

WEALTH TRUST

Fall 2011 Edition

ARIZONA QUARTERLY



THE DEBT CEILING CRISIS IS AVERTED – NOW WHAT?

Learn About the Budget Control Act of 2011

PLUS: Educational
Workshops Schedule
Announced!

Spend Some Time With
HEATH BRAY

WHY INSURANCE?
Greg Anderson Gives an
Insurance Assessment



EXCLUSIVE MONTHLY INDEPENDENT POLITICAL COMMENTARIES FROM GREG VALLIERE



WealthTrust-Arizona is proud of their association with esteemed political strategist Greg Valliere, with Potomac Research Group. He provides a well-regarded, insightful monthly commentary on the real-world impact of Washington, D.C. policies on Wall Street.

You can find his monthly commentaries on www.wealthtrust-arizona.com/resources/educational-resources. If you would like to be placed on the e-mail distribution list to receive this invaluable commentary, please contact your Financial Advisor.

LETTER FROM WEALTHTRUST-ARIZONA'S CEO

Dear Clients and Friends of WealthTrust-Arizona,

It certainly has been an interesting summer when it comes to the nation's economy. The political struggle over the deficit, national debt and raising our nation's debt ceiling combined to create an unsettled economic climate. Mix in other factors, including wildly fluctuating global markets, high unemployment and the debate over tax policy, and uncertainty over economic issues seems to continue to grow.

Of course, the entire staff here at WealthTrust-Arizona has been focusing on events as they have unfolded on an almost hour-by-hour basis. Our team of professionals regularly reviews our investment decisions and has frequent investment discussions with key resources in the financial community, all with the intention of making sound decisions. We challenge ourselves constantly and take pride in the highly diversified comprehensive approach we take in managing client's assets with tailored investment solutions specific to each client's risk tolerance level and financial plan.

In addition, we have enhanced our initiatives and resources to better inform you of topics that may play a role in your financial future. Below is a brief look at some of the upcoming Fall events we have planned for you in both our Scottsdale and Chandler locations:

We have planned two economically-themed events: an update on the "State of the Arizona Economy" with special guest speaker Barry Broome, President and CEO of the Greater Phoenix Economic Council (GPEC), and a discussion featuring experts from WealthTrust-Arizona and Alliance Bernstein on inflation and deflation and the importance of preparing your portfolio for either scenario.

With the debate over healthcare taking center stage, it only seems appropriate for us to address the issues surrounding this contentious and expensive issue. We have asked Robert K. Smoldt, Chief Administrative Officer Emeritus at Mayo Clinic, to take part in several

upcoming workshops: "Five Fallacies about Improving Healthcare", "Deficit Reduction and Healthcare" and "Who Needs to do What to Improve Healthcare". We have also scheduled workshops on "Preparing for the Death of a Loved One" and on Long-Term Care.



To see the complete schedule of upcoming events and their locations, and to RSVP, please go to our website, www.WealthTrust-Arizona.com.

Here at WealthTrust-Arizona, we value your feedback. You have told us that communication is of key importance to you and we have implemented changes to make our communication with clients faster, continuous and more efficient. For example, we now provide continuous access to our educational videos on our website, we distribute weekly e-mails to keep you abreast of the latest financial and economic news, we have established social media pages on LinkedIn and Twitter to keep you informed 24/7, and are committed to keeping our website updated with the latest economic news and other topical information.

Finally, I would like to again reinforce the importance of client feedback from you to us. If you have any comments or suggestions, I encourage you to contact your Financial Advisor or you may e-mail us directly at info@wealthtrust.com. Our senior professional staff has almost 140 years of combined experience in the wealth management field and we strive tirelessly to put that experience to work for you, every single day.

Best,

HOLLY D. DEEM
Chief Executive Officer
WealthTrust-Arizona

THE BUDGET CONTROL ACT OF 2011

After a last-minute agreement finally brought the stalemate over the nation's debt ceiling to a close, President Barack Obama signed the Budget Control Act of 2011 into law on August 2, 2011, enabling the U.S. Treasury to avoid defaulting on existing obligations.

The Budget Control Act of 2011 left all sides with plenty to argue about over the next few months. In addition to increasing the debt ceiling, it would bring down the federal budget deficit by an estimated \$2.1 trillion over the next ten years. It also sets the stage for more debate over how to achieve that \$2.1 trillion reduction, focusing on spending cuts rather than increased revenues. Here are some of the key provisions.

