

Senior Prospects in New Canaan

Investment Committee, New Canaan Men's Club

Paul A. Strassmann, February 29, 2016

Former Member of the Senior Executive Service, Federal Government

Investment Review

S&P 500 Was Increasing But is Currently Not Stable

Index Value SPX

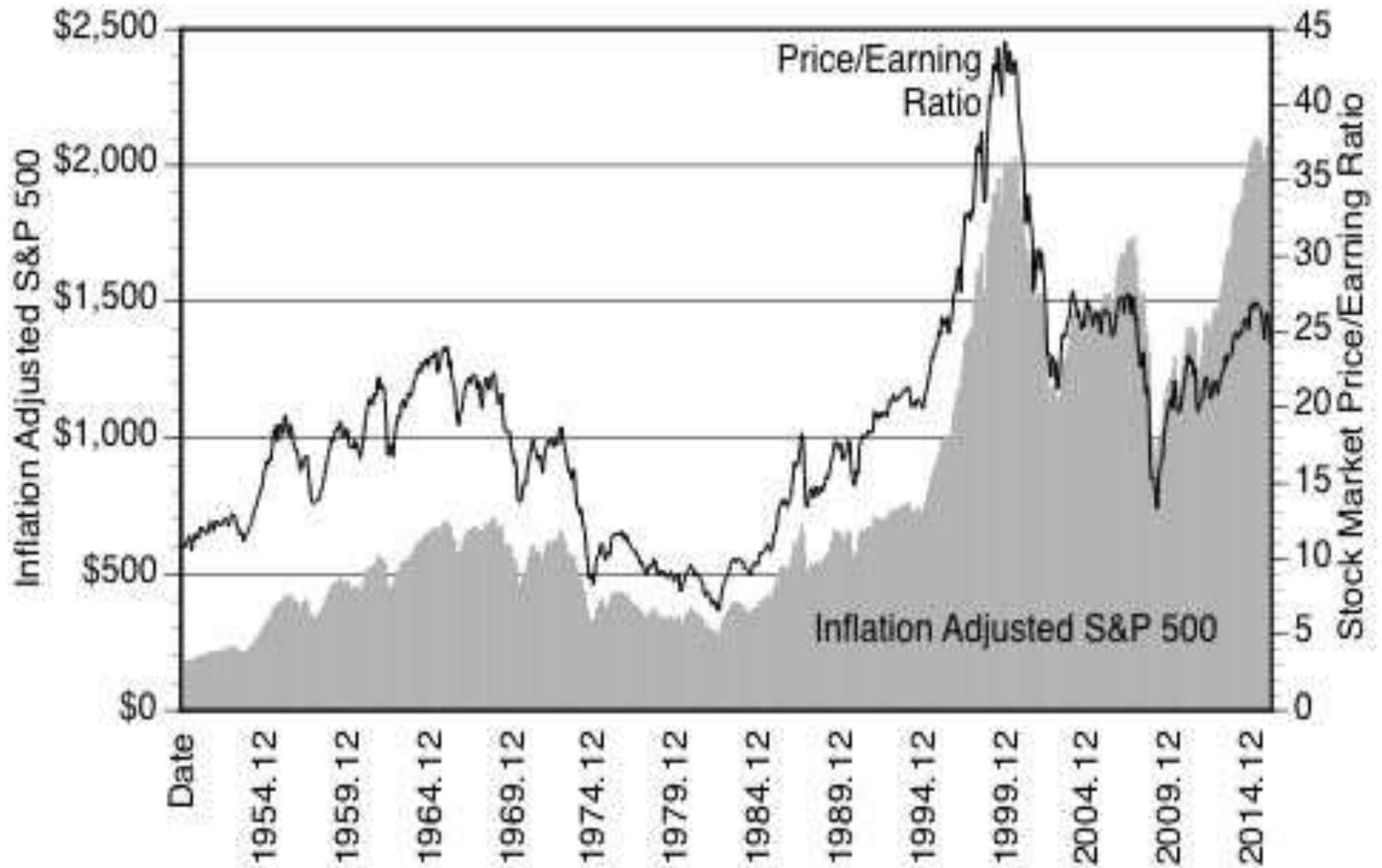
02/25/2013 - 02/22/2016

Zoom: 1D 5D 1M 3M YTD 1Y 3Y 5Y 10Y Maximum

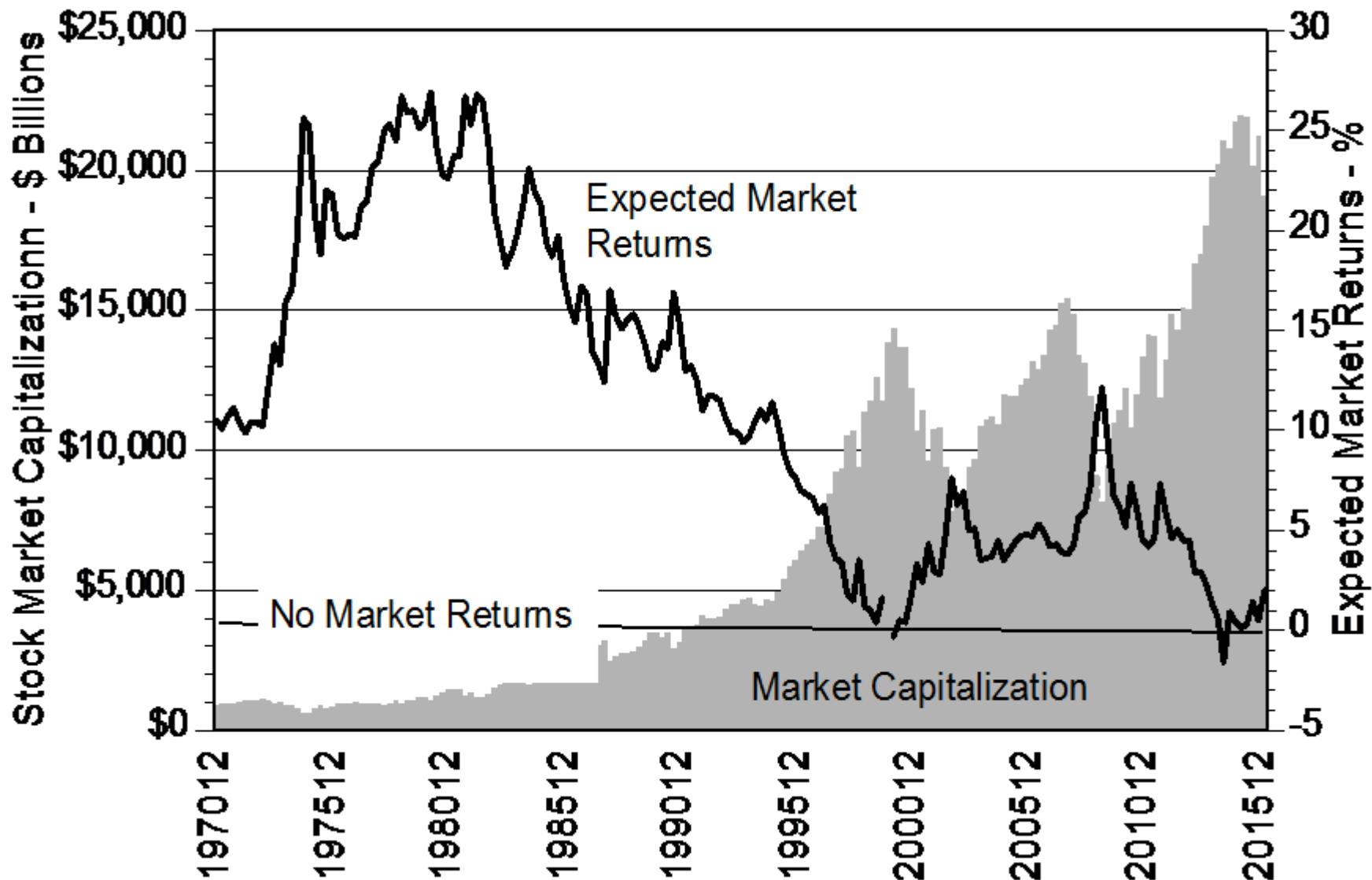
— SPI:SPX: +429.90 | +28.36%



Overvaluation = S&P 500 Exceeds Price/Earning Ratio



Overvalued Stock Market Reduces Market Returns



Recent Sector Performance Negative (02/27/2016)

