

## To some investors, Obama means risk

By Tom Petruno  
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Let's do the math. You've got a \$200,000 long-term stock gain to cash in. At a 15% tax rate, you'd keep \$170,000 of that. At a 20% tax rate, you'd keep \$160,000.

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But what if the stock is 25% higher a year from now because the economy is coming out of recession, that -- or in spite of -- Obama's policies? If your long-term gain is \$250,000 a year from now, and the tax rate is 20%, your net gain would be \$200,000.

Giles Almond, who manages \$155 million for clients as head of Matrix Wealth Advisors in Charlotte, N.C., most of his investors are taking a practical view of Obama.

"The gist of what I hear is, 'Let's wait and see,' " Almond said. "People know that any politician doesn't end implementing more than a fraction of what they intend to do."

Almond, who said he didn't vote for Obama, recalled that "there was a similar level of apprehension when Clinton came to office." Whatever else Clinton did, he wasn't bad for stocks in the '90s.

Many analysts predict that Obama's focus in 2009 will have to be stimulating the economy and avoiding m that could deepen the recession.

All things considered, the stock market should like the idea of more fiscal stimulus. And that spending may up resources that otherwise would fund the Obama agenda that some investors fear.

"Some [ideas], like universal healthcare, may be temporarily constrained by their large budget impacts," Bloomberg of America economists wrote in a post-election report. "Others, like higher taxes on higher-income household capital gains and dividends, likely will be delayed until the economy improves."

There is, however, the potential for the new Democratic majority in Congress to push Obama more toward a kind of government-engineered "wealth spreading" that could be a long-term drag on entrepreneurship and investment.

Yet even if Obama and Congress aggressively pursue a classic liberal agenda, it's silly to think that would leave the stock market devoid of opportunities.

When the economy recovers -- as I said, either because of or in spite of Obama -- many stocks will respond accordingly.

Even with his misgivings about Obama, Kerr says some stocks already are too cheap to ignore. His list includes media giant Time Warner Inc. and banking titan JPMorgan Chase & Co.

In the meantime, some investors are going with what may be a fail-safe approach in preparing their portfolios for Obama. They're buying tax-free municipal bonds.

Muni yields of, say, 4% or higher are attractive on their own merit for many investors, but they'll become more attractive if tax rates rise, notes Rick Keller, head of Keller Financial Group in Irvine.

"I think we'll inevitably see higher tax rates down the road," he says.

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