

Lifestyle Link

Your link to a better quality of life

Volume VII Issue III

Summer 2009

Letter from David

Dear Friends,

One of our "Beliefs" that we post in every newsletter and on our website says "We believe that giving is more important than getting." I bring this up because a member of our staff, Nancy Brunner, has demonstrated the exceptional meaning of that over the last few months. Nancy acts as the Youth Group Minister at her church as an un-paid volunteer. Her story is pretty incredible.

Last November, Group Workcamps Foundation called her and invited her Youth Group to Beaumont, Texas to work on homes damaged by Hurricane Ike. Not only did the kids have to do a week of hard labor, the Youth Group had to get themselves to Texas, bring the tools, and have chaperones. The task seemed daunting. But with Nancy's persistence and probably lots of prayer, in a few short months the group had raised over \$13,000 and 440 canned goods for a food drive.

This past June, Nancy with her 28 teens and 7 adults boarded a bus for a week of sweat, scrubbing, scraping, sanding and spiritual growth. Every morning, the teens were challenged in their faith, and the rest of the day was spent painting inside and out, rebuilding porches, building wheelchair ramps, and repairing leaking ceilings. Needless to say, the teens slept well at night and 6:45 came early the next day.

After the week of work and prayer, the Youth Group had grown in their faith and in their attitude toward those less fortunate. They saw the appreciation from those helped, and they felt good about what they had done. Nancy never gave in to the naysayers and the doubters. She believed her kids would rise to the task and they did. I am honored to say that she works for us here at HaireBohmer. The next time you have a few minutes (maybe you will need more than a few) ask Nancy about her trip; you will feel her enthusiasm and understand the excitement.

I hope you all have a great summer and vacation in great places. When Nancy is asked what she did on her summer vacation, she has lots to tell. Thanks, Nancy.

Sincerely,
David

We Grow Again!

We continue to grow! Welcome Tim Fitzharris! Tim's commitment to clients is his driving force. He understands that each client's situation is unique, and he works closely to provide each with a clear understanding of the path in working toward their dreams. During Tim's eight years in the financial services industry he has earned Series 7 and 66, *Life & Health and long-term care licenses. We are excited he has joined the Haire Bohmer Team!

WELCOME

*Securities registrations are held with LPL Financial

Office Hours

Our office will be closed on the following day:

*Monday, September 7th
Labor Day*

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- ◆ Tidbits

Slowly Fueling Recovery

by Lincoln Anderson

July 6, 2009

I hope you enjoyed a wonderful 4th of July! News reports stated that New York City set off 45,000 pounds (22.5 tons) of fireworks on the Hudson River—wow; that sure beats my personal best...And now, while some of us enjoyed a short vacation, others are looking for work and the markets are back to worrying about the future. It is pretty clear to me that, while there is certainly cause for worry, there is also room for optimism.

On the negative side, the employment report for June we got on the Thursday before the 4th gave us no let up—payroll employment fell 467,000, and the unemployment rate rose another notch to 9.5%—the highest rate since August 1983. I know employment declines are not considered a leading indicator, but it is safe to say that things are tough out there.

On the plus side, looking at the eight components of the Index of Leading Economic Indicators (average hours worked, vendor performance, capital goods orders, building permits, the interest rate spread, stock prices, real M2 money supply, and consumer expectations), all were up except consumer expectations. These indicators are not up a lot and are up from, for the most part, depressed levels, but still show some signs of coming off the bottom of this recession.

So, as I have said before, I do not think we are in the Great Depression II or looking at prolonged Japanese-style economic malaise, but we are in the midst or near the bottom of a nasty recession. I suspect we will see a slow recovery starting in the second half of the year; not enough growth to stop employment declines, just slow them over the remainder of 2009. In the private sector, just about everybody is in belt tightening mode. While, amazingly, total U.S. real-after tax personal income is still up over the last year, real consumer spending is down 1.9%, the second biggest drop on record (the drop in November 1974 was slightly worse). With income up and spending down, total U.S. personal saving has soared to an all time record high of \$769 billion. This fiscal responsibility by U.S. households is also part of the healing process.

For business, it is much same. Nonfinancial corporations are still showing considerable net financial asset positions while banks, mostly large banks, have scrambled to deliver their balance sheets and deal with the poor investment decisions they made. All of this effort, in my opinion, helps set the stage for recovery.

