

Lifestyle Link

Your link to a better quality of life

Volume IX Issue I

Fall 2010

Letter from David

Dear Friends,

Two incredible events happened to me over the last month that I thought I would share with you. Both are totally unrelated, but both gave me an unbelievable "A-HA" moment.

First, I took a few days off in mid-October and ran away from home. Really, I took a drive from Hamilton, Ohio to Moline, Illinois to see the John Deere museum. From there I drove to Sioux Falls, South Dakota; then to Mt. Rushmore; then to Gillette, Wyoming; then to Billings, Montana; then to Bismarck, North Dakota, then to Minneapolis, Minnesota; then to Des Moines, Iowa; and then home. I followed the Lewis and Clark route; they probably were walking or on horseback; I was driving at 85 miles per hour in a convertible. I could fill up this newsletter with what I saw and how I felt, but let me save it until the end.

On October 26th, my wife, Anne, underwent double knee replacement surgery. You have to understand the magnitude of this. Here is a mother of six and grandmother of seven, who hates to exercise, getting both knees done and knowing she will have weeks of intensive rehab and months of ongoing therapy. Within a week, she was already pushing the stair-stepper and walking with a walker around the room. In 10 -14 days she will be able to walk up a flight of stairs and perform all the other facets of daily life. To think that a person has two major surgeries and then walks in less than a week is almost beyond reality. But also, to think that someone has created the tools and the technology to replace knees is just as mind boggling.

And now to my point! I think we live in the best possible place. Time after time, the American pioneer has blazed new trails and set new benchmarks. Lewis and Clark took off with a goal in mind, and hundreds of years later, I got to see the benefits of their sacrifice. Today, Anne will eventually walk without a limp, and we can thank the pioneer who first thought of knee replacement and the improvements along the way. Anne, too, is a pioneer of sorts, as she progresses through two knee recuperations.

I am amazed at the creativity and the curiosity to conquer a challenge that Americans continue to exhibit. I am more confident than ever that better days are ahead, and no challenge is too large. Look around; I am sure that there are "A-HA" moments that you can share.

David

We Keep on Growing...

Haire Bohmer Wealth Management Group is now in two locations. We recently opened a branch in Hillsboro, OH. **Eric Mathews**, AAMS, joined the firm in September and will work primarily out of the new office. **Nick Fauber**, CFP, and **Brian Kellett**, CFP, will also spend some time expanding their practices into the area.

WELCOME

The next time you call the office, you may hear a familiar voice. **Karla Hollenkamp** joined the Haire Bohmer group in October as the Office Manager and Practice Manager to several of our planners. Some of you may remember Karla from our days at the "downtown firm."

Our Office will be Closed...

*November 25th & 26th
Thanksgiving Holiday*

*December 24th (noon) - January 3rd (8am)
We will operate with a reduced staff between
Christmas & New Year's*

THE QUARTER IN BRIEF

Talk about a rollercoaster: stocks soared in July, tanked in August, and rebounded spectacularly in September, and 3Q 2010 wound up being the best quarter on Wall Street in a year, with the S&P 500 climbing 10.72%. It was also a fine quarter for many commodities. The quarter was also distinguished by rock-bottom mortgage rates (and a housing market that seemed to have bottomed out). Deflation fears subsided; anxieties about debt in the Eurozone didn't. While Wall Street advanced, consumers grew increasingly impatient with the pace of the recovery.

DOMESTIC ECONOMIC HEALTH

When the quarter began, deflation and unemployment were the concerns on many minds. Assumptions of deflation ebbed as the Consumer Price Index rose 0.3% in both July and August. Unemployment, on the other hand, moved slightly north to 9.6% from 9.5% in July (well, that was better than the 9.9% rate back in April). The Federal Reserve made no move with interest rates in the quarter.

Americans were spending a little more: statistics from the Commerce Department showed personal spending was up 0.4% in both July and August; personal incomes were up 0.2% in July and 0.5% in August. The personal savings rate actually increased as well over those two months, from 5.7% to 5.8%. Yet consumer confidence was shaky: the Conference Board's monthly consumer confidence index went from 51.0 to 53.2 to 48.2 across the quarter, and the Reuters/University of Michigan barometer went from 67.8 to 68.9 to 68.2 across that span.

