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## Geier Financial Group

*We're there for you. Keeping you ahead of the game.*

# January 2010 Newsletter

VOLUME 1, ISSUE 3



*Dear Friends,*

*The New Year is upon us! It is a time of year full of new beginnings, heartfelt promises of fulfilling resolutions that are made, and a time of reflection as we look back on 2009, and all that year encompassed. Let us be one of the first to wish you and yours a healthy, prosperous, and happy 2010!*

## The Market - The Year in a Glance

### Quarter Reviews



#### 1st Quarter

The end of the first quarter sparked hope in the minds of investors as the S&P 500 rallied 17.9% from its bear market low established March 9, 2009. However it was not enough to stymie the overall quarter loss of 11.0%. This was brought on by several factors such as the

news that many companies were forced to cut their dividends in order to stockpile cash, 2008 corporate earnings being less than stellar, the report from the U.S. Bureau of Labor & Statistics that 598,000 jobs were lost during the month of January alone, the Obama administration's \$787 billion "Stimulus plan" signed into effect February 17 which called for increased spending being poorly received by financial markets, and the fear of nationalization.

The term "depression" was permeating throughout society like a widespread virus giving rise to negative reactions on the part of stock market investors.

Interest rates for government securities remained near historic lows due to investors viewing these instruments as a protective shield from the global economic crisis. Yields on corporate bonds rose as balance sheets weakened, and credit markets remained dysfunctional.

By quarter's end there were signs the economy was beginning its recovery. Several banks reported they were out of the red for the first couple months of the year, the treasury department began working on a plan to help get toxic assets off the books of banks, and there were improvements in retail sales as well as housing data.

#### 2nd Quarter

Stock markets produced positive gains during the second quarter of 2009. The S&P 500 showed returns of 15.9% for the quarter. Positive data such

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as pending home sales rising for four consecutive months, creditworthy companies beginning to borrow again at fair rates, the improvement in the banking sector with several banks repaying their TARP loans, and the Index of Leading Economic Indicators increasing dramatically in April and May, and the improved sentiment of consumers and investors all contributed to these positive gains for the quarter.

Some of the key happenings to note for the quarter were emerging markets beating out developed markets, interest rates on treasury securities rising due in large part to the federal government issuing new debt, and junk bonds recovering in price as opposed to long term treasury securities, which produced losses. Americans continued to save more. By May, savings represented 6.9% of personal income.

By the end of the quarter the S&P 500 was 35.9% above its bottom of 677 on March 9, 2009. However serious underlying factors continued to plague the minds of investors and consumers. Unemployment of 9.4% was reported in July, businesses continued to struggle with some of the larger ones filing for bankruptcy, the credit crisis relating to credit card debt, commercial real estate, foreclosure cases and residential real estate's huge inventory, states running out of money, the federal government's huge deficit, and the rate at which they are issuing debt, are all still glaring issues.

### ***3rd Quarter***

Stock markets continued to pack on more gains during the third quarter. The S&P 500 gained 15.60% during the quarter. The government's attempts to ignite the U.S. economy drove up prices for U.S. Treasury securities, and therefore the yields on bonds fell helping all segments of the Treasury market deliver positive returns. Corporate bonds also benefited from the improvement in company balance sheets and earnings growth.

Some key happenings to highlight during the this quarter were the 2.7% increase in August retail sales due in large part to the 11.9% boost in auto sales brought about by the government's "Cash for Clunkers" program. Bank repayments of TARP loans enabled the Treasury to borrow \$109 billion less during the third quarter than anticipated. Existing home sales fell 2.7% in August, and the backlog of unsold homes was down to an 8.5 month inventory.

The Fed kept interest rates steady but will extend its purchases of mortgage-backed securities, gradually winding down the program by the end of the first quarter of 2010. Gold experienced its first loss in over a month during September, and fully stocked inventories pushed oil down. G20 leaders agreed to promote more domestic consumption by export-dominated China and Japan, a lower budget deficit, increased international monetary fund ownership by developing nations, and reforms in bank compensation policies and capital requirements.

### ***Moving into the 4th Quarter***

During the month of November the S&P 500 rose 6%. This index has now risen in seven of the past eight months and was up 24.07% as of the beginning of December. The index is still down 30% since hitting its record high in the fourth quarter of 2007.

