

# WEALTH TRUST

*Holiday 2010 Edition*

## ARIZONA QUARTERLY

### A BITTER POLITICAL CLIMATE:

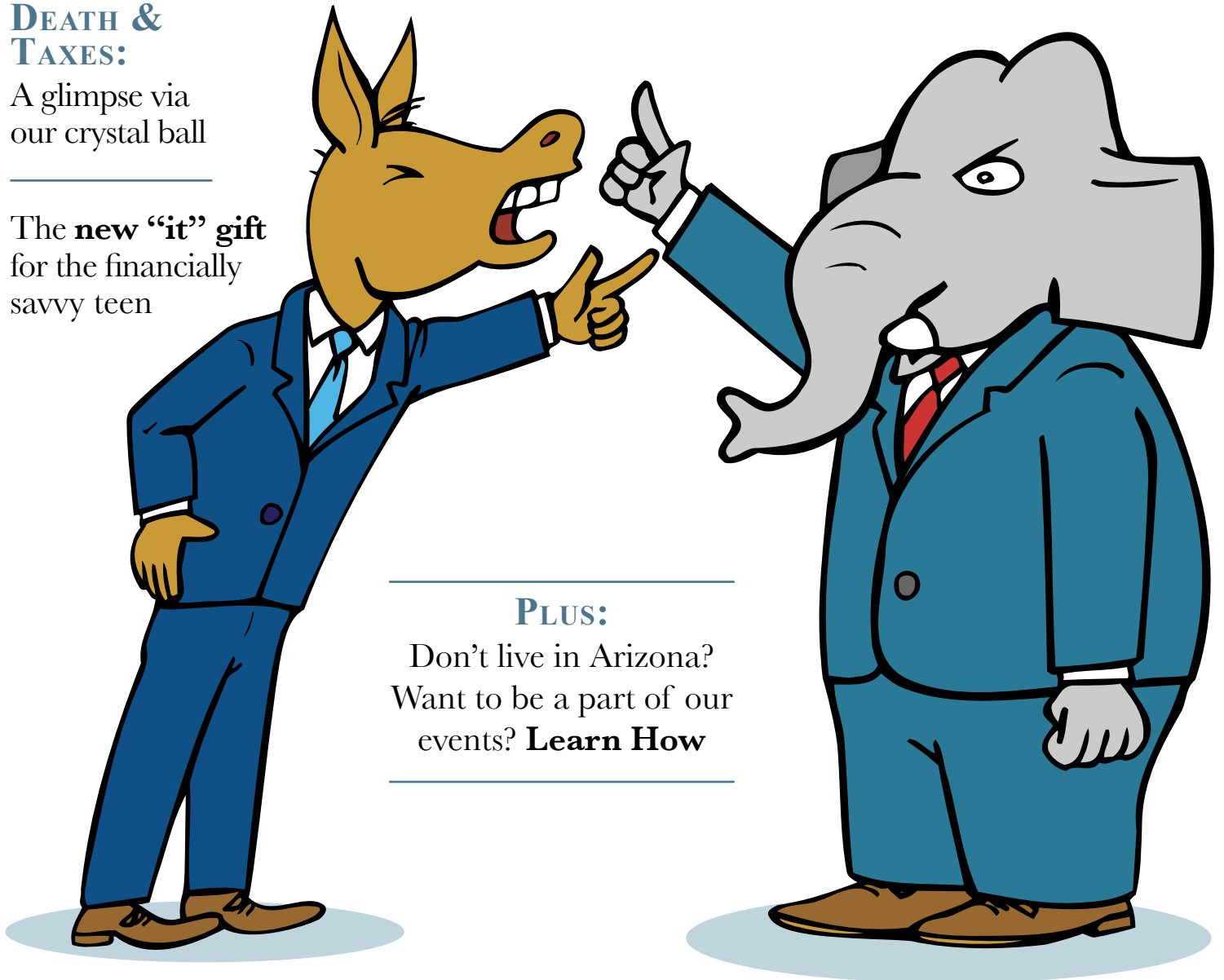
What does it mean for your financial future?

#### DEATH & TAXES:

A glimpse via  
our crystal ball

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The **new** “it” gift  
for the financially  
savvy teen



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#### PLUS:

Don't live in Arizona?  
Want to be a part of our  
events? **Learn How**

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**WE'RE BOOSTING OUR COMMUNICATION WITH YOU**  
Want to Learn How? Our CEO Holly Deem will let you know

# GET EXCITED:

## WE WILL BE FEATURING EVENTS ONLINE



Like many WealthTrust-Arizona clients, you either do not live in Arizona or you reside here only during the cool winter months. As part of our Client Satisfaction Survey we heard you loud and clear: “You Want Access to Our Events.” Taking the challenge head on, WealthTrust-Arizona is now streaming events online, so you can sit back, relax and experience our events first hand—anytime and from anywhere in the world.

