

Lifestyle Link

Your link to a better quality of life

Volume VIII Issue III

Summer 2010

Letter from David

Dear Friends,

July 2010

We are in the process of hiring a new receptionist for the front desk. We have recently hired a new office manager, and we are planning to expand our reach into Highland County/Hillsboro. 'Change' is the new buzz-word in the office. Nothing seems to be the same. I feel like if I don't adapt or, worse, can't adapt, I will be left behind. What I keep saying to myself is: "Change is good!"

Think about it in your own lives. I have a retired librarian client who bought a big, (and I mean BIG) pick-up truck and a huge camper; he travels around the Midwest and South. This is an about-face change to his old days at the library. He could not be happier, and he claims that owning a truck will help him live longer. I have another single client in his mid-50s who has lived in the Cincinnati area all of his life and in the same house for the last 25 years; he is moving to Charlotte, on the water with a big boat, in an expensive house; "Change" is his middle name.

I could go on and on. You have stories in your own world which rival these two. We have to look forward to change. Successful people have two characteristics in common: they maintain a sense of curiosity and they look for challenges. In other words, they go looking for change. "Change is good!" It keeps you thinking, planning and creative. Many of you have heard me say that I have the best job in the world, because I get to help clients accumulate wealth and then get to help them spend it on dreams and goals. I get to see change in motion. Everyday. Every client. Every step.

As I crossed over the age-60 mark, I thought I was pretty set in my ways, but what you have shown me is that there is a whole other world that I have not seen. Keep changing and I'll keep trying to keep up. "Change is good!"

David

New Day!! New Time!! Still on 1160AM

Beginning Wednesday July 7th, *PrIme Numbers: Becoming Financially Fit for the Prime of your Life* airs live on Wednesday evenings at 7pm.

With Andy Furman as the lead-in, we are looking forward to a larger audience to whom David can impart his wisdom.

Any questions or comments, let us know, david@primenumbersonline.com - or better yet, call him on the show. 513.579.1160

**PRIME
NUMBERS**

More Changes...

Haire Bohmer Wealth Management Group welcomed **Laura Seier** to the team in May. Laura is our new Office Manager and a practice manager for a few of our younger CFP's. Laura has already proven to be a valuable addition to the firm. Please be sure to say *Hello* the next time you are in the office!



Office Hours

*David will be out of the office:
Tuesday August 3rd - Tuesday August 10th.*

*Our office will be closed on the following day:
Monday September 6th—Labor Day*

Double Dip? Don't Think So

July 2010

After a promising start to the year, the market (as measured by the S&P 500 Index) suffered its worst two-month return ending June 2010 since the two-month period ending February 2009, which was during the depths of the financial market meltdown. The market had much to worry about as concerns over the fiscal issues in Southern Europe, the compounding problem of the Gulf Coast oil spill, an impending contentious mid-term election cycle, and the unknown consequences of Congress' financial regulation reform kept investors' fears on the rise and market returns on the decline.

Despite the many external factors weighing on the market, it was perhaps the uneven and somewhat deteriorating economic data, especially in the labor and housing arenas, which turned the stock market recovery into a significant market pullback. The primary question that investors sought an answer to was whether the market was beginning to show signs of a developing "double dip" back into recession or whether the last few months are simply a "soft spot" in an otherwise robust economic recovery and expansion?

The question highlights the longstanding market dilemma of trying to figure out the difference between an economy's changes in direction versus changes in speed. Like a car, the economy can be either in forward (expansion) or reverse (recession). But it can also be increasing its speed (accelerating or improving economic conditions) or reducing speed (decelerating or worsening economic conditions). During the last few months, economic data has indeed seen softness, which begs the question: are we on the verge of reversing (double dip) or just slowing down (soft spot)?

As far as double dip scenarios, the market has limited history to examine. Only during the Great Depression and the severe recessions of the early 1980s were there ever double dip recessionary episodes. Could now be the next? The likelihood is strongly against it. In order for an economic recovery to turn back into a recession, significant negative catalysts are needed to derail economic growth.

While not downplaying the negative effect of the problems in Greece or the Gulf Coast oil spill on global growth, these events are just not big enough to shift the economic gears from forward to reverse—meaning from expansion to recession. During the Great Depression, it took a significant monetary policy mistake—increasing interest rates which slowed down a very fragile economy—to prompt the double dip. During the 1980s, the Federal Reserve again shifted gears early to slow down economic growth, but this time to fend off soaring inflation, as exhibited by 16% mortgage rates and 14% interest rates. The strategy worked, maybe a bit too well, as the deliberate economic slowdown turned into a double dip recession.

But right now, the economic backdrop is far different. Albeit slower than we would all want, the employment picture is improving, consumers are spending, and businesses are once again changing their focus from cutting costs to investing for the future. But more importantly, the Federal Reserve remains firmly committed to maintaining accommodative monetary policies through ultra-low interest rates in order to continue providing this economy with much needed stimulus. As a result, mortgage rates are at all time lows and loans to fuel business growth are under very favorable terms. All in all, the economic canvas on which this market will paint future returns is supportive of sustainable growth and higher asset prices.