This quarter has also had its share of disheartening developments such as a 10.2% unemployment rate, the report that 3.4% of U.S. households are 120 days or more overdue on their mortgage payments, up from 1.5% a year earlier, and the fact that our debt and credit crisis continue to haunt us.

On the positive side for the quarter, the Fed declared they plan to keep its short - term interest rates near zero, and to continue to pump billions of dollars into the financial system. This action will hopefully bolster operating margins, increase profits, keep financing costs low, and push

the market higher.

## Newest Additions to GFG!

**On the Geier Asset Management Front:**

**Pete Shettle  
Gary and Linda Paluso  
Florence Stanton  
Donna Dailey  
Tom and Linda Brightfield  
Tom and Denise Shewell  
Sister Joyce McCauley  
Chris Herrmann  
Deborah Lidge  
Ralph Lidge  
Frank & Ellen Woods  
Catherine Rogers**



**WELCOME TO OUR NEWEST CLIENTS!**

## Internal Office Change!

**On the tax front**

James McIntosh will no longer be assisting us in the preparation of tax returns. Although we've enjoyed working with him over the last few years, we've decided to handle the preparation of tax returns in house overseen by Dan Mules and Brian Woods.

Please contact Dan Mules & Brian Woods with any tax related questions or concerns.

## Available Tax Breaks!

[First Time Homebuyer Tax Credit](#)

[New Vehicle Purchase Tax Credit](#)

[2009 Tax Break Summary](#)

[Plug in Hybrid Tax Break](#)

[Diesel Tax Credit](#)

[Alternative Fuel Tax Credit](#)

[Hybrid Tax Credit](#)

[Energy Efficiency Tax Credits](#)

## A Resource Library for You!

[Financial Aid 101](#)

[Understanding Long Term Care](#)

[Financial Calculators](#)

[Saving for College Calculator](#)

[Estate Planning Basics](#)

[529 Plans Explained](#)

[Roth IRA Conversion Summary](#)

[IRS Central](#)

## GFG's New Year Resolution



Just as investors are reworking their retirement plans and adjusting their goals as a result of 2008 & 2009, we too are taking the time to reflect on how the recession has affected our clients and our industry as a whole. We have several projects on the horizon to help us better serve you:

- We will be contacting clients periodically as a sounding board for new ideas regarding processes, reporting, and ways to improve our services as a whole
- Revised reporting format
- Client View (an online service with built in vault where you can view your investment statements, as well as other important documents).
- Semi - annual Financial Planning "Refresher Grams" will be sent to capture any major changes that have occurred since our last meeting.
- We will be circulating case studies relevant to hot topics and continue to send timely updates regarding changes in legislation, the market, etc...
- We will continue to send out satisfaction surveys and ask that you please take a moment to reply.

***Please continue to provide feedback. We are listening...and hear you loud and clear!***

## Is Cash Still King?

Funny how psychology plays such a large part in investment decisions. After investors were severely beaten by the financial tsunami of 2008, Warren Buffet's advice to get back into the market could be heard everywhere. So why is it that the vast majority of investors clung tightly to their cash by either sweeping it into a money market account, throwing it into a CD, or subscribing to the "under the pillow" theory? FEAR. While cash will always have a place within a portfolio, it should not be the

mainstay of an investors funds for the long term. With the injection of funds that have been and continue to be pumped into our system, along with the other measures that the Fed has taken and continues to take such as changes in tax laws and legislation, economic growth will continue to pick up and our old friend INFLATION will start to rise. As inflation rises, return potential becomes increasingly important, and the need to explore areas other than cash becomes critical.