Debt ceiling will be increased in stages

The \$14.3 trillion debt ceiling will be increased immediately by \$400 billion, and by another \$500 billion after September. The increases will allow

the Treasury to pay bills without interruption after August 2.

Assuming deficit reduction measures are adopted by the end of the year, an additional \$1.2 trillion to \$1.5 trillion in borrowing authority will be available in 2012, which it is believed will take care of the Treasury's needs until 2013. Though Congress could vote to disapprove the additional borrowing authority, that action could be vetoed, which would prevent a rerun of the recent uncertainty.

Immediate limits are imposed on discretionary spending

Caps on domestic and defense spending will cut an estimated \$900 billion to \$1 trillion – roughly the same amount as the initial increase in the debt ceiling – from federal budgets over the next decade.

Joint congressional committee will seek \$1.5 trillion in additional deficit reduction

A special joint select committee of 12 Democrats and Republicans from both the House and Senate will be charged with finding ways to reduce the deficit by an additional \$1.5 trillion. The committee, which must be appointed within two weeks after the legislation is signed, is directed to report its proposals by November 23, 2011; by December 2, it must submit legislation to implement them. Both houses of Congress must vote on that legislation, which cannot be amended, by December 23, 2011.

Additional spending cuts, 2012 debt ceiling increase tied to deficit reduction agreement

The joint committee's deficit reduction proposals will determine the amount of an additional increase in the debt ceiling. If the committee's proposals are approved by Congress, the debt ceiling will be increased in 2012 by the amount saved by the deficit reduction measures. If the committee cannot agree on how to cut the deficit by at least \$1.2 trillion, or if Congress does not approve the committee's proposals, the new debt ceiling increase would be limited to \$1.2 trillion.

To try to prevent gridlock on the committee, failure to agree on at least \$1.2 trillion in deficit reduction



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President Obama also would be granted immediate authority to increase the debt ceiling by \$1.5 trillion if Congress were to pass by year's end a Constitutional amendment requiring a balanced budget.

would automatically trigger an additional \$1.2 trillion in broad-based spending cuts beginning in January 2013. The cuts would apply to both defense spending, such as the Departments of Defense and Homeland Security, and to nondefense spending, such as payments to Medicare providers. However, Medicare cuts would be limited to 2% of the program's cost, and programs such as Social Security, Veterans Benefits, food stamps, and Supplemental Security Income (SSI) would be exempt.

Balanced Budget Amendment would give authority to increase debt ceiling

President Obama also would be granted immediate authority to increase the debt ceiling by \$1.5 trillion if Congress were to pass by year's end a Constitutional amendment requiring a balanced budget. Such an amendment also would need to be ratified by three-quarters of the states.

Subsidized loans for graduate students eliminated

Subsidized-interest Stafford Loans for graduate and professional students (other than those in state-required teaching or certification programs) will end after July 1, 2012, though unsubsidized loans will still be available. The Act also adds \$17 billion in mandatory funds over two years for Pell Grants to compensate for the funding gap. **WTAZ**

Source: Broadridge Investor Communication Solutions, Inc.

WEALTHTRUST-ARIZONA WELCOMES BACK GREG ANDERSON

We are pleased to tell you an old friend and colleague has returned to once again partner with the team of professionals here at WealthTrust-Arizona.



For years Greg Anderson was an independent consultant with our firm. Greg has rejoined the WTAZ team, through our association with Brokerage Professionals, Inc., a premier full-service, wholesale insurance brokerage firm dedicated to the needs of financial advisors and their clients. Working closely with everyone here at WealthTrust-Arizona, Greg will be focusing on the insurance needs of our clients, providing analysis of their current coverage and helping to identify potential voids in their financial protection packages. This specialized service is just one of the ways WTAZ remains committed to providing full-service wealth management services to our clients.

Insurance is a very complex financial instrument - more so than most policyholders and their advisors tend to realize. Insurance has traditionally been viewed as a static asset that could comfortably be ignored once adequate coverage was obtained. That perception, in many cases, has created a large gap between the insured's expectations and actual policy performance. Like investment portfolios that are actively managed and real estate that is periodically appraised, insurance needs to be managed and monitored according to a wide range of criteria. In the current environment, the consequences of inattention to insurance can include lapsed policies, unnecessarily costly premiums, missed opportunities and a breach of fiduciary responsibilities.

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The convergence of critical insurance industry changes in medical and economic developments have led to a new discipline and level of expertise within the insurance field, the Insurance Assessment. WealthTrust-Arizona encourages our clients to take advantage of an objective, third-party assessment of the performance of their policies, along with a comprehensive review of opportunities to improve upon existing insurance.