Mutual Fund Performance - 2/26/2016	3 Month(%)	1 Year(%)
Energy Limited Partnership	-21.69	-43.25
Equity Energy	-20.2	-34.34
Natural Resources	-12.36	-27.68
Health	-14.79	-15.22
Financial	-13.39	-11.4
Industrials	-6.52	-10.78
Global Real Estate	-4.75	-9.46
Technology	-10.33	-9.02
Consumer Cyclical	-7.31	-7.01
Utilities	2.65	-6.18
Communications	-1.85	-5.59
Real Estate	-2.98	-4.09
Consumer Defensive	-0.48	-1.05

Performance of Recently Preferred Funds Negative

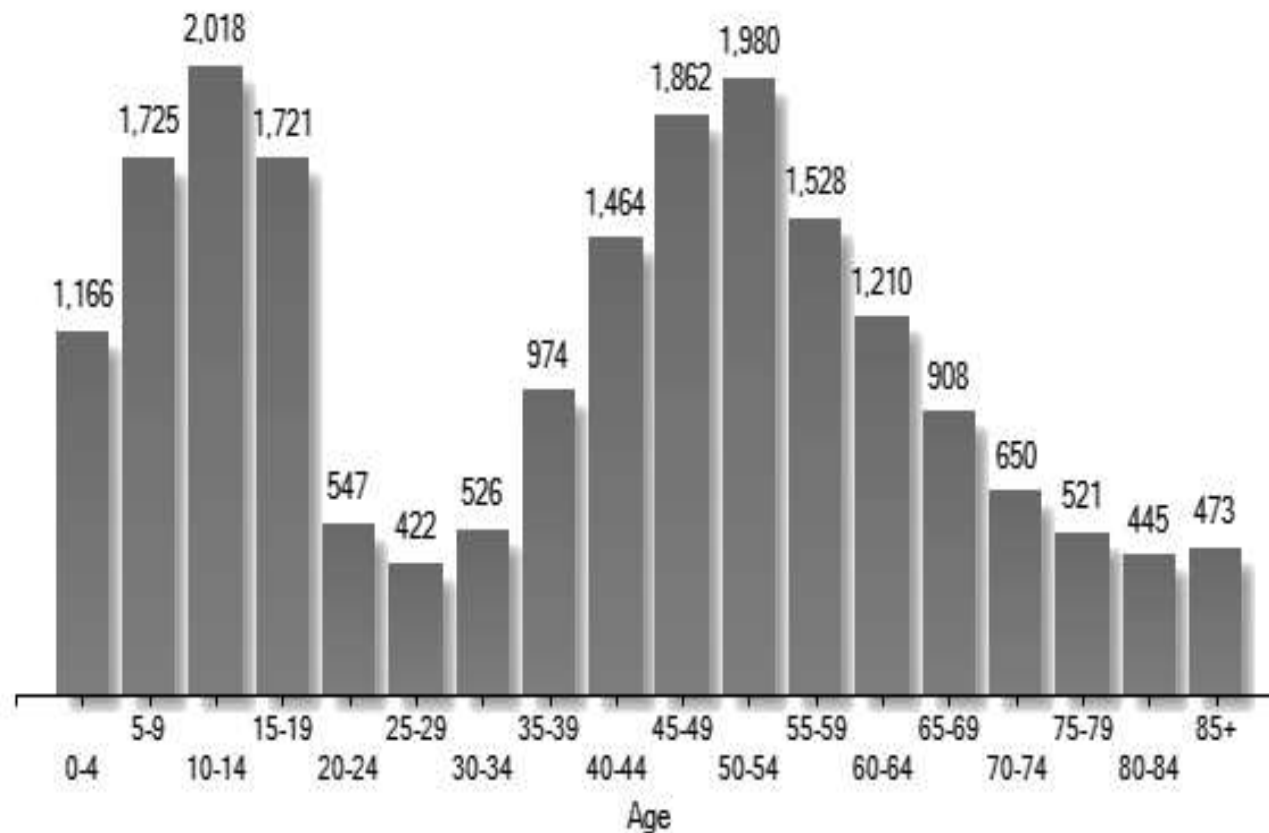
Mutual Fund Performance - 2/26/2016	3 Month - %	1 Year - %
Eventide Healthcare & Life Sciences C	-28.61	-31.26
Fidelity® Select Biotechnology	-29.81	-30.78
Rydex Biotechnology C	-22.71	-24.11
Alger Health Sciences B	-17.21	-18.7
Janus Global Life Sciences S	-14.18	-14.73
Invesco Global Health Care A LW	-13.72	-14.59
Hartford Healthcare C	-13.56	-14.02
AllianzGI Health Sciences A	-12.07	-11.57
T. Rowe Price Health Sciences	-12.43	-11.31
Putnam Global Health Care A Load Waived	-11.3	-11.17
BlackRock Health Sciences Opps Inv B	-11.05	-9.93
Vanguard Health Care Index Adm	-8.36	-8.19
Fidelity® Select Health Care Svcs Port	-5.54	-3.89

Summary

- A downward adjustment of the stock market can occur.
- Downside Portfolio Risks Are Likely to be Greater than Upside Potentials.
- Senior Men Should Consider Protection Against Losses.

