

# JSW Financial

## E-newsletter

### December 2011

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## **Turkeynomics**

Now that you've had some time to finish off the Thanksgiving leftovers, here are some facts that might be easier to digest:

- While we've had a bit of a bumpy ride, the Dow Jones Industrial Index is still up 5% since last Thanksgiving. While we should continue to pray for those hurting in this economy, we should also give thanks for the more than 2 million jobs recovered since 2010. Real GDP grew by 2.5% in the 3<sup>rd</sup> quarter of 2011, according to the Bureau of Economic Analysis.
- Every year some 46 million turkeys end up on the dinner table. That's about \$684 million worth. Who's lucky enough not to be served? According to the National Turkey Federation, two lucky turkeys, the "presidential turkey and the vice presidential turkey," are issued pardons. The vice presidential turkey is a back-up in case the presidential turkey is unable to perform its duties. Duties pretty much being to not bite the president during a photo shoot with the media.
- Macy's Thanksgiving Day Parade drew 44 million viewers last year, not including the 3 million on the streets. The tradition of the Macy's Thanksgiving Day Parade was actually started in 1924. Employees recruited animals from the Central Park Zoo to march on Thanksgiving Day.
- Last year, according to the National Retail Federation, Black Friday shopping was estimated at about \$45 billion. Some 212 million shoppers visited stores and websites

over the Black Friday weekend. 9.5% of those shoppers were in line by midnight of Thanksgiving Day.

Please keep our troops in mind while you celebrate the holidays this year, and have a safe, happy and wonderful holiday season.

- **Patrick Carroll**

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## **Go ahead, share your dreams**

So many times, clients meet with us for a financial review. As financial planners, we clearly know how to help you invest your money. We also know how to help you do your estate plans, and can certainly help you with all of your financial questions. But sometimes we come up short in helping you achieve your dreams.

Over the years, our clients have shared with us how they have wanted to retire to the beach, start a consulting business, buy a cabin in the woods, bring their family around the world, spend six months a year in Europe – the list can go on and on. Typically dreams like these cost money – lots of money.

We may be outstanding advisors but we're not mind readers. If you don't tell us, we can't help you.

For example, we have clients who, over the years, we've helped save money. It just so happened that during our last review the clients told us how they finally had saved enough money to start their own business. "Hmm," I thought to myself, "if I knew that's what they were planning on doing, then I could've helped them save the money more efficiently for that specific goal."

As you may know, there are so many different financial vehicles to use for many different purposes. And, in most instances, multiple goals can be achieved at the same time – with financial security.

It is our job as financial planners to not only help you with your specific investments – we're also here to help you efficiently achieve all of your financial goals.

Yes, it is also our job to ask the questions to learn more about your dreams and ambitions. But we also rely on you to share your dreams and ambitions with us since we can only ask so many questions to make you feel at ease and to open up with us.

Rest assured, no dream or ambition is silly to us. We are eager and willing to help you with whatever goals and objectives you may have. We enjoy seeing the successes our clients

have. We want to help you in any way we can. Also know that any information you share with us is held in complete confidence.

We know of the financial tools that can help you achieve your dreams, goals and objectives. So instead of just waiting for us to ask you about your hopes and dreams, please do share them with us. We would be honored to help.

- **Sara Bohn**

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## **Joel's Corner: Where's the Political Courage?**

Once again the biggest news in the financial markets is the recent lack of political courage.

But there are glimmers of hope.

First, let's address a beef of mine: Our politicians simply don't have the guts to make the hard decisions. (So what's new?) The November 23 deadline for the so-called Super Committee came and went, as did the August 2 deadline. In previous newsletters I suggested that the agreement reached on August 2 was simply a postponement. It's clear nothing is really going to happen until after next year's election ... maybe. The automatic cuts are a joke: The automatic spending cuts of \$1.2 trillion that are now scheduled as a result of the super-committee failing to reach any agreement will occur over the 9 years from 2013-21. The \$1.2 trillion represents just 3% of the projected government spending (\$40.3 trillion) over the 9-year period. (Source: CBO)

Meanwhile, Europe continues to be an even bigger problem in our future. Watch out for those European big banks. Hopefully, German Chancellor Angela Merkel can show U.S. politicians what courage looks like. Germany will have to make some very difficult decisions soon ... before 2012 U.S. elections.

We are talking to the money managers we employ and evaluating how their strategy may lessen the impacts of a continuum of recessions around the world, and a slow growth path for the U.S. economy. Interest rates, the U.S. dollar, credit rating, stock market and corporate profitability in this country will all be impacted in various ways over the next 36 months. We have been prepared.

- Jobs still have not come back to pre-recession levels...and likely will not for another five years, unless Washington focuses more on small businesses, the drivers of our economy.

- The economy itself is in a slow growth path, and will teeter on another recession for at least 18 months or so, in my opinion. Also, do not be surprised that we will experience a series of recessions (not all at once) of economies around the world for probably the next decade.