With the threat of a double dip virtually off the table, the most likely explanation for the sluggish economy and resulting market pullback is what is commonly referred to as a soft spot or simply put, a reduction in the speed of the recovery. Soft spots occur in every recovery, usually between 6 and 12 months after the end of a recession. At 11 months after the assumed end of the 2007-09 recession, this soft spot is right on cue.

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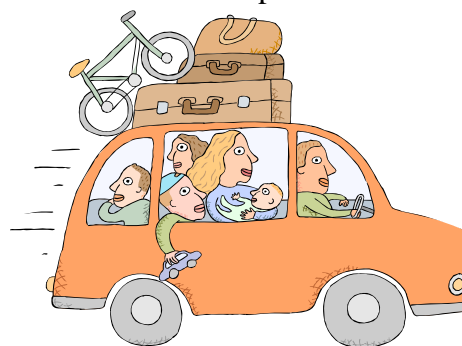
Congratulations to **Tyler “TJ” DeLaet**, son of **Kim & Jeff**. TJ was awarded the Vikki Zimmer Memorial Scholarship, a four-year, \$20,000 scholarship, on May 23rd, at the Marvin Lewis Golf Classic. The Vikki Zimmer Memorial Scholarship is in honor of Vikki Zimmer, the wife of Bengals defensive coordinator, Mike Zimmer. TJ graduated from LaSalle High School this year and will be attending the University of Cincinnati in the fall majoring in Biomedical Engineering. Way to go, TJ!!

John & Meredith Roos recently returned from John’s 55th class reunion at Princeton University. While technology has enabled them to re-connect with old friends, John said it was great to see so many in person. What surprised him the most was how old everyone was.

Congratulations to the **Haire** family!! **David and Anne’s** son, **Justin**, marries **Lindsey** on August 7th in Hot Springs, Arkansas.

“Happy Trails” to **Jim Dean** who is relocating—at the insistence of Duke Energy—to Charlotte, NC. Jim knows where all of the skeletons are hidden. The folks at Duke are smart to keep him in the fold.

Disney World appears to be the new place to vacation:
Dave & Nancy Peters with their kids and grandkids;
Pam & Tom Zepf, again with the kids and grandkids;
 and **Mary Leedy** with her grandsons.
 We’re sure that all of you had a “magical” time.



Communicating With You...

As technology continues to take over more and more of our lives, it becomes critically important that we know your preferences for communication. Over the next 60-90 days, we will be asking each of you to let us know if you prefer emails or snail mail, calls to your home phone or cell phone, etc.

In the meanwhile, please be sure that we have your **current email address** by sending an email to **bridget.mitchell@lpl.com**. Also, put Bridget’s email and David’s email (**david.haire@lpl.com**) in your address book so that their emails to you do not get dumped into your spam-box.

Technology can be a great tool, but only if we are working with the correct instruments. Thanks!!

| Our Mission | Our Beliefs |
|--|--|
| <p>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</p> | <ul style="list-style-type: none"> ◆ 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. |

Double Dip? Don't Think So *(continued)*

Soft spots are triggered not by any threat of a change in direction (*i.e.* double dip), but rather at the inflection point when the economic recovery shifts from the robust growth immediately following the recession to the modest, sustainable growth that fuels longer term economic expansions. Back to the car analogy, soft spots occur when the rapid acceleration on a highway onramp shifts to the sustainable speeds of highway driving.

While the global economy continues to face many obstacles, all of which bring down the speed of this economic recovery, I remain convinced that this economy is facing an economic soft spot and not any threat of a recessionary double dip. The market is always concerned when economic growth speed slows, which makes complete sense. But the recent equity market sell-off has priced in a greater likelihood of a severe change in direction (double dip) rather than the more moderate impacts of a soft spot. As a result, I believe that once the economy emerges from its current transition to slower, but still advancing speeds, asset values will be poised to benefit and investment opportunities taken advantage of at these attractive market levels will likely be rewarded.

You Continue to Give!!

David's Charitable Matching Program is an even greater success in 2010!! Through the first half of the year, we are less than \$1,000 away from the total contributions made in 2009.

If you have not yet submitted your match request for this year, please do so. We would like to announce that we have exceeded 2009 before the summer is over!!



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. "Oil Spill Stock Scams" and "Financial Reform: The Table is Set" were prepared by Peter Montoya, Inc. "Double Dip? Don't Think So" was prepared by LPL Financial.

**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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Oil Spill Stock Scams

Watch out for stock scams in your inbox. In the wake of the environmental disaster in the Gulf, some firms are making email solicitations to investors touting their role in the clean-up effort - and touting their stocks.