New Canaan Review

Children Do Not Stay in New Canaan – High Population Turnover



Total: 20,140

Households: 7,111

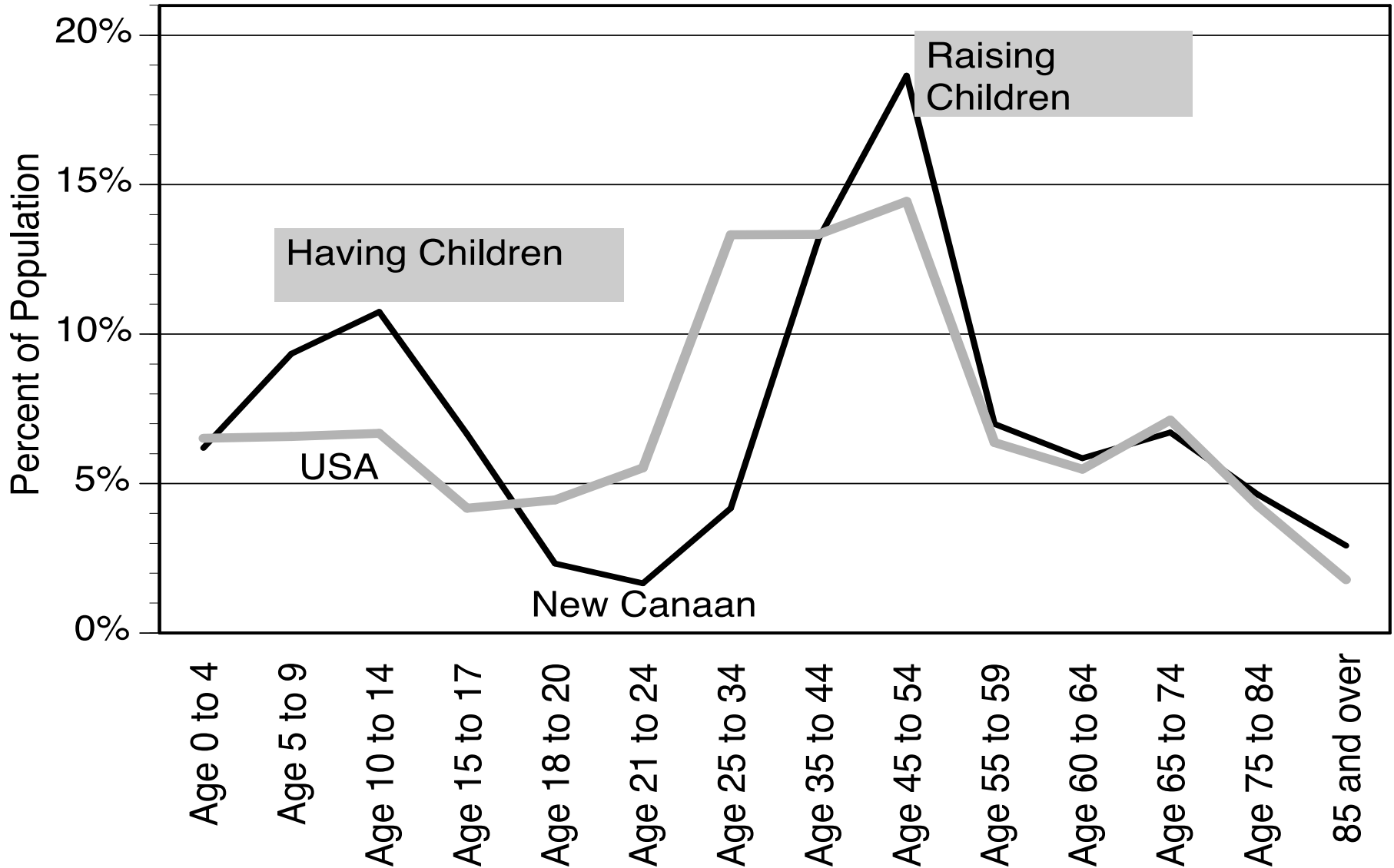
Median Age: 42.32

30% of the New Canaan Population in Schools

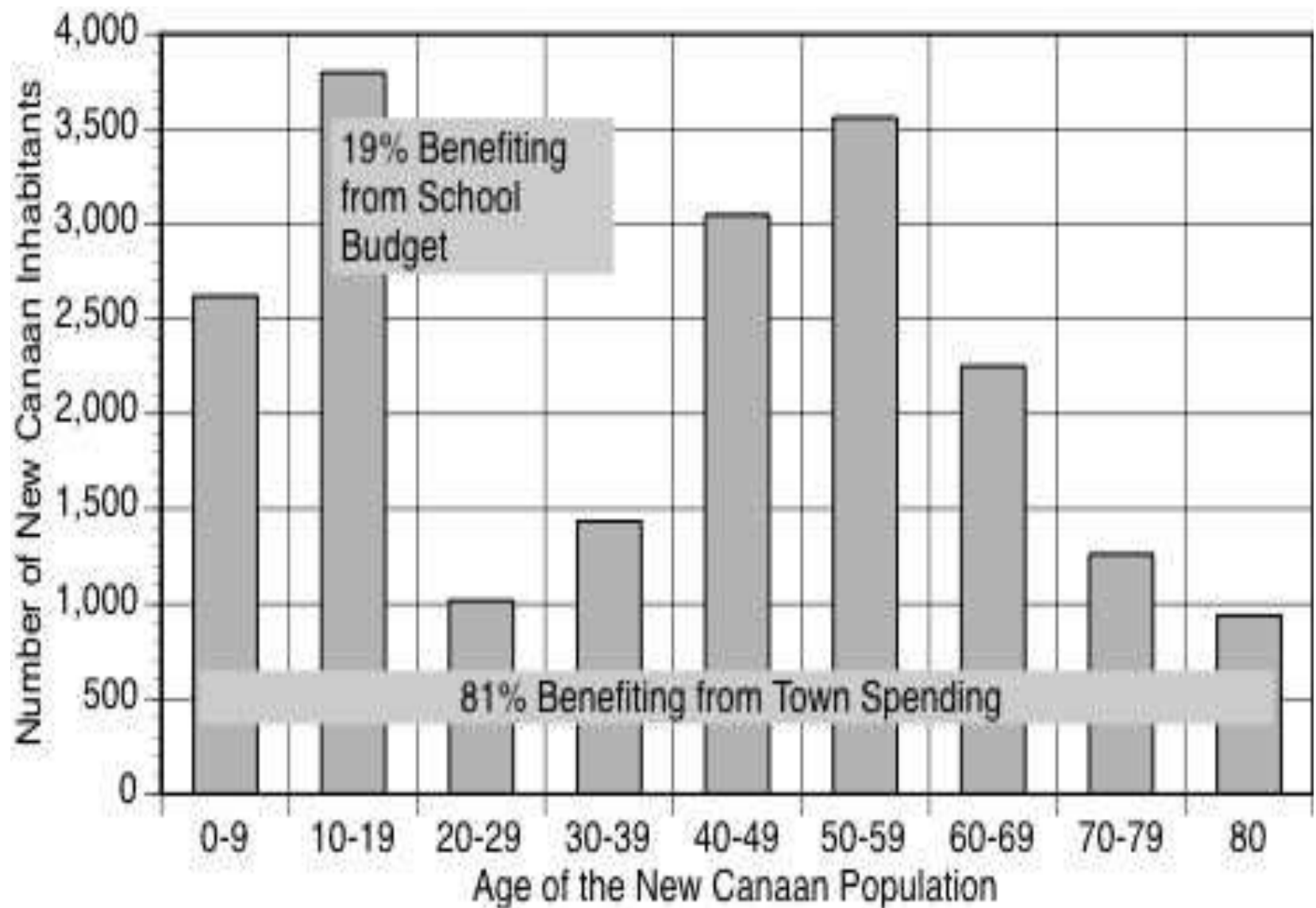
Age	0 to 4	5 to 17	18 to 24	25 to 49	50 to 64	over 65	Total NC Population
Male Population	663	2,994	411	2,335	2,157	1,308	9,868
Female Population	563	2,296	376	2,854	2,325	1,512	9,926
% of Population	6%	27%	4%	26%	23%	14%	100%

SOURCE: <http://www.cerc.com/TownProfiles/Customer-Images/newcanaan.pdf>

New Canaan is Child-Centered Dictating How Taxes are Managed



59% of New Canaan Budget Spent on 19% of the Population



New Canaan Taxes Rise Faster Than Home Values

Year	Grand List	Tax Millrate	NC Taxes	Increases
2008	\$78,193,843,430	13.351	\$109,396,004	1.66%
2009	\$78,186,037,270	13.585	\$111,207,316	1.66%
2010	\$78,207,391,957	13.853	\$113,697,001	2.24%
2011	\$78,255,912,872	14.076	\$116,210,230	2.21%
2012	\$78,301,912,279	14.586	\$121,091,693	4.20%
2013	\$78,052,488,253	15.542	\$125,151,772	3.35%
2014	\$78,136,949,551	15.985	\$130,069,139	3.93%
2008-2014	-0.69%	19.73%	18.9%	19.24%