There are several areas that look promising as a result of economic growth. **Technology** being one of them as that is one of the first areas companies look at investing in when they start making money again to boost productivity and propel them into the next tier of business saavy. **Emerging markets** have taken some of the spotlight as well. With the worldwide economy recovering, emerging markets should grow faster than the more developed foreign markets since there will be a greater push up into the middle-class, and increased level of exporters selling products to industrialized countries. **Energy** is looking good as well since a growing economy increases demand for oil and gas. We offer oil and gas limited partnerships as an alternative investment to clients currently. **Commodities** are also a hot topic. As inflation rises in tandem with economic growth, commodity prices are apt to increase. If the economy continues to prosper, the prices of copper, aluminum, and steel are also likely to rise. **Gold** continues to be a top pick for us. Having a portion of your portfolio weighted towards gold can help protect against inflation, deflation, and the weakening of our currency. Supply and demand fundamentals continue to be positive for 2010. **"Going Green"** continues to be a powerful force within our society, and we see this trend spilling over into the investment arena quickly. We are now looking at some green funds to incorporate into our strategy. Within the fixed income realm, **municipals and corporate bonds** seem to be winning the spotlight. Tax rates will more than likely go up so the demand for municipal bonds should stay strong. Investment grade corporate bonds have less risk of default, offer decent yields, and tend to do well in an improving economy.

We will continue to search for the best places to invest your money, and update you as to any major changes along the industry landscape.

## GFG's Press Box

### Corporate

- Geier Asset Management, Inc. cited in Baltimore Business Journal's top Independent Financial Advisor's Survey.
- Geier Financial Group guest on Fox 45 Morning News to discuss Retirement planning - June
- GFG recognized by local publications for supporting the Howard Life Festival benefiting Ulman Cancer Fund and Blossoms of Hope - May
- GFG sponsored Brooks Robinson All Star Game, which was mentioned by Roch Kubatko of MASN and Stan Charles of ESPN Radio.
- GFG highlighted in SmartCEO - September
- GFG highlighted in Maryland Daily Record within article, "Guarding Athlete's Assets," written by Liz Farmer
- GFG supports Ulman Cancer Fund Golf Charity Event - July
- GFG supports Ulman Cancer Fund "Screw Cancer" Event - October
- GFG hosts day out at Constellation Energy Event for clients
- GFG writes bylined article published in Private Wealth Magazine - Sept./Oct. issue titled "Athletic Prowess"
- GFG supports Mt. Washington Pediatric Hospital's Melvin & Gisel Mora Golf Tournament - September
- Joe Geier of GFG highlighted in ESPN Magazine - December
- Erich Imphong of GFG highlighted in BBJ's Human Capital section - December

## Weddings

- Josh & Jorni Kinney united in marriage November of this year
- Jason & Ember Johnson united in marriage November of this year

## Births

- Jeff & Kristen Ballard were blessed with the birth of their son, Kyren Wayne in March
- Stacey & Stratton Burns were blessed with the birth of their son, Izaak Shane in September
- Ken & Suzanne Singleton were blessed with the birth of their grandson, Jaxson Charles in September
- Chad & Jenny Bradford were blessed with the birth of their son, Charles Walker in June
- Jerry & Tanaha Hairston were blessed with the birth of their daughter, Jessica Marie in November
- Ben & Megan Davis were blessed with the birth of their daughter, Riley Ann in April
- Daniel & Elvira Cabrera were blessed with the birth of their son, Daniel Jr. in February
- Chris & Erin Woodward were blessed with the birth of their son, Grady Maclean in October

## Other

- Client, Greg Morgan running for county council
- Koyie & Meghan Hill hosted an event December 5th at 7:00 pm at Hartman Arena, KS for an unforgettable evening with one big goal in mind - to raise money towards granting wishes to children battling a life-threatening illness. This premier event featured local celebrities and professional athletes together with wish children and their families. For more information visit:

### [Koyie's Big Wish](#)

- Dan & Annie Wilson continue to actively support "All God's Children International." It is an orphan care ministry dedicated to rescuing and caring for children around the world by providing shelter, care and love to all children. In November 2008 Dan & Annie organized a trip to Ethiopia to help build a daycare center for community orphanages, and several close friends such as Brian Woods joined them in their mission.



Wilson with local kids

Brian Woods with local boy



Brian  
Dan



Annie & Dan Wilson helping to build daycare center



Dan & Annie Wilson

For more information about this organization please go to [www.allgodschildren.org](http://www.allgodschildren.org).

We wish everyone only the best as we enter into a new year! Thank you for your support, business, friendship and referrals over the years.

Sincerely,

***Geier Financial Group***

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