But there are glimmers of hope and actual solid fundamental progress in various areas of the global and domestic economic and political situations. Let's review a few:

- The first positive is that many of those recessions outside of the U.S. may strengthen many aspects of the U.S. economy and financial system. Our relative credit rating, for example. The dollar will also benefit, relatively. (Remember less than 6 months ago, the media were talking about how China was going to quit buying Treasuries.)
- Walk on Wall Street: Although the participants will change, you are witnessing the beginning of a modern-age revolution. The Tea Party movement is also the beginning of the people taking back their government.
- U.S. savings rate: For the first time in over half a century (since WWII) individual savings have gone up. This is not a bad habit for our kids to learn ... something we didn't learn very well from the world's "greatest generation."
- Domestic attitude toward debt and spending: Along with savings, banks and their customers are re-thinking debt and the buy-now/pay-later attitude. Again, this is good.
- Demographic trends for fewer workers in U.S.: As the boomers go into retirement there will be fewer workers replacing them, which is predicted to eventually create a labor shortage. So the demographic trend is favoring a decrease in unemployment.
- Profitability of large companies up: This has been good as labor savings have gone straight to the bottom line as even a slow growth in revenues occurred. Thus the price of stocks for many of these companies has risen over the past year.
- Increased importance of small business: The critical role of small business to job creation is being stated by most candidates in the primary election and President Obama.
- Academic institutions are starting to "get it" in terms of producing a degree of value. Students are beginning to question the value of a college degree; insisting on a value-added degree.

Overall, I have a positive feeling, like knowing we are going into a “big game” over the next 3 years, and for some aspects, a decade. In the longer term we will come out better relative to most developed economies. What we can do as individuals are:

- Stay focused on real facts as issues develop. Don't simply trust the media or politicians to provide information for your opinion. Invest time, if you are going to have an opinion and worry about the situation. There is a lot more good than bad going on to make our world better for our kids.
- Also, when one studies the world situation, as I do preparing for these newsletters, I am encouraged because the U.S. has so much going for it. It frustrates me when I see the media not telling the whole picture or politicians using scare tactics to excuse their lack of action.
- Vote every time an election is held. The silent majority will make a difference over time. And you know my opinion on voting: “Men and women have died for this right; we show respect by voting”... besides it's the only way we are going to get things changed.
- Help start or support a movement for term limits for all elected officials, at the national, state and local levels. This is a major systemic problem with our government system.
- Invest time in understanding the investment strategy we are using for your assets. This is the single greatest activity you can do to remain informed in these turbulent times. Don't simply look at your monthly statements. They DO NOT tell the story.
- Communicate with our office as much as you need and at any time to discuss your concerns. I am very confident, as we move through this period of economic stress, that we will emerge stronger than most because of our PATIENCE and forward vision.

Until next time,

**Joel**

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**Political Science for Dummies**  
**Brought to you by Joel Williams**

<b>DEMOCRAT</b>	<p>You have two cows. Your neighbor has none. You feel guilty for being successful. You push for higher taxes so the government can provide cows for everyone.</p>
<b>REPUBLICAN</b>	<p>You have two cows. Your neighbor has none. So?</p>
<b>SOCIALIST</b>	<p>You have two cows. The government takes one and gives it to your neighbor. You form a cooperative to tell him how to manage his cow.</p>
<b>COMMUNIST</b>	<p>You have two cows. The government seizes both and provides you with milk. You wait in line for hours to get it. It is expensive and sour.</p>
<b>CAPITALISM, AMERICAN STYLE</b>	<p>You have two cows. You sell one, buy a bull, and build a herd of cows.</p>
<b>BUREAUCRACY, AMERICAN STYLE</b>	<p>You have two cows. Under the new farm program the government pays you to shoot one, milk the other, and then pour the milk down the drain.</p>
<b>AMERICAN CORPORATION</b>	<p>You have two cows. You sell one, lease it back to yourself and do an IPO on the 2nd one. You force the two cows to produce the milk of four cows. You are surprised when one cow drops dead. You spin an announcement to the analysts stating you have</p>

	<p>downsized and are reducing expenses. Your stock goes up.</p>
<b>FRENCH CORPORATION</b>	<p>You have two cows. You go on strike because you want three cows. You go to lunch and drink wine. Life is good.</p>
<b>JAPANESE CORPORATION</b>	<p>You have two cows. You redesign them so they are one-tenth the size of an ordinary cow and produce twenty times the milk. They learn to travel on unbelievably crowded trains. Most are at the top of their class at cow school.</p>
<b>ITALIAN CORPORATION</b>	<p>You have two cows but you don't know where they are. You break for lunch. Life is good.</p>
<b>RUSSIAN CORPORATION</b>	<p>You have two cows. You drink some vodka. You count them and learn you have five cows. You drink some more vodka. You count them again and learn you have 42 cows. The Mafia shows up and takes over however many cows you really have.</p>
<b>IRAQI CORPORATION</b>	<p>You have two cows. They go into hiding. They send radio tapes of their mooing.</p>
<b>BELGIAN CORPORATION</b>	<p>You have one cow. The cow is schizophrenic. Sometimes the cow thinks he's French, other times he's Flemish. The Flemish cow won't share with the French cow. The French cow wants control of the Flemish cow's milk. The cow asks permission to be cut in half.</p>

	<b>The cow dies happy.</b>
<b>FLORIDA CORPORATION</b>	<b>You have a black cow and a brown cow. Everyone votes for the best looking one. Some of the people who actually like the brown one best accidentally vote for the black one. Some people vote for both. Some people vote for neither. Some people can't figure out how to vote at all. Finally, a bunch of guys from out-of-state tell you which one you think is the best looking cow.</b>

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