New Canaan Seniors Have a Large Share of the Population

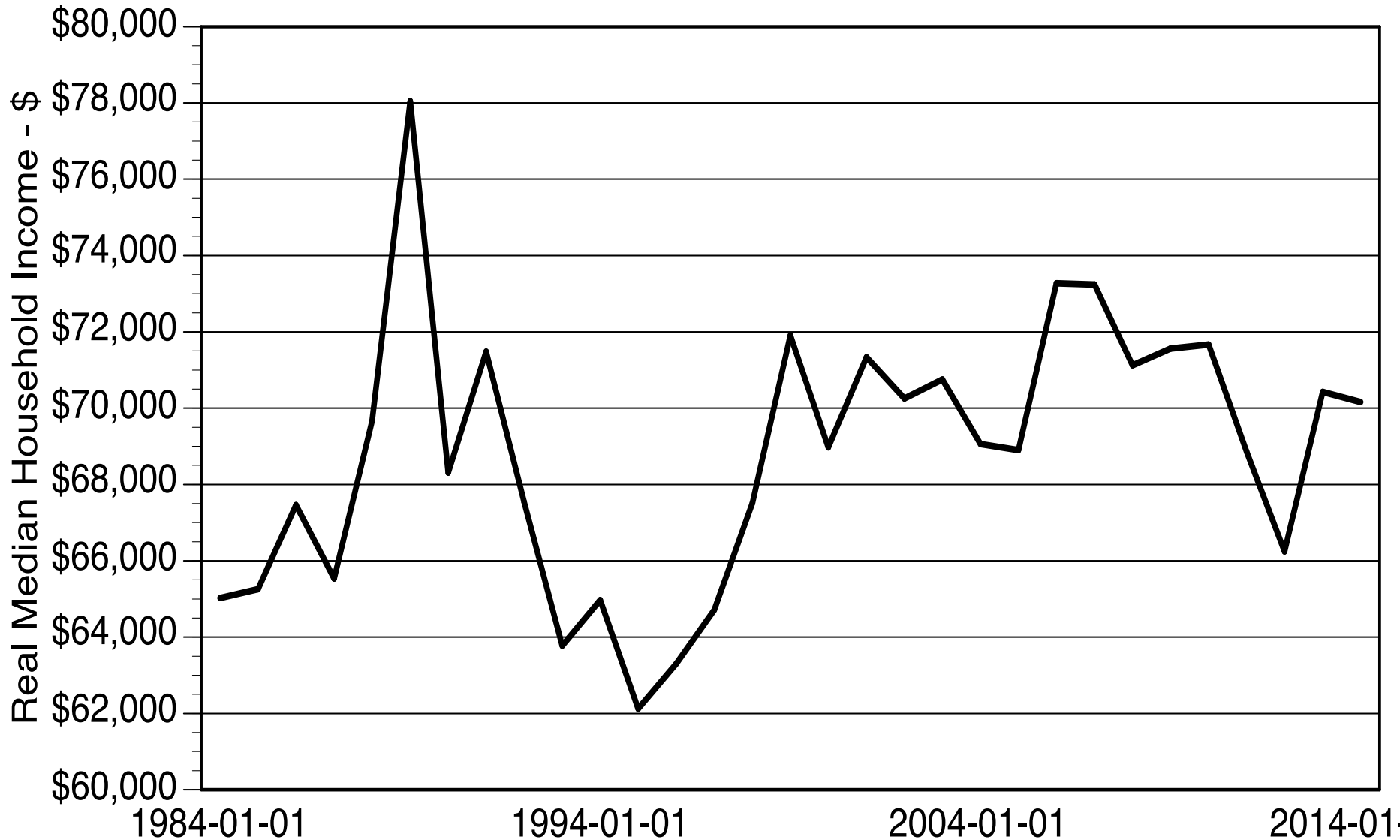
Person	New Canaan Population	Seniors over Age 65+	Senior's Share of Total
Male	9,868	1,308	13.3%
Female	9,926	1,512	15.2%
Total	19,794	2,820	14.2%

USA Population 65 Years and Older : 13%

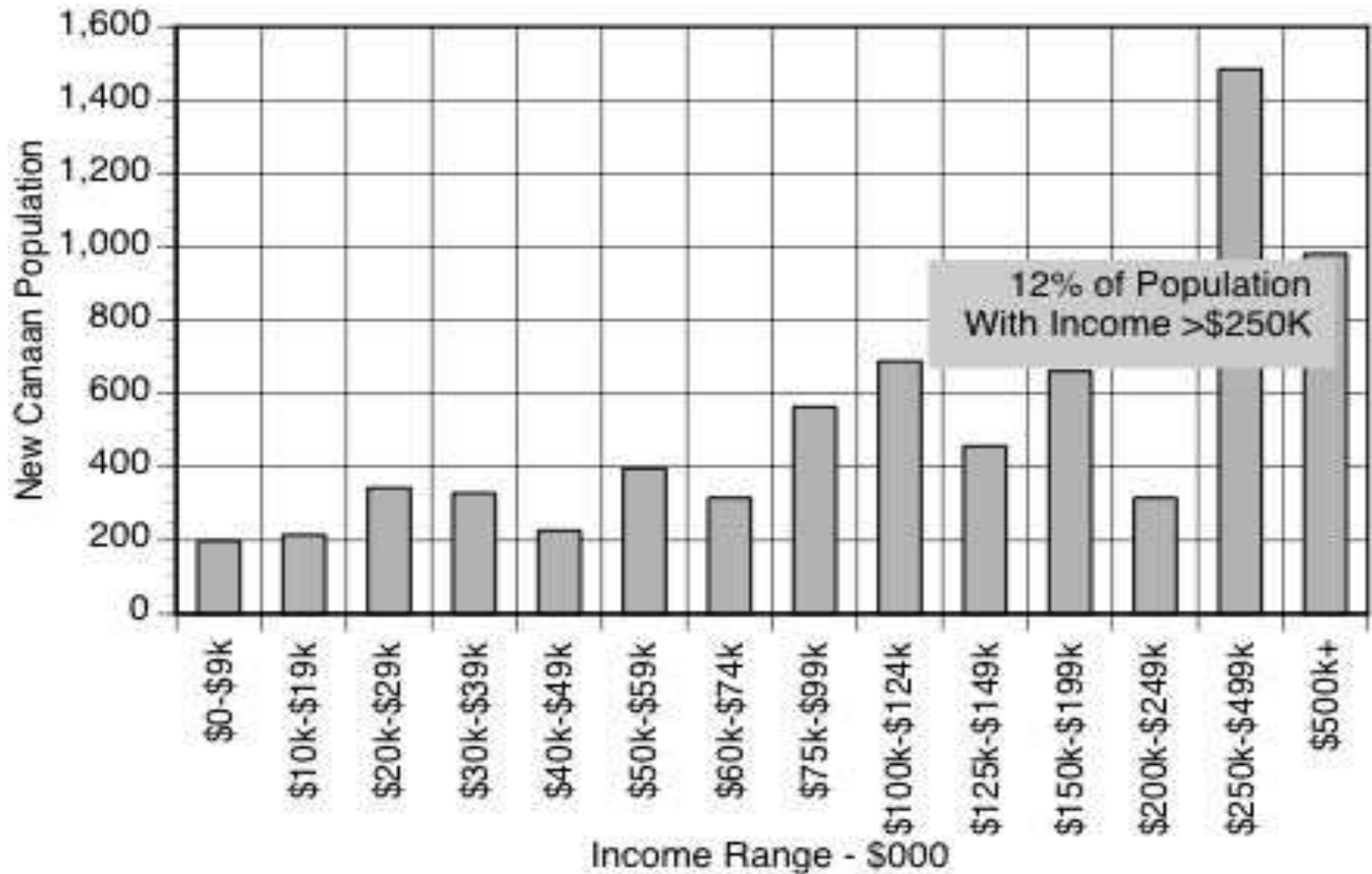
There are Over 2,787 Seniors Over 65 Live in New Canada