On the government side, we are going in the other direction. At the Federal level, the “Stimulus Package” and all sorts of other program expansions, including the Federal Reserve’s massive balance sheet expansion, are classic “Keynesian” anti-recession fiscal and monetary policies, but seriously ramped up. However, it will take time to feel these fiscal and monetary impacts.

In past recessions, most of the anti-recession spending took place in the midst of the recovery. I expect this will be the case this time around. The private sector does its work—cutting jobs, inventories, unsold home backlogs; postponing capital spending; renegotiating labor contracts, and the like; and then, with the house in order, labor and businesses get back to growing the economy. I think we are pretty far along in this process.

Our Mission

Haire Bohmer Wealth Management Group is an independent, service-driven team of professional wealth planners providing clients with a solid and comprehensive plan that enhances their current and future quality of life by defining client objectives, proposing recommendations, and creating life-long partnerships

Our Beliefs

- ◆ We believe that our client partnerships are the heart of our business.
- ◆ We believe that we must serve the best interests of our clients with honesty, integrity, care and knowledge.
- ◆ We believe that we are more than wealth planners for our clients.
- ◆ We believe that giving is more important than getting.
- ◆ We believe that it is important to listen to our clients.
- ◆ We believe that it is important to develop a high level of trust with clients by anticipating their needs.
- ◆ We believe that caring about our clients is important.

Too much good news can be bad news - at least that is how the market sees it.

The recent string of better than expected economic data is consistent with the rapid pace of healing the credit markets - the key driver of the recession. In fact, the 1st week in June marked the 12th week that the financial indicators LPL Financial Research uses to evaluate the overall health of the economy have shown steady improvement. The data increasingly paints a picture of a still weak, but rapidly improving U.S. economy. However, this news isn't being interpreted as all good by the markets.

Market participants' concerns are shifting from a potential lengthening and deepening of the recession to inflation that might be stoked by a rapid recovery. In the past, high and rising inflation has proven to be a far harder problem to solve than a weakening economy in recession. Now that the economy is beginning to gain traction, the issue is becoming how quickly and effectively policymakers will rein in stimulus to avoid inflation. The uncertainty of the timing and effectiveness of the Fed's response - and concerns that action pulling back the stimulus too soon could tip the global economy back in to a second downturn - are weighing on investors' confidence.

We believe that there will be substantial inflation in raw material prices. However, we expect only a modest rebound in prices for finished goods, measured by the traditional gauge of inflation - the Consumer Price Index, given abundant labor and factory capacity around the world that will take years to absorb. We do not believe the Fed will be more aggressive due to the lack of significant inflation in finished goods prices and the risk of undermining the improvement in the banks, credit markets, and the economy.

Good news is still good news - after all, the economy is improving and the stock and corporate bond markets have rebounded sharply from the lows of early March. It is increasingly likely that the worst of the financial crisis is behind us. However, the better performance has resulted in some risks. For instance, the combination of higher mortgage rates and higher gasoline prices could pose a threat to the recovery if these trends continue unabated. As a result, volatility may return to the markets over the coming months. We stress the importance of a commitment to your long-term investment strategy.

Inheriting an IRA

What do you do when you inherit an IRA? Good question. Most people don't know the rules and regulations pertaining to inherited IRA assets. You should. You, not the IRS, should benefit the most in this circumstance.

Will my income taxes soar this year as a result? Not necessarily. If you roll the assets into an inherited IRA, you have up to five years to either a) withdraw the money entirely or b) withdraw the money over your lifetime according to the IRS life expectancy formula. Many heirs prefer b) because the tax scenario is better- but some IRA custodians require you to go by the five-year rule. **What if you don't roll the money into an inherited IRA? What if you just take the balance as a lump sum and spend it?** Look out. All that money will be taxed at your regular income tax rate. After income and estate taxes eat away at the IRA, the balance you may be left with is a fraction of the original assets.

Let's look at some options for those who inherit IRA assets. Keep in mind: Tax laws pertaining to inherited IRA assets are complex, please be sure to discuss your situation with a tax advisor, with constant "new wrinkles", we will only discuss some basic, common scenarios.