FINRA – the Financial Industry Regulatory Authority, formerly known as the NASD – is warning investors that some of these companies may be exaggerating their involvement in the clean-up, as well as claims about their technologies.

In May, the Securities and Exchange Commission suspended trading in shares of a California firm, ACT Clean Technologies, Inc. ACT had claimed that BP was interested in using its field-tested "oil fluidizer" technology to help stop the spill. The SEC questioned both the adequacy and accuracy of this information

More of these suspect claims will probably surface.

What are the warning flags? Watch out for emails, faxes or press releases from firms claiming that a) they have a magic bullet to solve the crisis, b) BP has just contracted them, c) they are presently assisting some combination of BP, the Coast Guard and/or the EPA, d) you must invest in their shares right now as their share prices will almost certainly take off, double or triple, etc..

If it sounds too good to be true, it probably is. If you get an email announcing a hot investment opportunity and you are wondering about its validity, you can always run it by me.

Be wary, be careful and be smart.

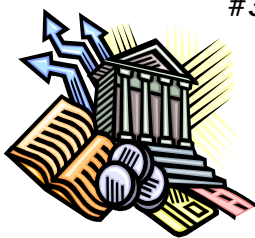


FINANCIAL REFORM: *The Table is Set*

This month, President Obama will likely sign a bill into law ordering changes in the ways banks, credit card issuers and mortgage lenders interface with consumers. Here are the key features of the financial reform agreement that the Senate and House of Representatives came to on June 24, with a vote pending.

#1: The Bureau of Consumer Financial Protection. This new consumer agency answering to the Federal Reserve would supervise mortgages, credit cards, student loans and the banks, credit unions and private lenders that issue them. Institutions holding less than \$10 million in assets wouldn't be regulated by the BCFP - but they would have to follow its rules. The BCFP would aim to make these products easier to comprehend for consumers and crack down on any possible deceptive practices.

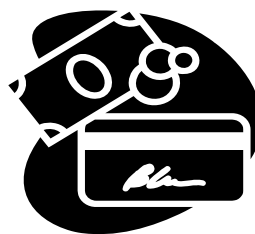
#2: See your credit score for free. If you are turned down for a mortgage or a loan, the new reforms would give you the power to see the credit score supplied to your lender. Right now, you can request three free credit reports each year but you can't see your actual score.



#3: Tougher rules for mortgage lenders. These rules should have come into play years ago, of course, but better late than never. Mortgage lenders would need to verify the assets and income of borrowers, thwarting any surreptitious comeback for "liar loans". Loan officers and mortgage brokers would not be able to receive bonuses for guiding you into this or that loan. Borrowers with ARMs and other types of complex home loans could not be hit with prepayment penalties should they want or need to pay off a mortgage before the end of its term.

#4: Retail minimums for the use of credit cards. Score one for retailers, who don't want to see people make \$2 credit card purchases when the swipe fee alone cancels out the revenue. Under the new legislation, stores could set minimums for credit card use. The minimum transaction level could be as high as \$10 if a store chooses; the Federal Reserve could raise that \$10 limit on the minimum with time.

Alternately, stores could offer consumers discounts if they pay for items with cash or debit cards. (They wouldn't be able to vary the discounts for different debit cards.) Additionally, the proposed reforms could allow colleges and universities and the U.S. government to set maximums for credit card transactions.



#5: Brokers could be held to a fiduciary standard. Under the new reforms, the Securities and Exchange Commission now has the chance to hold brokers to the same fiduciary standard common to financial advisers - that is, investment brokers would have to put a client's best interest first and not simply recommend a "suitable" investment to a client. That new standard may or may not come into play, however; the SEC is undertaking a six-month study to see if such a rule would amount to regulatory overlap or not.



#6: The "Volcker Rule" would be put into play. This is the rule that would prevent banks from trading with their own money. It would kick in with small concessions. While the reforms would halt most proprietary trading by banks, some limited investment would be permitted - they could provide up to 3% of a fund's equity, and invest up to 3% of Tier 1 capital in hedge or private equity funds.

The big banks got another key concession from Congress: they don't have to get rid of their swaps-trading desks (some legislators had contended that this decision would drive such trading to foreign markets). They can still be involved in foreign-exchange and interest-rate swaps dealing.

#7: An Office of Credit Ratings would appear. It would oversee the actions of Moody's, Standard and Poor's and other big names, and one of its objectives would be to flag potential conflicts of interest that could influence ratings judgments.



#8: The SEC would no longer regulate equity-indexed annuities. The promotion and sale of these annuity contracts has generated much flak in recent years. Interestingly, they would be overseen by state insurance regulators if the reform bill passes, and treated strictly as insurance products.



Now, what about Fannie Mae and Freddie Mac? Good question. Nothing made it into the final reform bill to address that dilemma. Some analysts expect another bill will emerge in 2011 to propose their restructuring or elimination.

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.