Age	Male Population	Female Population	Total Town Population	% of Total Population
65-69	402	411	813	4.1%
70-74	263	311	574	2.9%
75-79	210	306	516	2.6%
80-84	183	274	457	2.3%
85 Plus	155	272	427	2.2%
Total	9,490	10,248	19,738	14.1%

NC Inflation Adjusted Household Income Remains Stagnant



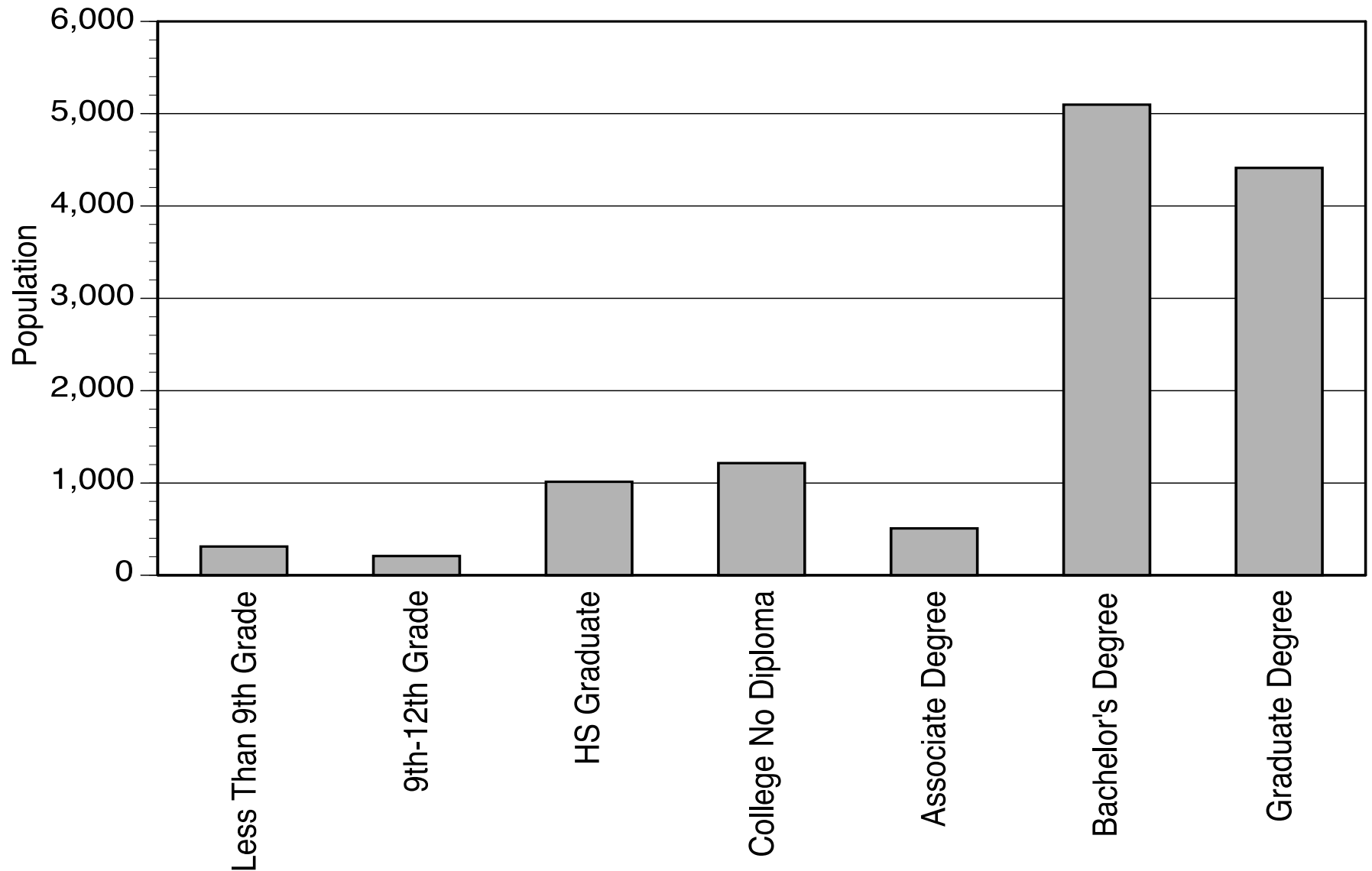
New Canaan Incomes Are Concentrated over \$100K/year



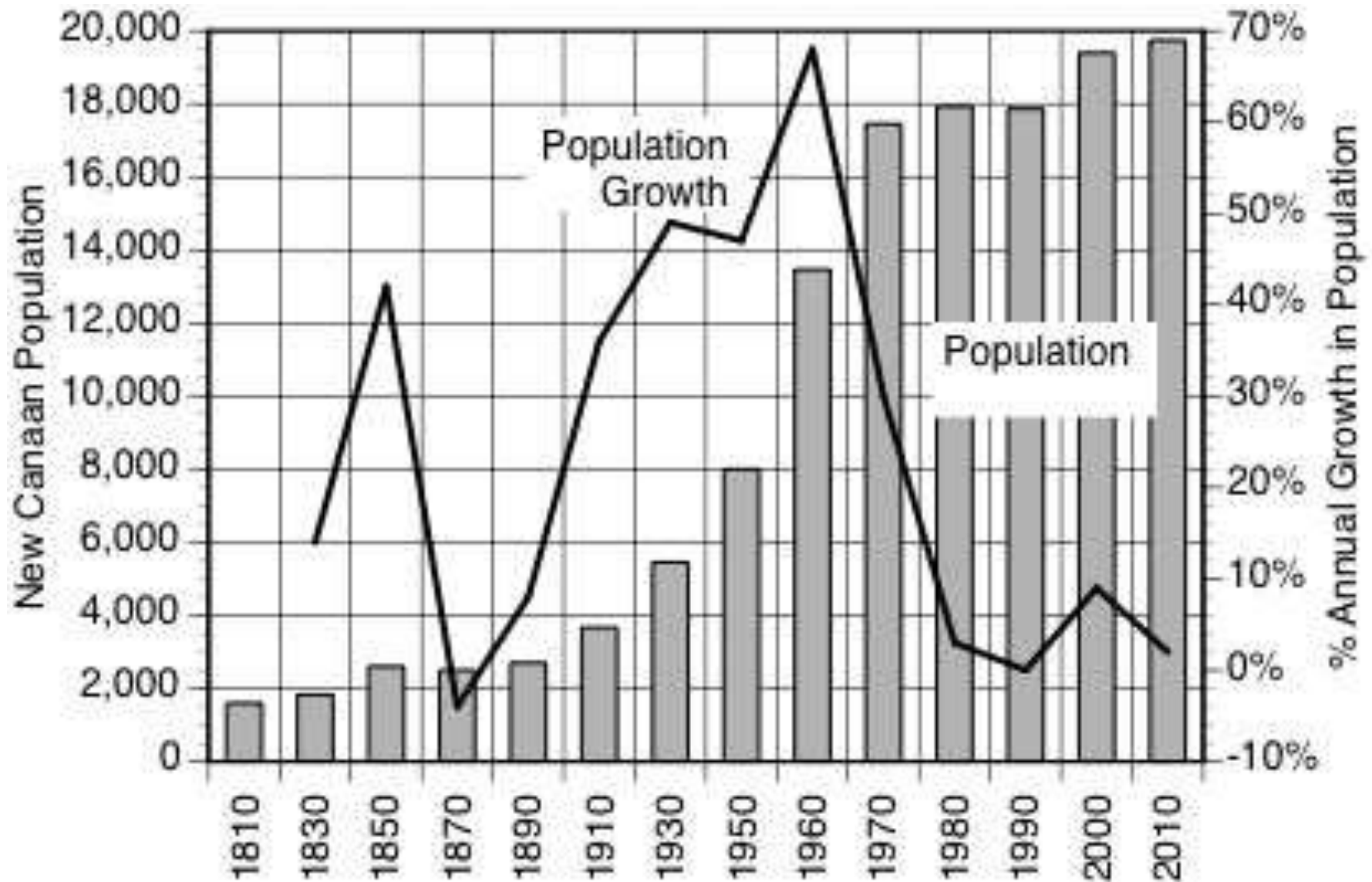
New Canaan Still Remains a Location Where to Live