What if you inherit your spouse's IRA? The IRS says a surviving spouse can elect to be treated as the owner of such IRA assets rather than the beneficiary. A surviving spouse can therefore roll this money into his or her own IRA. That makes a lot of sense, especially for younger spouses: distributions can be extended over your lifetime and the lifetime of your beneficiaries. If you rollover your late spouse's IRA assets into your IRA, they may be able to compound for a long time, as you don't have to take a Required Minimum Distribution from your IRA until you reach age 70 1/2. (If you have a Roth IRA, you don't have to take them at all.) On the other hand, you must take a distribution from an inherited IRA a year after your spouse's death.

You also have other options. If you are younger than 59 1/2 and need the IRA assets for living expenses, you could keep all or part of the money in your late spouse's IRA, whereby you could take penalty-free distributions.

(Continued on Page 4)

Inheriting an IRA (continued)

Or you could disclaim some or all of the IRA assets if you don't need them (this has to happen within nine months of the original IRA owner's death). Disclaiming them will allow the IRA assets to go to the contingent beneficiaries named by the original IRA owner. This might result in a better estate tax picture for your kids.

You inherit an IRA from someone other than a spouse. Okay, this is complicated. Was the original IRA owner younger than age 70 1/2 at death? Did he or she turn 70 1/2 last year and die before April 1 this year? If the answer is yes to either question, you have two choices. 1) You can liquidate the inherited IRA by no later than December 31 of the 5th year after the year the original IRA owner dies. This is mandatory for some IRAs. 2) You can take minimum withdrawals over your life expectancy, calculated per IRS tables.

Did the original IRA owner pass away after April 1 of the year after he or she turned 70 1/2? Then forget the five-year rule. You must start taking minimum withdrawals over your life expectancy. Your first such withdrawal has to happen by Dec. 31st of the year after the year the original owner dies.

The no-RMDs-in-2009-wrinkle. No one has to take a Required Minimum Distribution from an IRA in 2009. What does that mean for inherited IRAs? If the IRA owner died in 2008, you don't have to take a distribution in 2009 and you get six years rather than five to withdraw inherited IRA assets if you would ordinarily go by the five-year rule. But watch out: if you inherited an IRA from a non-spouse and the original IRA owner named multiple beneficiaries, you still have to split up the IRA into separate inherited IRAs by the end of 2009 to permit minimum withdrawals over the heirs' life expectancies. If you don't, each beneficiary will have to take withdrawals based on the age of the oldest beneficiary, which could be a tremendous blow to tax deferral.

You can't contribute to inherited IRAs. This applies to traditional and Roth IRAs. However, as mentioned above, surviving spouses can elect to treat an inherited IRA as their own - in the IRS eyes, they do so by making any contribution to it.

The opinions voiced in this material are for general information only and are not intended to provide specific advice or recommendations for any individual. To determine which investment(s) may be appropriate for you, consult your financial advisor prior to investing. All performance referenced is historical and is no guarantee of future results. All indices are unmanaged and cannot be invested into directly. "Save Money on Insurance" and "Inheriting an IRA" have been prepared by Peter Montoya, Inc. "Inflation the Next Concern?" & "Slowly Fueling the Recovery" were prepared by LPL Financial.

FINRA Board of Directors

In recognition of his leadership, experience and commitment to the financial services industry, **Mark Casady, LPL Financial Chairman and CEO, has been named to the board of governors of the Financial Industry Regulatory Authority (FINRA).** Mark joins 19 other members on the board, which serves as the governing body of the largest non-government regulator for all securities firms doing business with the U.S. public. Mark's appointment to this prestigious role is fitting recognition not only of his contributions to our industry, but also the continuously expanding role of LPL Financial and its leadership in discourse with all regulatory bodies surrounding the future of financial services industry regulations and policies. During this time of unprecedented regulatory change in our industry, Mark's perspectives will be invaluable to ensuring that the independent broker/dealer model and the values of objective and conflict-free advice that LPL Financial represents are reflected in the dialogue surrounding some of the most important regulatory decisions of our time.

Save Money on Life Insurance

At the start of 2009, the life insurance industry revised its life expectancy tables to age 121. What does that mean for you? If you have bought life insurance within the last few years, you may be able to save money and extend your coverage. Right now, it is possible to get a first-rate life insurance policy with coverage lasting until age 121. This is smart - with healthcare advances, more and more baby boomers could end up living to 100.

Tidbits

So far for 2009, David has matched \$5300 from your donations - thanks for being so generous!

