

Dear Client,

Welcome to another newsletter. We are witnessing unprecedented change in our economy and society; not all of it for the better. There's little we can do about the slowdown in American business because our \$14 trillion economy is based on consumer spending and that's largely a part of your job security. We haven't been creating jobs, we've been hemorrhaging jobs in our country the last nine months. It looks like, however, the stock market, albeit volatile, has increased from the March low, which is good for our indexed based accounts.

Millions of Social Security recipients will face shrinking Social Security checks starting next year. That's the first time in a generation that payments will not rise. The Trustees who oversee Social Security are projecting that there won't be a cost of living adjustment. That hasn't happened since 1975. By law, the payments you receive from Social Security cannot go down, but the monthly payments drop because of the increase in premiums in the Medicare Prescription Drug Program. We did have an increase of Social Security cost of living of 5.8% in January of this year, but it looks like there won't be any increases for the next two years.

Allianz Life Insurance Company recently had their AA ratings affirmed by Standard and Poor's. They announced a profitable quarter and maintained an impressive solvency ratio of 159%, which is a measure of the amount of risk a company can absorb. Their parent company contributed over \$1.5B in capital to them. American Equity Life Insurance Company had a record 1st quarter in 2009 and their net investment income increased 13%. The company has experienced no losses to date on any of their commercial loans or any of their bond portfolios.

Recently, the FDIC has closed more banks bringing the total to 84, which is the worst fallout in banking since the Great Depression. The FDIC insures deposits at over 8,000 institutions with roughly \$13.5T in assets, but their deposit insurance fund has shriveled to \$10B as of June 30th. Your money is safe as long as you deposit less than \$250,000 in an account at a bank. Unfortunately, the FDIC will need to replenish the funds that they have set aside for bank failures, and the way they will do that is by increasing fees to the banks. This will raise the expenses of the banks, which will lower the interest rates that they will pay to consumers. It is another hidden cost that all tax payers will have to pay to repair the economy.

Recently, I became educated in an important Veterans Benefit Program. I attended a conference in July in Denver that discussed the Aid and Dependence Pension. If a veteran is over a certain age, medically needing care, served in a war and has an honorable discharge, the Veterans Aid and Dependence Pension is available to them. We are going to be helping veterans in this area in the near future. This pension is tax-free and goes to the veteran for as long as they're alive. In addition, spouses of deceased veterans are also entitled to receive a pension. Because we have many veterans here in Connecticut, it behooves me to be knowledgeable in this area. We can provide additional income that improves their lifestyle and their retirement. They certainly deserve it. As information becomes available to me, I will share it with my clients. We all know veterans who are in an Assisted Living Facility or in some kind of Retirement Community.

Please find enclosed, our seminar schedule for the rest of the year. You'll note that some are familiar locales; others are new. As a client, you're always invited to attend these seminars. We took a week vacation at the end of August and now we are back at work and looking forward to hearing from you. We thank you very much for the opportunity to serve you and protect your retirement assets.

Sincerely,

Syd and Diane