Country Rank	Country	Average Income per Person
0	New Canaan Connecticut	\$98,693
1	Luxembourg	\$92,400
2	Liechtenstein	\$89,400
3	Macau	\$88,700
4	Bermuda	\$86,000
5	Isle of Man	\$83,100
6	Singapore	\$81,300
7	Monaco	\$78,700
8	Brunei	\$77,700
9	Kuwait	\$71,000
10	Sint Maarten	\$66,800
11	Norway	\$65,900
12	United Arab Emirates	\$65,000
13	Jersey	\$57,000
14	Falkland Islands	\$55,400
15	Switzerland	\$55,200
16	Hong Kong	\$55,200
17	San Marino	\$55,000
18	United States	\$54,800
19	Saudi Arabia	\$52,800
20	Bahrain	\$51,400

Education Level of New Canaan Adults is Superior



New Canaan Population Growth is Now Below 4%/Year

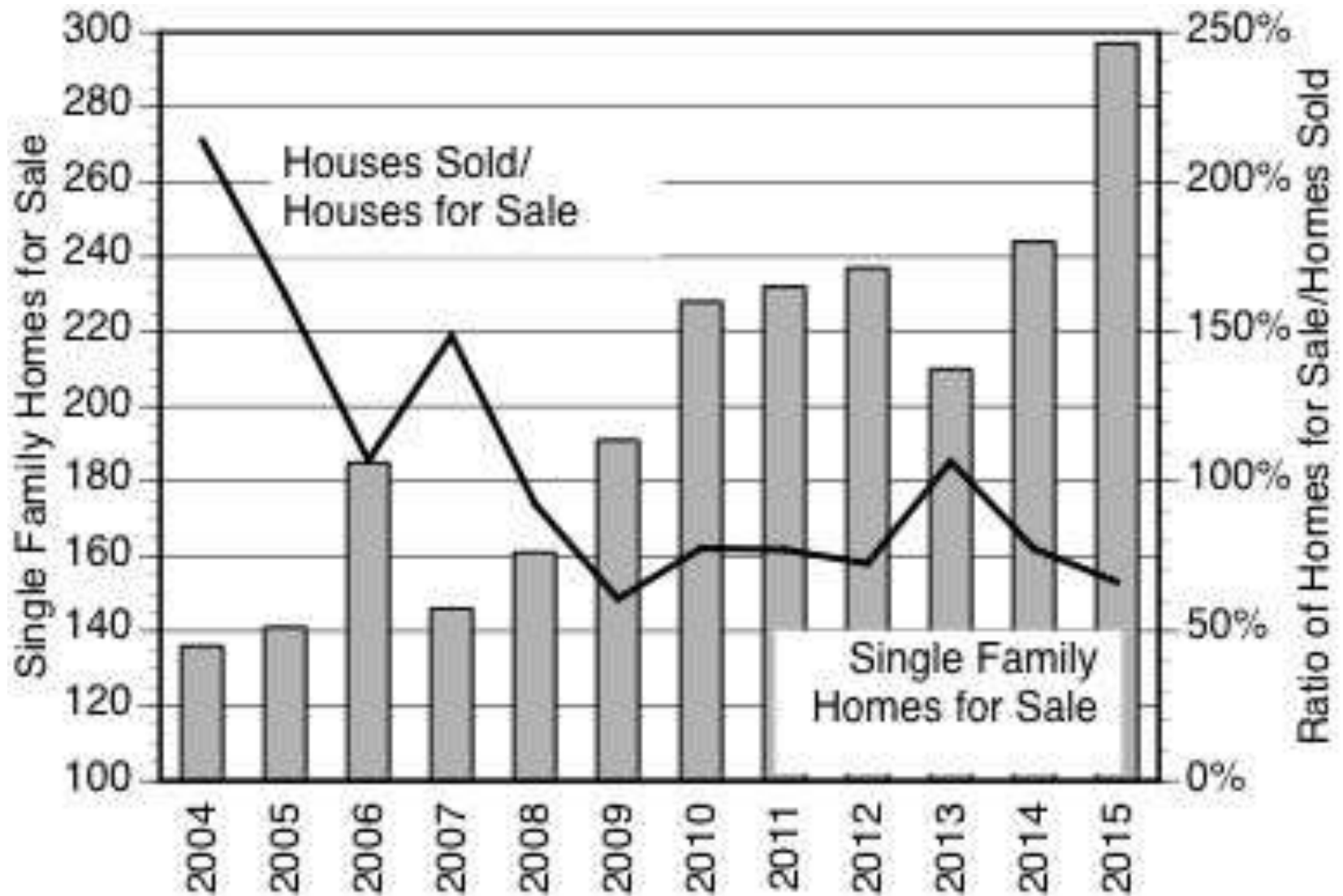


High Cost of Living In New Canaan Reflects Housing Costs

Cost of Living	New Canaan Index	United States Index
Overall	292	100
Grocery	116.8	100
Health	115	100
Housing	650	100
Utilities	138	100
Transportation	123	100
Miscellaneous	129	100