We had decent growth in the service and manufacturing sectors according to the Institute for Supply Management indexes. The ISM manufacturing index over the quarter went from 55.5 in July to 56.3 in August to 54.4 in September (the lowest number since November 2009). Incidentally, durable goods orders were up 0.7% in July and down 1.3% in August (but minus transportation orders, durable goods orders rose 2.0% in that month). ISM's service sector index was 54.3 for July, an unnerving 51.5 in August and then 53.2 for September.

The Obama administration tried to combat the perception that it (and the Federal Reserve) has basically run out of options to rev up the economy. With strokes of his pen, the President extended emergency jobless benefits for the long-term unemployed for another six months in July and gave homebuyers more time to claim federal tax credits. He also signed a long-stalled, finally-passed bill creating a \$30 billion fund to encourage business loans at community banks (and hopefully, business hiring and expansion).^{10,11,12} The Dodd-Frank financial reform bill (the "no more bailouts" bill) also became law: it authorized the creation of a new Consumer Financial Protection Bureau, created more transparency in the derivatives market, and set the FDIC insurance limit permanently at \$250,000.

GLOBAL ECONOMIC HEALTH

In July, the EU and the International Monetary Fund arranged a bailout of roughly \$1 trillion U.S. for Greece and other debt-plagued EU nations. But the story wasn't over: by the quarter's end, Moody's had downgraded Spain's credit rating and Ireland's central bank was arranging a massive bank bailout that would balloon its deficit to 32% of its GNP. The EU conducted a stress test of 91 banks in the quarter, and all but a handful passed; many economists scoffed at the test.^{15,16}

As for economic expansion, mixed signals rolled in. In Europe, the respected Markit Purchasing Managers Index slid to 53.6 in September, indicating the slowest pace of growth since February. On the other hand, China's Manufacturing PMI hit a four-month peak in August – yet growth within its service sector hit a 19-month low in September, while India's service sector expansion also cooled to a 10-month low. The JPMorgan global services purchasing managers' index was 53.5 in August and dipped a bit to 52.3 in September.^{17,18}

REAL ESTATE

Well, things got even worse on the homebuying front – and then they got just a tiny bit better, with everyone still wondering if the real estate downturn had finally bottomed out. A sunset on federal tax breaks hurt the numbers. New home sales were flat for August after a revised 7.7% drop in July; August 2010 sales were down 28.9% from a year ago and the median sale price declined 1.2% in that time. As for the crucial indicator here – sales of existing homes – the news was, to put it mildly, not good. In July, residential resales hit a 15-year low, falling 27.2% in the process. August was the second-lowest month on record for the last 15 years, but a 7.6% improvement from July. Pending home sales did improve by 4.3% in August.

If you were able to buy a home (or refinance one), you could take advantage of mortgage rates that recalled the Eisenhower era. Over the quarter, rates on conventional 30-year home loans went from 4.58% to 4.32%. Rates on a 15-year fixed averaged 4.04% at the start of July and just 3.75% at the end of September. Average rates on the 5-year ARM moved down from 3.79% to 3.52% in that stretch, and so did average rates on the 1-year ARM, going from 3.80% to 3.48%.³⁰

LOOKING BACK...LOOKING FORWARD

At the end of August, did you expect that the third quarter would turn out like this? Stocks were well into negative territory YTD and we were heading into what is traditionally the poorest month of the year on Wall Street. As the numbers below indicate, things turned around.

% CHANGE	Y-T-D	QTD CHG	1-YR CHG	10-YR AVG
DJIA	+3.45	+10.37	+11.08	+0.13
NASDAQ	+4.38	+12.30	+11.60	-3.55
S&P 500	+2.34	+10.72	+7.96	-2.06
REAL YIELD	9/30 RATE	1 YR AGO	5 YRS AGO	10 YRS AGO
10 YR TIPS	0.75%	1.56%	1.78%	4.03%

Source: cnbc.com, bigcharts.com, ustreas.gov, bls.gov - 9/30/10

Indices are unmanaged, do not incur fees or expenses, and cannot be invested into directly. These returns do not include dividends. Past Performance is not a guarantee of future results.

