

# WEALTH TRUST

Summer 2012 Edition

## ARIZONA QUARTERLY

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### AN UPDATE ON THE **EUROPEAN DEBT CRISIS** AND HOW IT CAN AFFECT YOUR PORTFOLIO



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Spend Some Time  
with **Paul Ahern**

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What to Do When a  
**Family Member Passes**

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Access Your Quarterly  
**Statements Online**

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# Your Quarterly Statements Are Now Available Online!

In an effort to give you access to timely, accurate information regarding your WealthTrust-Arizona account, we are excited to announce that Quarterly Statements are now available online for viewing.

**If you have not signed up for eStatements and would like to start viewing your statements online** simply email Ann-Margret Howard at [ahoward@wealthtrust.com](mailto:ahoward@wealthtrust.com) or call her at 480.483.7300 and she will provide you with a User ID and password so you can gain access to your information right away.

If you have questions or problems accessing your quarterly statement, please contact your Financial Advisor directly or Ann-Margret Howard at **480.483.7300**.

**WEALTHTRUST**   
ARIZONA

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[www.wealthtrust-arizona.com](http://www.wealthtrust-arizona.com)

# Letter from WealthTrust-Arizona's CEO

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I HOPE THIS FINDS YOU WELL AND THAT YOU ARE ENJOYING YOUR SUMMER! The last time we got together via newsletter, I told you about our Client Satisfaction Survey and strongly encouraged you to make your opinion heard. You came through — I am pleased to report we had a high return rate for our survey.

This survey has proven to be an invaluable tool for the team here at WealthTrust-Arizona, one which allows us to get feedback from our clients and make informed decisions based on that feedback. We use your responses to help us formulate strategies to provide you with the outstanding level of client-focused service you have come to expect from WealthTrust-Arizona.

In the 2011 Client Satisfaction Survey, you told us that you wanted more relevant financial information from our website, and we listened. There are a multitude of resources available to you when you log onto WealthTrust-Arizona.com. For example, you can read a [Weekly Market Summary](#) and [access your quarterly statements](#) and [watch educational videos](#). There is also a page filled with [links to financial news sources](#), such as *The Wall Street Journal*, *Barrons.com* and *Bloomberg.com*, along with links to sources of [financial commentary](#) and financial exchanges and governmental agencies.

At WealthTrust-Arizona we are always striving to stay abreast of the most current trends and changes in the economy and world markets, as well as developing new opportunities to grow your portfolio. As part of that effort, we strive to develop educational workshops focused on presenting clients with the information they need to become better informed and more active partners in securing the health of their financial future. We are pleased our efforts in this area have been so well-received by our clients — in this latest Client Satisfaction Survey, a large number of you told us you were “extremely satisfied” with our workshop series, finding them both useful and informative. As a matter of fact, many of you provided suggestions for upcoming workshop themes. Our 2012 fall workshop schedule will feature two of our clients’ suggested topics — an overview of our investment management philosophy and updates from our portfolio committees. You can find the schedule for each of our workshops on the back of this newsletter.

From this latest survey, we learned there are a myriad of reasons why our clients chose WTAZ over other financial

management firms. Our reputation, investment style and philosophy and understanding of their needs topped the list. We are also pleased our clients have embraced our [Quarterly Newsletters](#) and find value in the information we provide therein.

In your feedback, you also told us you would like to see easier, faster and more efficient communication from WealthTrust-Arizona. In order to facilitate that, we remind clients to contact Ann-Margret Howard at [ahoward@wealthtrust.com](mailto:ahoward@wealthtrust.com) with your email address, so we can send you your logins to access quarterly statements online and communicate with you via email.

Additionally, our clients value their relationship with us and feel the level of expertise, professionalism and communication displayed by their Financial Advisor is exemplary. In fact, a substantial majority of clients used the term “extremely satisfied” to describe their thoughts about their association with WTAZ.

While our Client Satisfaction Survey provides WTAZ with invaluable information and insight, we do not need a survey to tell us our clients deserve honest, informed counsel when it comes to managing their financial future. You do not need to wait until our next survey to give us your opinion on how we are doing here at WTAZ. If you have any questions, comments, concerns or suggestions, please do not hesitate to contact me directly or your Financial Advisor.



Thank you again for taking part in our survey and I hope to see you at one of our upcoming fall educational workshops!

Best,

*Holly D. Deem, CFA*  
Chief Executive Officer  
WealthTrust-Arizona

# An Update on the European Debt Crisis

**T**HE WORLD CONTINUES TO KEEP A CLOSE EYE ON EUROPE, and with good reason. The debt crisis there — and how it is or is not being handled — continues to affect world markets and, ultimately, your portfolio, regardless of the quality of your holdings or how well diversified they are.