http://www.bestplaces.net/cost_of_living/zip-code/connecticut/new_canaan/06840

New Canada the Ratio of Homes Sold Declines

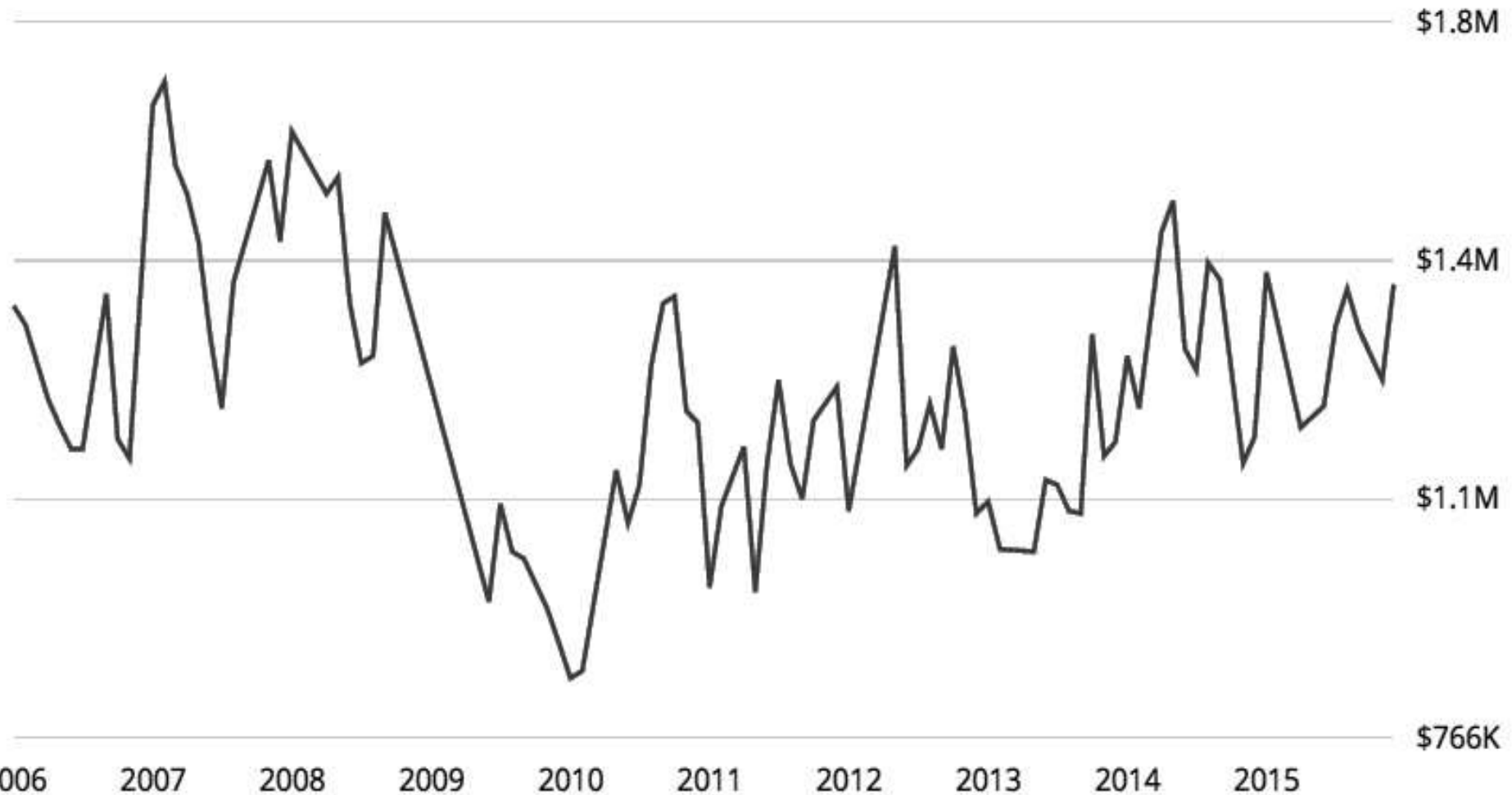


Allocation of Town Expenditures

New Canaan Population	Consumers of Town Services	% of Town Expenditures	Town Expenditures (000s)
School Attending	37%	62%	\$79,172
Residents	63%	38%	\$49,325

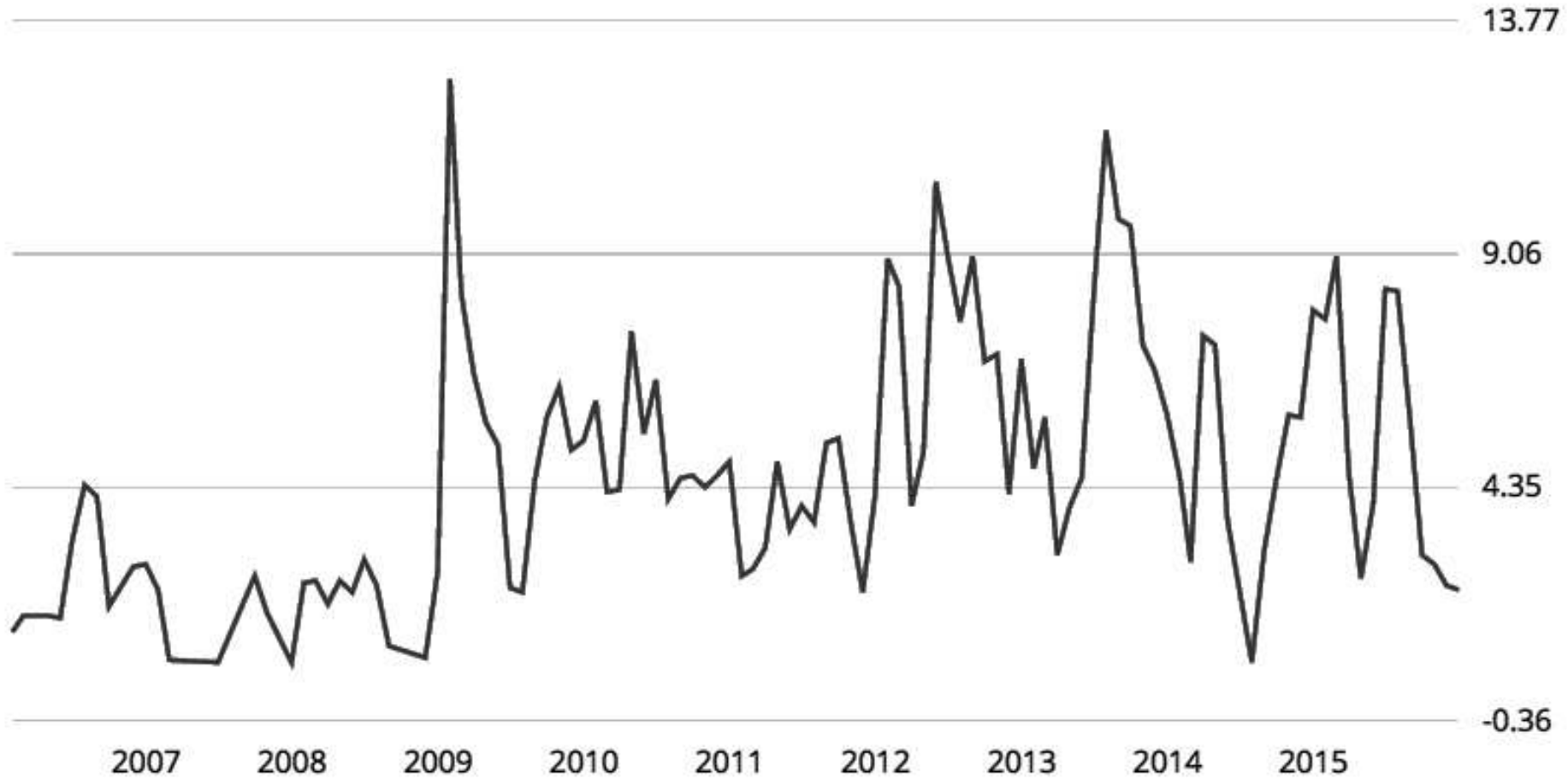
Real Estate Sale Prices in New Canaan Have Not Recovered

Nov 2015 — New Canaan \$1.46M



New Canaan Foreclosures

Dec 2015 — New Canaan 2.28



New Canaan Home Ownership Shows Small Negative Equity

Town - in April 2015	Home Value	Negative Equity - %
Darien	\$1,370,900	2.3
New Canaan	\$1,335,500	3.6
Greenwich	\$1,321,300	4.3
Westport	\$1,060,300	4.1
Wilton	\$759,100	7.3
Ridgefield	\$600,400	10.0
Fairfield	\$493,900	8.0
Stamford	\$455,600	15.3
Norwalk	\$368,300	16.0
Newtown	\$360,900	14.8
Trumbull	\$348,400	11.4
Monroe	\$347,400	12.8
Brookfield	\$329,300	14.4
New Fairfield	\$316,800	14.1
Shelton	\$293,700	13.9
Danbury	\$243,800	28.1
Stratford	\$227,800	22.7
Bridgeport	\$156,200	37.9

Are New Canaan Homes a Good Investment?

