squishiness of Wall Street definitions and their meaning for investors. Why worry, the theories go, when it isn't even clear how old the bull market is in the first place? The rally that began nine years ago has avoided a 20 percent decline, yes, but it's not like it's been one long episode of bliss.

Consider the rocky ride the S&P 500 took starting in late 2015, a stretch that included two 10 percent corrections and a drought in earnings. While the S&P 500's biggest dip during the stretch was capped at 14 percent, the churn between

the catharsis usually associated with bear markets. Or so the bulls say.

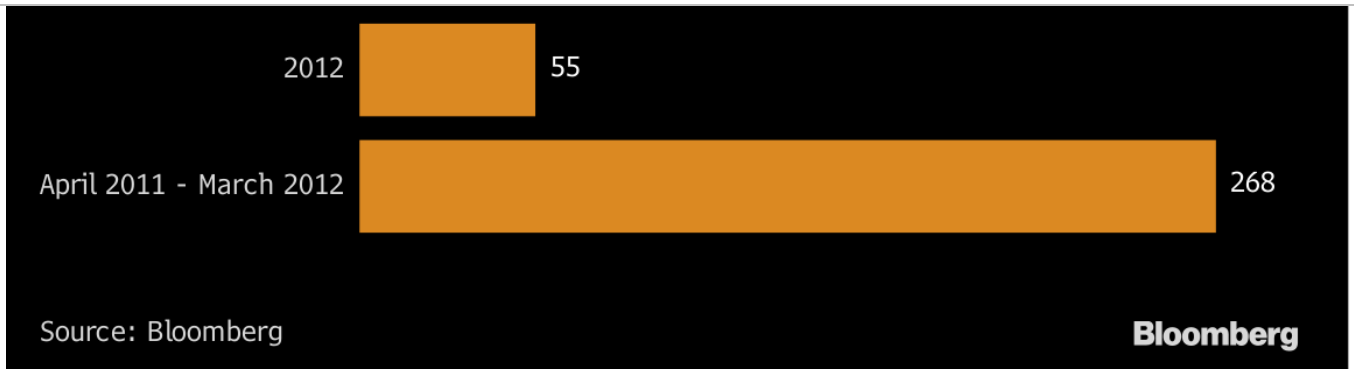
"The bear market that so many people are predicting these days has likely already happened," Andrew Adams, an equity research analyst for Raymond James, said in an email. "We definitely think that the multi-month stealth bear market was a base that the market continues to build on even now."

Over the 417-day period from May 2015 to July 8 the next year that saw the market fluctuate, plunge, rally and ultimately flatline, 269 shares in the S&P 500 fell at least 20 percent and never fully recovered their losses, according to a Bloomberg analysis exactly one year ago.

The number of declines of that size in individual companies was virtually the same as in 2011, when the benchmark gauge avoided bear-market status by a hair.

Since then, the index has rallied 16 percent. By comparison, it surged 32 percent in the 12 months following the lowest level of the 2011 rout. The current bounce back from the hidden bear market from 2015 to 2016 suggests the bull run since 2009 could be near its halfway point, according to an analysis by Bloomberg Intelligence.

The selloff "may have been the pause that refreshed the longer-term bull, similar to the 2011 experience," write analysts led by chief equity strategist Gina Martin Adams. On average, it takes 32 moths to reenter another correction of 10 percent or more after a drop of at least 15 percent, Adams writes.



Of course, rebounding corporate profits have been a key element to the equity market's resurgence this year. Companies in the S&P 500 emerged from a seven-quarter slump in profits this year, posting the biggest quarterly jump in earnings in the first quarter since 2011.

And analysts expect the gains to continue. Earnings per share in the S&P 500 will climb 12 percent to $130.59 by year-end, data compiled by Bloomberg show.

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