## The Eurozone's Weakest Links

If the Eurozone has an Achilles' heel, it would be Greece and Spain. Greece's relatively small economy (it is the world's 36<sup>th</sup>-largest economy, with a Gross Domestic Product, or GDP, of only \$305 billion) means it accounts for one-sixtieth — a mere 1.7% — of the total GDP of the \$17.6 billion, 27-nation European Union. There are growing concerns Greece's huge bank borrowings and state debts will ultimately bring down its economy, which would only exacerbate the situation. Greece might ultimately end its 13-year run of using the euro as its official currency, reverting back to the drachma. If that were to happen, some think it could be a good thing, serving as a “wake-up call” for Greece and its citizens, forcing them to deal with the hard political and economic decisions they have thus far avoided making.

If Greece did voluntarily increase taxes, reduce government spending, lower pension and other entitlements and generally tighten its belt, its currency will maintain its value. The accompanying austerity and pain would be at least somewhat predictable and controlled. If Greece takes the opposite tack and disdains austerity, the currency market will react accordingly. The value of the drachma versus other currencies would plummet, the price of imports would rise (taking the cost of living up with it), the real earnings of Greek workers would fall and interest rates would rise, which would make credit prohibitively expensive. All of these factors, combined, would further force Greeks to live within their means, which would lead to austerity measures being imposed.

The Eurozone crisis has affected world markets. For example, the UK's main stock market index fell by nearly 700 points — almost 12% — over a nine-week period. The index of 100 elite British businesses fell 9.5% in two months.

Spain has the world's 12<sup>th</sup>-largest economy, with a GDP approaching \$1.5 trillion. The nation is already struggling with recession and a loss of confidence in its banks, so an unemployment rate approaching 25% certainly does not help matters.

If lending criteria tighten and inter-bank rates rise, loans to individuals and businesses will become more difficult to obtain — and more expensive. Such an event has already earned a nickname: “Credit Crunch II.”

## Unemployment Up In Eurozone

While our nation's unemployment rate rose slightly in May — from 8.1% to 8.2% — jobless figures coming out of the Eurozone are even worse. Their jobless rate is now 11%, the highest number recorded since the euro was created more than thirteen years ago. When you delve into the numbers, the outlook is even bleaker than you might think. In Spain, almost one quarter of the work force is not employed, and more than half of the nation's young people are not currently working. The U.S. jobless rate showed a slight uptick in the wrong direction, and the number of new jobs — an anemic 69,000 — is discouraging, the fewest number of new jobs created since May, 2011. These numbers are well below the results of a poll of economists which had predicted nonfarm payrolls to increase by 150,000 and the jobless rate to hold steady at 8.1%.





It is not just Greece which is facing a tough choice — for all of Europe, the road forward has been narrowed down to two competing choices: Growth versus Austerity. Unemployment has risen in Europe the past few years, despite efforts like bailouts and summit meetings convened to deal with the economic tsunami which has washed over the continent. Some European politicians and officials have begun to reevaluate the strategy of austerity and are leaning toward a shift to growth in conjunction with deficit reduction.

In recent parliamentary elections in Greece, voters rejected the centrist parties which had worked with EU authorities on an austerity program, in exchange for a large bailout earlier in the year. Fringe parties from both the right and the left, which are opposed to more austerity, garnered an impressive portion of the overall vote. These results increase the odds that the Eurozone will be forced to split before 2013, and Greece's departure would be a key element in that scenario.

The economies of both Greece and France have not performed as well, thanks to factors such as a fiscal deficit exceeding the EU limit of 3%, along with a depreciating euro. But those countries were not alone in dealing with these kinds of issues; at times, Germany's budget shortfall has also been above 3%. The dip in the German unemployment rate should not be attributed to fiscal or monetary easing. More likely it is a result of the more flexible labor markets which came about as a result of the structural reforms instituted in Germany over the past decade, which resulted in German workers becoming more productive than their European counterparts.

### **If Greece Replaces the Euro**

Greece has come to typify the European debt crisis. The nation, now in its fifth year of a recession, has taken measures to reduce its massive debt, instituting austerity measures, raising taxes and cutting spending. There is much speculation that Greece will replace the euro with a weaker drachma. Recently, an estimated 700 million euros fled the Greek banking system in one day alone. At least one ratings agency has already said that it would place all Eurozone countries on credit watch if it appears Greece will dump the euro. In a worst-case scenario, Greece defaults on its debt, and bank runs spread to Spain and Italy. One of Europe's largest trading partners, China, slows further, which depresses demand for commodities. Prices for stocks

and commodities fall and recession leads to further political crises in Europe.