We strongly urge our clients to contact us to arrange for an Insurance Assessment with Greg. You might be surprised at what you will learn and, at the very least, you will gain valuable knowledge which can only help you make smarter, more informed financial decisions. **WTAZ**

A MINUTE WITH...HEATH BRAY

VICE PRESIDENT - SENIOR FINANCIAL ADVISOR

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

A: I was initially going to be an engineer. I took a finance class at the University of Arizona, and was fascinated with the mathematical analysis that was part of business, so I then switched my major. That, combined with the fact that I have always wanted to teach, was a perfect marriage for being a financial advisor.

Q: *What is the best part about your job?*

A: My clients. Not to sound cliché, but they really are. Being a financial advisor really brings you into peoples'



lives as you manage what is sometimes their entire life's work. Very rewarding profession from that perspective.

Q: *What is one thing everyone should know about you?*

A: I bump into everything! Please excuse me if I have bumped into you.

Q: *What is one thing a client should know about the WealthTrust-Arizona team?*

A: That we truly work as a team. Everyone in the firm contributes to the client experience in some form or fashion.

Q: *When you are not at work, where can you be found?*

A: At home cooking for my four hungry children after playing in the pool. **WTAZ**

WEALTHTRUST-ARIZONA IS PROUD TO ANNOUNCE NEW SOCIAL MEDIA PAGES



OUR GOAL IS TO KEEP YOU INFORMED
AND TO SERVE YOU BETTER.

Follow us on Twitter!

- Follow us to learn about the latest market conditions and news about WealthTrust-Arizona. Twitter ID: WealthTrustAZ

Connect with us on LinkedIn!

- Get to know the financial planners at WealthTrust-Arizona and stay up to date on the latest news about the market and WealthTrust-Arizona on our LinkedIn Company Page.



2011 FALL/WINTER 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.

To the right is a listing of the workshops we have scheduled through the end of 2011.

LONG TERM CARE (LTC)

- **Wednesday, 9/21** at 10:00 a.m. and 6:00 p.m. in Scottsdale
- **Thursday, 9/22** at 9:00 a.m. in Chandler

DEFICIT REDUCTION & HEALTHCARE

- **Wednesday, 9/28** at 10:00 a.m. and 6:00 p.m. in Scottsdale
- **Thursday, 9/29** at 9:00 a.m. in Chandler

FIVE FALLACIES ABOUT IMPROVING HEALTHCARE

- **Wednesday, 10/12** at 10:00 a.m. and 6:00 p.m. in Scottsdale
- **Thursday, 10/13** at 9:00 a.m. in Chandler

INFLATION/DEFLATION

- **Wednesday, 10/26** at 10:00 a.m. and 6:00 p.m. in Scottsdale
- **Thursday, 10/27** at 9:00 a.m. in Chandler

WHO NEEDS TO DO WHAT TO IMPROVE HEALTHCARE

- **Wednesday, 11/9** at 10:00 a.m. and 6:00 p.m. in Scottsdale
- **Thursday, 11/10** at 9:00 a.m. in Chandler

AN UPDATE ON THE STATE OF THE ARIZONA ECONOMY

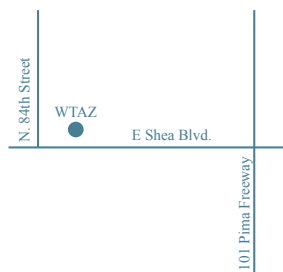
- **Tuesday, 11/15** at 5:30 p.m.
The Ritz-Carlton Hotel
2401 East Camelback Road
Phoenix, AZ 85016

PREPARING FOR THE DEATH OF A LOVED ONE

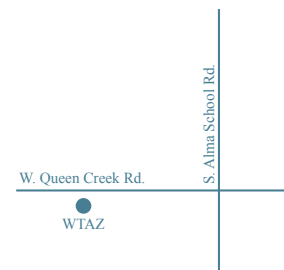
- **Wednesday, 12/14** at 10:00 a.m. and 6:00 p.m. in Scottsdale
- **Thursday, 12/15** at 9:00 a.m. in Chandler

To reserve a seat for you and a guest, RSVP to Ann-Margret Howard at 480.483.7300 or via e-mail at ahoward@wealthtrust.com.

SCOTTSDALE
8434 East Shea Boulevard
Scottsdale, AZ 85260
(480) 483-7300



CHANDLER
1035 West Queen Creek Road,
Suite 101, Chandler, AZ 85248
(480) 483-7300



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