As the fourth quarter begins, we are not quite out of the woods: you might see the market react negatively to everything from less-than-expected partisan change in midterm elections to oncoming rising capital gains tax rates to sovereign debt concerns in the EU. Much attention could be focused on the November 3 Fed meeting, especially if economic indicators across the bulk of October are underwhelming. (Many economists think the Fed will start buying Treasuries again to help pressure interest rates.) The optimism on Wall Street right now might be aided by the potential of the fall earnings season and further encouraging data about consumer confidence, consumer spending, and the manufacturing and retail sectors. Let's hope the bulls aren't scared off by another quarter like this one would allow 2010 to be a decent year for stocks.

Social Security Administration: No COLA Increase in 2011

Monthly Social Security and Supplemental Security Income (SSI) benefits will not automatically increase in 2011, the Social Security Administration (SSA) announced last week. This is the second year without an automatic Cost-of-Living Adjustment (COLA) since they went into effect in 1975. Last year was the first year without an automatic COLA. Other changes that would normally take effect based on changes in the national average wage index also will not take effect in 2011. Since there is no COLA, the statute prohibits a change in the maximum amount of earnings subject to the Social Security tax as well as the retirement earnings test exempt amounts. These amounts will remain unchanged in 2011.

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 lifelong 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.

HAPPY ANNIVERSARY

Congratulations to **Martha and George Bens** who celebrated their 50th wedding anniversary in September!! Their children and grandchildren did a fantastic job of celebrating the big event.



Congratulations as well to **Dick and Terri Hackman** who celebrated their 25th wedding anniversary in October!!

9th Annual Holiday Open House

Please join us on **Friday, December 3rd**, for our 9th annual Holiday Open House, **11am-2pm**, in our West Chester offices. Lunch from Cornerstone Café, including the cookies, will be ready for all.

We ask that you bring two (or more), unwrapped toys to donate to the Greater Cincinnati FreeStore Food-Bank. Cash donations and non-perishable food items are also greatly needed.



It's the Home Stretch...

David's Charitable Matching Program in 2010 has been the most successful yet. There is still time to submit your charitable match request for this year. We must have the name and address of your charitable organization and how much you gave no later than December 15th. You can submit the information by mail or e-mail. David will match your contribution, up to \$100 per household.

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. "A Review of the Third Quarter" was prepared by Peter Montoya/MarketingLibrary. "Why Warren Buffett is Optimistic" prepared by 2010 Horsesmouth / Dan Richards.

**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*.**

**9075 Centre Pointe Drive Suite 100 West Chester, OH 45069
513.942.9700 877.942.9700 fax:513.942.9701
www.hairebohmer.com**

Securities Offered Through LPL Financial Member FINRA/SIPC

Keeping Up with YOU!!

Ginny & Tom Wagner had a busy summerô St. Martin, Houston, Alaska, Lake Erie (fishing for Tom and the rest of the Wagner men) - and all while completing the remodel on their kitchen.

Rosemary and Bill Deitzer have also been living amongst dust & debris as they completed their own kitchen remodel.

Gary & Gail Fredensborg recently returned from 10 days in the Pacific Northwest, including Banff and the Canadian Rockies.

Dr. Kittie Weber, Assistant Professor of Psychology at New England College, was invited by Oxford University to spend a week of her summer vacation in Englandô and she even invited **Jeff** to go with her! Kittie presented at the Oxford Roundtable, a 5-day conference focused on Social Justice with more than 40 social science professionals from around the world in attendance.. Kittie was the only Roundtable participant from New England. Congratulations!!

In July, **Lee Jewell** spent a week at ðAirventure Oshkosh,ö in Oshkosh, WI. An annual fly-in convention of the Experimental Aircraft Association, over 10,000 airplanes, from home-builts to antiques to warplanes, descended upon Wittman Airport. This was Lee's 32nd year in attendance. He spent 4-1/2 days in the Welcome Center talking about EAA's Young Eagle Program, designed to give kids (8-17) a free airplane ride to introduce them to general aviation. Since its start in 1993, Young Eagle pilots around the world have flown over 1,400,000 kids!!



I'm a huge bull on this country...we won't have a double-dip recession. I see our businesses coming back almost across the board...."
—Warren Buffett, Sept. 13, 2010

I'd like to share some thoughts on today's economic outlook, looking beyond the headlines to bring you up to speed on stock markets. First, a short summary of stock market performance in 2010 to date:

Markets in the last three months saw a continuation of the roller-coaster-like turbulence of the past couple of years. After a strong first quarter and a big pullback in the second quarter, July saw a strong recovery in global markets. This was followed by weak performance in August, and September (historically a troublesome month for markets) actually saw a nice bounce back.