Unfortunately, if this scenario plays out, it would happen at the same time the United States hits a fiscal brick wall. Unless Congress acts, taxes will rise and government spending will fall at the end of 2012.

High unemployment rates, economic and political instability and burdensome debt have all combined to ensure that what happens in Europe has repercussions well beyond the continent. Financial markets abhor uncertainty; given that the Eurozone will undoubtedly remain mired in uncertainty for at least the next few months, you should not let the vagaries of the current global situation guide your every financial move. While you should certainly monitor the situation, do not let every financial twist and turn derail a carefully constructed investment game plan. If you have not already done so, now is the time to adopt a long-term approach to your portfolio, keeping in mind that the old adage still holds true: slow and steady wins the race. ❖

## The WTAZ Quarterly Newsletter is Going Digital

Due to feedback from our recent Client Satisfaction Survey, WealthTrust-Arizona will be moving toward electronic distribution of the quarterly newsletter starting this fall.

If we have your email address on hand expect to receive the next newsletter via email only.

If we do not have your email address you will still continue to receive a printed version of our quarterly statement.

If you would like to sign up for our electronic distribution of our quarterly newsletter or to continue receiving a printed version please contact Ann-Margret Howard at [ahoward@wealthtrust.com](mailto:ahoward@wealthtrust.com) or call her at **480.483.7300**.

# What To Do When a Family Member Passes

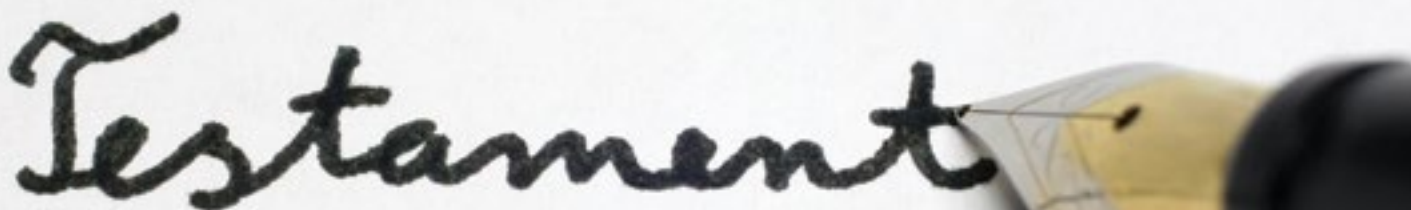
When a loved one passes away, your immediate reaction is to grieve and seek out the consolation of family and friends. While it is a difficult time, it is also a time when important financial decisions need to be made in the most clear-headed way possible.

To assist you in navigating this difficult period, WTAZ has prepared this list of items you might have to deal with. Remember that some of these tasks may need to be completed by the executor of the estate.

- Call family members, friends and clergy. You will need their emotional support.
- Arrange for a funeral, cremation or burial, hopefully adhering to the deceased's wishes. If needed, you may look among his/her papers for final wishes. Arrange for any cultural/religious rituals and anatomical gifts.
- Get in touch with your loved one's place of work, unions and professional organizations and any organizations where he/she may have volunteered.
- Arrange for bereavement leave from your employer. Place an obituary in your local newspaper and/or any appropriate website. Obtain certified copies of the death certificate. Your family doctor or medical examiner should be able to provide you with a death certificate within 24 hours of the death. The funeral home should complete the form and file it with the state. Make sure you get several certified copies, as photocopies may not be accepted. You will need these when you are applying for benefits and settling the estate.
- Review your family member's financial affairs, keeping an eye out for estate planning documents, wills and trusts and deeds and titles. Also look for other important documents, such as marriage, birth or adoption certificates and military discharge papers (which you may need to apply for benefits). You may be able to find these documents in a safe deposit box, or check with the deceased person's attorney.
- Report the death to the Social Security Administration, by calling 1-800-772-1213. If your loved one was receiving Social Security benefits by direct deposit, ask the bank to return any money paid for the month of death. If checks were mailed, make sure to return them as soon as possible. Surviving family members may be eligible for a lump sum, \$255 death or survivor's benefit. For any Social Security related questions, log onto [www.ssa.gov](http://www.ssa.gov).
- Make a list of the deceased's benefits and put any necessary safeguards in place to protect any property. Make sure to make any necessary mortgage and insurance payments while the estate is being settled.
- Arrange with the deceased's workplace to collect any personal belongings and salary, vacation and sick time. Look into continuing health insurance coverage and potential survivor's benefits for a spouse or children.
- Locate any insurance policies, including individual and group life, mortgage, auto, credit, life, accidental death and dismemberment and credit card insurance, along with any annuities.
- Contact credit card companies, letting them know of the death and cancelling all cards unless you are named on an account and wish to retain the card.
- Retitle jointly held assets, including bank accounts, automobiles, stocks and bonds, and real estate.