New Canaan Market Overview

Data through Mar 31, 2015

Zillow Home Value ▾

All homes ▾

1-yr 5-yr

Max

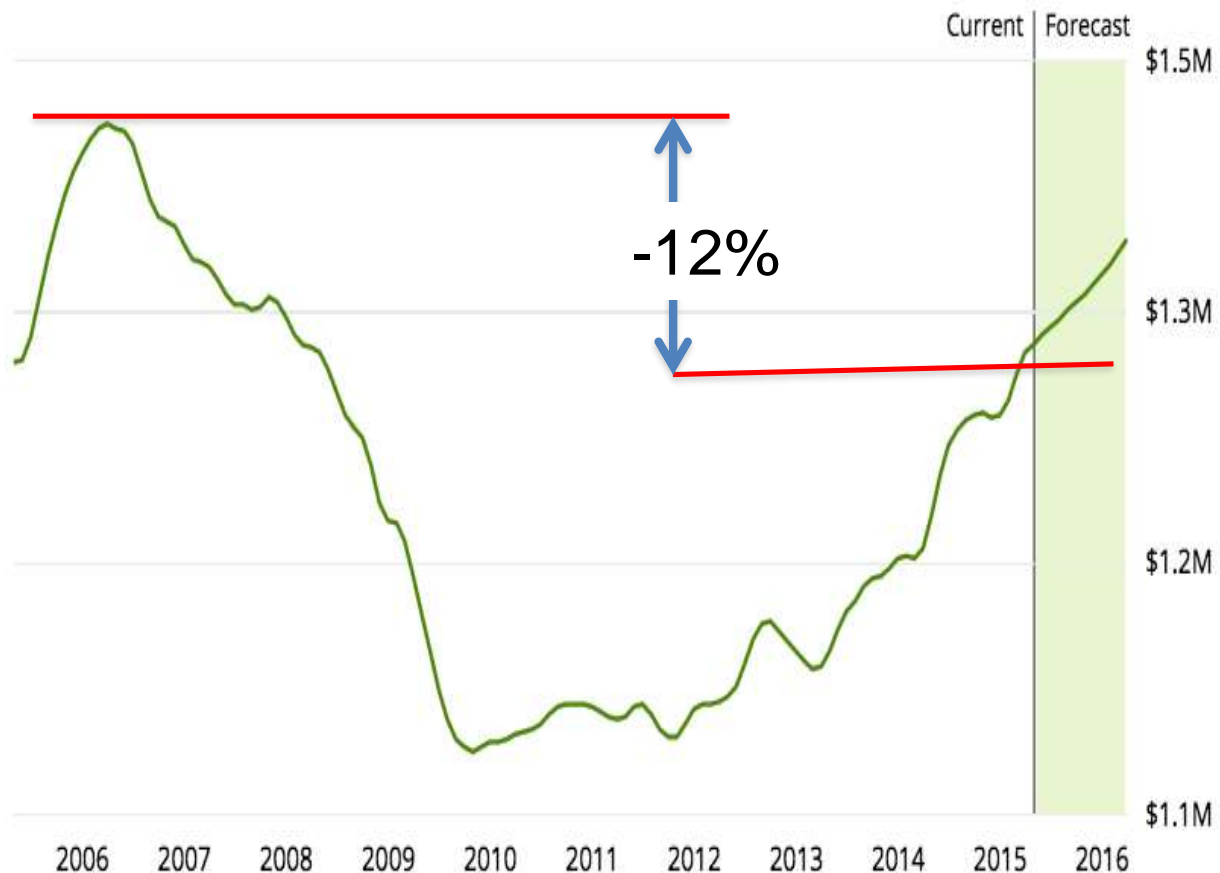
\$1,370,800 ZHVI

↑ **4.1%** 1-yr forecast ⓘ (Mar 31, 2016)

No data Median listing price

\$1,427,308 Median sale price (Feb 28, 2015)

Mar 2016 — New Canaan \$1.4M



<http://money.cnn.com/calculator/pf/home-rate-of-return/>

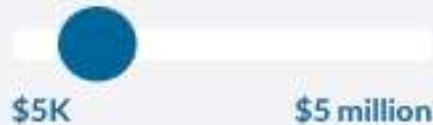
Was my home a good investment?

I bought my home in

May ▾

1996 ▾

It cost: \$150K



On this date

Aug ▾

2014 ▾

It was worth: \$1.0M



Annual return

11.0%

Total return

566.7%



Share:



40 Yr Inflation Adjusted Pre-Tax Returns of Only 1.4%/yr



Example of Current 5.6% Price Cut of New Canada Homes

Price Changes	Previous	Current	Price Decrease
199 Summer Street	\$845,000	\$767,000	10.2%
66 Osborn Lane	\$1,100,000	\$1,080,000	1.9%
66 Osborn Lane	\$1,100,000	\$1,080,000	1.9%
1267 Smith Ridge Road	\$1,350,000	\$1,150,000	17.4%
119 Parade Hill Road	\$1,325,000	\$1,299,000	2.0%
512 Frogtown Road	\$1,789,000	\$1,750,000	2.2%
245 Benedict Hill Road	\$2,295,000	\$2,165,000	6.0%
117 Bald Hill Road	\$2,349,000	\$2,325,000	1.0%
29 Hawks Hill Road	\$2,499,000	\$2,425,000	3.1%
281 Old Stamford Road	\$2,613,000	\$2,525,000	3.5%
12 Scofield Lane	\$2,695,000	\$2,595,000	3.9%
618 Weed Street	\$2,795,000	\$2,695,000	3.7%
112 Rosebrook Road	\$3,395,000	\$2,900,000	17.1%
Total 2/26/16 Offerings	\$26,150,000	\$24,756,000	5.6%

High Turnover of New Canada Real Estate

- Annual Residential Turnover 12 %
- 5+ Years in Residency 50 %
- Median Years in Residency 4.96
- 640 Homes of 7,260 Homes for sale = 8.8%,

Town Budget Interference from the State of Connecticut

- Town not allowed to cut Board of Education budget
- State makes it easy for Unions to litigate
- Part time contractors must become employees
- State imposes cap on NC Operations tax increase
- NC Board of Education Exempt from limit on taxes

SUMMARY: State of CT Adds to NC taxes

Observations about New Canaan

Population Growth Less than 4%, Tax Base Stagnant

Real Estate Stagnant While Taxes up 19% in Four years

Personal Income Declines While Inflation is up 3.5%/year

Appreciation of Homes is Less than the Cost of Interest

Large Number - 8.8% of Homes on the Market

Price of Homes Does Not Reflect Rise in Education Costs

Education Costs of >\$21,000/Student Equals UConn Tuition

\$148 million Operating Budget Favors Allocation to Minority

Potential Remedy

Extracurricular Activities Fees

Arlington Public Schools – Arlington, Mass.

Cheerleading -- \$408

Ice Hockey -- \$720

Gymnastics -- \$720

Wrestling -- \$480

Lakeville North High School – Lakeville, Minn.

Debate -- \$190

Fall Musical -- \$110

Chess Club -- \$150

Science Olympiad -- \$150

Cost Management Solutions

Basic Registration Fees

Community Unit School District 200 – Wheaton, Ill.

Elementary school:

Registration fee -- \$95

Technology fee -- \$15

High school:

Registration fee -- \$175

Locker fee -- \$6

Music fee -- \$10

Technology fee -- \$40

Graduation fee -- \$30

Blue Valley School District – Overland Park, Kansas

High school:

Learning resources fee -- \$100

Technology supply fee -- \$15

Activity programming fee -- \$120

Town of New Canaan 2016 Finances

- \$ 148 million operating budget, increases 5.47%
- \$ 5.1 million capital budget, increases 109%
- Town of New Canaan is the town's largest business.
- The Town's financial position is deteriorating.
- Seniors living in New Canaan at a premium cost

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Blog: <http://pstrassmann.blogspot.com/>

Presentation Posted on: <http://smcnc.org>

Next Club Presentation: May 2, 2016

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