Here's how markets have performed in the last quarter and so far this year.

	U.S.	Europe	Emerging Markets	World Stock Market
July	+7.0%	+5.9%	+6.2%	+5.8%
Aug	-4.4%	-2.1%	-1.4%	-3.3%
Sept	+9.1%	+5.3%	+7.7%	+7.0%
July to Sept	+11.5%	+9.1%	+12.9%	+9.4%
2010 to date	+4.0%	+2.3%	+8.2%	+2.0%

Source: MSCI Index. All returns are in local currency

The importance of a balanced perspective

One of the keys to success for investors is maintaining emotional equilibrium, preventing the highs from being too high and the lows from being too low.

Today, many Americans are pessimistic about the United States and global economies. Their mood is driven by daunting headlines about slow economic growth, depressed housing prices, high unemployment, and deficit problems in the U.S. and Europe—not to mention political discord in Washington.



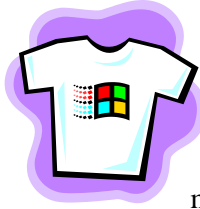
This pessimism is amplified by the media coverage given to voices of gloom. As a result, it's easy to miss some of the good news beyond the headlines.



That's why a conference that took place in mid-September is important. Speaking to 2,000 business and political leaders at the Big Sky Conference in Montana, Warren Buffett, Microsoft's Steve Balmer, and GE's Jeff Immelt provided a different perspective on the mid- and long-term positives for the United States and global economies.

Warren Buffett

- "I've seen sentiment turn sour in the last three months or so, generally in the media. I don't see that in our businesses. I see we're employing more people than a month ago, two months ago."
- "The things that worked for the country through a century of two world wars, a depression and more—all while increasing the standard of living—will work again."



Steve Ballmer, Microsoft

- "There soon will be more technological advancement and invention than there was during the Internet era, and that will help drive business growth."
- "I am very enthusiastic what the future holds for our industry and what our industry will mean for growth in other industries."
- "We will see new technologies that move beyond the Internet to tie together computers, phones, televisions, and data centers to create amazing new products. And the pace of innovation will increase as technology makes workers more productive."

Jeff Immelt, GE

- "Angry political rhetoric is not helpful, and headlines are too focused on finding negative indicators."
- "Business at GE is improving. Signs across the world show growth improving, as evidenced by a rise in GE's orders."
- "GE is now finding it profitable to build manufacturing and service centers in the United States rather than overseas, because it is more competitive to do so."

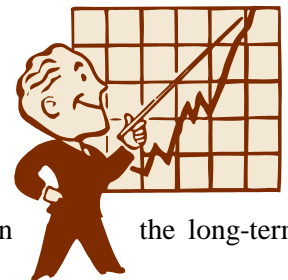
The path ahead

It's of note that these positive and under-reported views are supported by recent research from McKinsey & Company, today's leading strategy consulting firm and the first place many Fortune 500 CEOs look for advice. McKinsey surveyed 2000 executives around the world in early September.

- ◆ Almost 60% said their country's economy is in recovery.
- ◆ Most expect profits to rise from last year.
- ◆ And nearly 40% expect to hire employees by the end of 2010.

It's not realistic to suggest there won't be challenges ahead, both for economies and stock markets across the globe. And given fragile market psychology, it's entirely possible that we'll see a market correction in the next 12 months.

At the same time, it's my job to look at a broad range of credible points of view, not just those who shout the loudest or take the most extreme positions. And in doing so, I have concluded that it is important to pay attention to the encouraging perspectives from business leaders on the front lines. Given the likely rise in profits reflected in the comments from Warren Buffett, Steve Ballmer, and Jeff Immelt, and by the McKinsey research, I believe today's pessimism is overdone, and I remain positive on outlook for the global economy.



the long-term

Many of you are already well positioned to benefit from rising profits. In other cases, however, concerns about the economy have caused investors to make large allocations to cash and bonds. If you have any concerns on this or any other matter, do not hesitate to contact me.

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 changes of achieving the future that you envision.