Of course, this list is not all-inclusive. If you are dealing with the death of a loved one and have any questions we have not covered in this list, please consult your attorney or contact us so we can put you in touch with our Estate Planning partner, **Colby & Thornes**.

Visit our website to [download a copy of our Survivor's Journal](#) to help you prepare your loved ones. The WTAZ Survivor's Journal provides a detailed list of information and instructions which will assist your loved ones in the event of your death. ❖



Testament

# WealthTrust-Arizona Earns NABCAP Distinction of Top Wealth Management Firm in Arizona

We are proud of our distinction of being named one of Arizona's Top Wealth Managers by the **National Association of Board Certified Advisory Practices (NABCAP)**, a nonprofit created to help reform the investing public's perception of the financial services industry and financial planners. It is an honor to be named to join an elite group of financial advisors handpicked by the organization.

To learn more about NABCAP and its ranking system visit [www.nabcap.org](http://www.nabcap.org).



## WealthTrust-Arizona in the Community

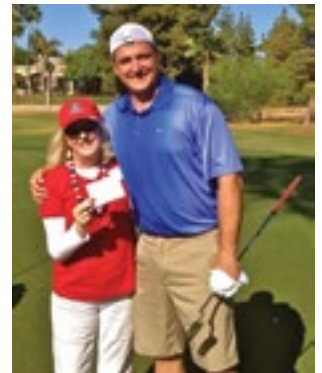
Heath Bray, a former University of Arizona star football player, is an active board member of the **University of Arizona Phoenix Alumni Chapter**. This past April, Heath participated in a golf tournament to help raise money for the UA Phoenix Alumni Chapter Scholarship Program. From this one event alone, Heath and his fellow board members raised over \$50,000.

The Phoenix Alumni Chapter awards academic and need-based scholarships to the best and brightest students from Maricopa County and surrounding areas. Since awarding its first scholarship in 1970, the Phoenix alumni chapter has

given more than \$1,000,000 to nearly 500 students.

Not only did Heath help raise money for a great cause, he also won closest to the pin on a 198 yard par 3 and his foursome shot a 58 finishing in 5<sup>th</sup> place.

We congratulate Heath for helping students gain access to higher education!



## A Minute With... Paul Ahern *Principal, Executive Vice President*

**Q** *Why did you become a financial planner?*

**A** From an early age I was always a good saver. After years of hearing my parents recommend I meet with their financial planner, I finally did. I was just about to graduate college and realized after that first meeting with him that helping people save and invest their money was exactly what I wanted to do.

**Q** *What was your best experience with a client?*

**A** I regularly ask clients if they are losing sleep at night over economic or market news and love hearing them say "no, that is your job." It tells me that I have removed a big burden from their shoulders, allowing them to focus on things that truly make them happy.

**Q** *Tell us one thing a client should know about the WealthTrust team.*

**A** All of us have earned at least one advanced designation. We pride ourselves on education and a commitment to the highest ethical values. We lose our right to use these initials after our name should our ethics ever be compromised.





# 2012 Educational Workshops Schedule

At WealthTrust-Arizona, we are committed to work with you to help shape and manage your financial future. In an effort to continuously provide you with information that could impact your portfolio, we have developed an ongoing educational workshop program designed to help educate and inform you about issues that have affected or could affect your financial future.

These events are one of the ways we grow our firm. We encourage our clients to invite guests who may benefit from the material provided to attend our workshops as well.

Below is a listing of the workshops we have scheduled through the end of 2012. More details regarding our educational workshops will be up on our website soon.

## **An Update from Our Investment Committee on Potential Risks and Opportunities**

- Wednesday, 9/26 at 10:00 A.M. and 6:00 P.M. in Scottsdale
- Thursday, 9/27 at 9:00 A.M. in Chandler

## **An Update on the Phoenix Real Estate Market**

- Wednesday, 10/17 at 6:00 P.M. in Scottsdale

## **BlackRock Discusses Global Macro Issues**

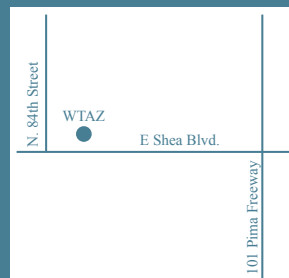
- Tuesday, 10/30 at 10:00 A.M. and 6:00 P.M. in Scottsdale
- Wednesday, 10/31 at 9:00 A.M. in Chandler

## **Presentation on Fiscal Cliff**

- Tuesday, 12/11 at 10:00 A.M. and 6:00 P.M. in Scottsdale
- Wednesday, 12/12 at 9:00 A.M. in Chandler



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