Please make sure to update us if your email address changes. We always like to keep our list up-to-date so we can "go green" and get important information to you quickly. Any changes, or if we don't have your email, please email Bridget at bridget.mitchell@lpl.com.

**We will be happy to include your friends & family on our mailing list.
Please let us know where to send their copy of *Lifestyle Link*.**

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Securities Offered Through LPL Financial Member FINRA/SIPC



GET IT IN WRITING

Estate planning is mostly about putting mechanisms in place to ensure that your assets are distributed according to your wishes once you are gone. Yet, there is another aspect to the process that centers on appointing others to manage your affairs during your lifetime.



What would happen if you became incapacitated and couldn't handle your financial affairs? Who would act on your behalf to pay bills, watch over investments and deal with the paperwork that accompanies collecting insurance and other benefits? Or, who would make arrangements for your medical care and see that your wishes for treatment were carried out? Without advance planning, a court would make those critical – and highly personal – decisions for you.

Fortunately, you can work with an attorney to make arrangements that allow your affairs to be managed by people you choose.

The Role of Alternate Decision Makers

Before you talk to a lawyer about naming alternate decision makers to carry out your wishes, you can save time by understanding the types of issues such individuals may be charged with addressing:

A Power of Attorney for Financial Affairs



A Power of Attorney is a legal document that gives another person authority to act on your behalf with regard to legal, business or financial affairs. A big advantage of a power of attorney is that it can help prevent your loved ones from having to go to court to request guardianship over your financial affairs if you become incapacitated.

This arrangement can also give the person you designate the ability to pay your debts, manage investment transactions and even make charitable gifts that could help reduce estate taxes. The Power of Attorney ends at your death.

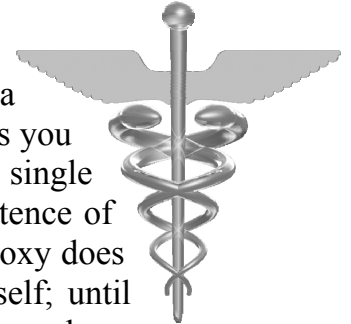
It is important to update a Power of Attorney at least every five years – otherwise, some financial institutions may not accept the document as valid. And some financial institutions may not accept the document regardless of the date, so it is best to check with each institution

you deal with regarding their policy. In such cases, you may need to draw up more binding agreements via the specific institution and/or your attorney.

Health Care Directives for Medical Concerns

The two most common forms of health care directives are a Living Will and a Health Care Proxy. A Living Will is a document presented to an attending physician that explains the care you wish to receive (or avoid) in the event you are incapacitated by terminal illness or serious accident. For instance, it can express your wishes for controlling pain, receiving nutrition or making life-support decisions.

Alternatively, a Health Care Proxy allows you to designate someone – a proxy – to make medical decisions for you. Keep in mind that in some states you may even be able to combine a health care proxy and a living will into a single document. Hospitals and nursing homes are required to ask about the existence of any such documents when you are admitted. In most states, a health care proxy does not take effect until you can no longer make medical decisions for yourself; until then, only you can legally consent to any treatment. In addition, you can always change or cancel the document as long as you are mentally alert. If you decide to make changes to any of these documents, be sure to do so in writing, preferably with the assistance of an attorney.



A comprehensive health care advance directive combines both a health care proxy and living will into one document. Organizations such as AARP, American Bar Association and the American Medical Association have joined forces to create a simple, yet comprehensive form.

It is important to note that while health care directives are not financial documents, it is quite possible that during a visit with an attorney to discuss financial and estate planning affairs, such documents may be packaged together with other estate planning items.

Planning May Bring Comfort

Informing loved ones and doctors about the types of alternate decision makers you would choose in a wide variety of situations can bring comfort to those most concerned with your well being. Though you cannot anticipate an unexpected health crisis, you can plan ahead to ensure that you and your finances are cared for in a manner that coincides with your intentions, even if you cannot make decisions for yourself.

Advice for Life recognizes that we are all on a special journey. Each of us requires a personalized roadmap to help get us to where we want to be. We believe that focusing first on your life goals and dreams may improve the chances of achieving the future that you envision.

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*This article is not intended to provide specific legal advice to any individual.
Consult your attorney if you have any questions or concerns. This material was prepared by Standard & Poors.*