### **All you have to do is:**

1. Visit [www.wealthtrustarizona.com](http://www.wealthtrustarizona.com)
2. Click on our events page
3. Select the video you would like to view
4. Click Play and ENJOY!

### **Events Coming Soon Online:**

1. Check out our Tax Workshops online with downloadable one sheets used during the event. If you still feel confused about taxes, do not worry. We’ll work with your CPAs to help lessen the tax burden you face in 2011.
2. Want an nonpartisan viewpoint of what the new Republican-controlled House means or the future of tax laws? Watch Greg Valliere of Potomac Research as he talks about the changes going on in Washington and what it means for your financial future.

# LETTER FROM WEALTHTRUST-ARIZONA'S CEO

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Dear clients,

**W**e are entering the holiday season, a time when many of us re-connect with family and old friends. So it seems appropriate to use this chance to connect with our clients to update you on what is happening in the world of WealthTrust-Arizona.

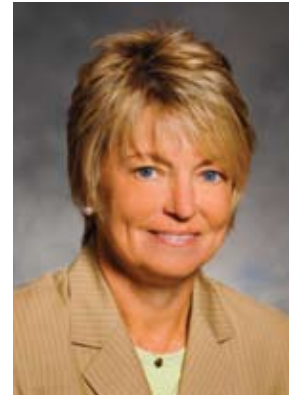
I would like to take a moment to offer a sincere “thank you” to all of you who took the time to participate in our recent Client Satisfaction Survey. The results of the survey will be carefully reviewed and analyzed, and will be used in the development of new programs expected to be rolled out first quarter 2011.

As many of you noticed, we have slowly begun to change the way we communicate—and I am not just talking about the new look of our newsletter. We are making these changes because we have heard you loud and clear. It is our goal to become more transparent, and not just in the way we manage your portfolio but who we are as a company.

As part of our new initiatives moving forward, we are now featuring our events online making it convenient for clients who have a scheduling conflict or for those living in other states. The latest events from this season will be available on our website at [wealthtrustarizona.com](http://wealthtrustarizona.com), and for the Tax Workshop we will be including easy to download materials used at the event.

And as many of you noticed, we have been asking you for your e-mail address. In the coming New Year, we will be sending you relevant and timely information via e-mail

to keep you informed. Information will include weekly economic updates, monthly information from political commentator Greg Valliere, our quarterly newsletters, invitations to events and educational workshops, and any breaking news that will impact your portfolio.



If you have not provided your e-mail to us yet, please e-mail your financial planner so you do not miss out on important up-to-the minute information. Plus, if you decide you do not want to receive further e-mail correspondence, we give you the option of opting out with the click of a button.

As I prepare to spend my first holiday season in the Valley, please allow me to take this chance to wish you, your family and friends a warm holiday and a prosperous New Year. I join the rest of the WealthTrust-Arizona team in my commitment to making your 2011 the best year.

Happy Holidays.

Best,

**HOLLY D. DEEM**

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# THE SHIFT IN POLITICAL POWER & YOUR FINANCIAL PORTFOLIO

As our nation still reels from the results of the November 2nd election, it seems everyone has an opinion on what the results mean for the immediate and long-term future.

No matter which side of the political fence you favor, you have to admit the old adage is true: elections do have results. We are sure you have been asking, “How will what happened in the election affect my portfolio and my future?” We here at WealthTrust-Arizona have been pondering what possible effect January’s change in Washington power will have on the money our clients have entrusted to us. Gregg S. Fisher, writing at *Forbes.com*, touched on this topic in a recent column. As he points out, history tells us that any impact a change in the ruling political party in Washington, D.C. has had on short-term markets has proven to be marginal, at best.

For example, take the correlation between which party controls the U.S. House of Representatives and the return of the S&P 500. If we take the basic correlation (where a correlation of 1 represents perfect agreement and a value of 0 represents no correlation at all) between which party controls the House of Representatives and the return of the S&P 500 in a given year going back to 1926, we find S&P 500 returns are essentially uncorrelated to equity market returns, with a correlation of 0.008. Election results are almost 10 times less correlated to the S&P 500 than are five-year Treasury Bonds.

When you really dig deep into the statistics, there really seems to be no

correlation. For example, the S&P 500 has had positive returns 73 percent of the years in which Democrats controlled the House, while the number is 68.2 percent for the years Republicans held the majority. As a whole, since 1926 the market has had positive returns almost 72 percent of the time, which means the positive return percentage differences for each party represent only one or two years out of the decades each party has controlled the House of Representatives.

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As politicians in Washington argue about tax policy, a new survey says many Americans can not accurately tell you where all their tax money is going.

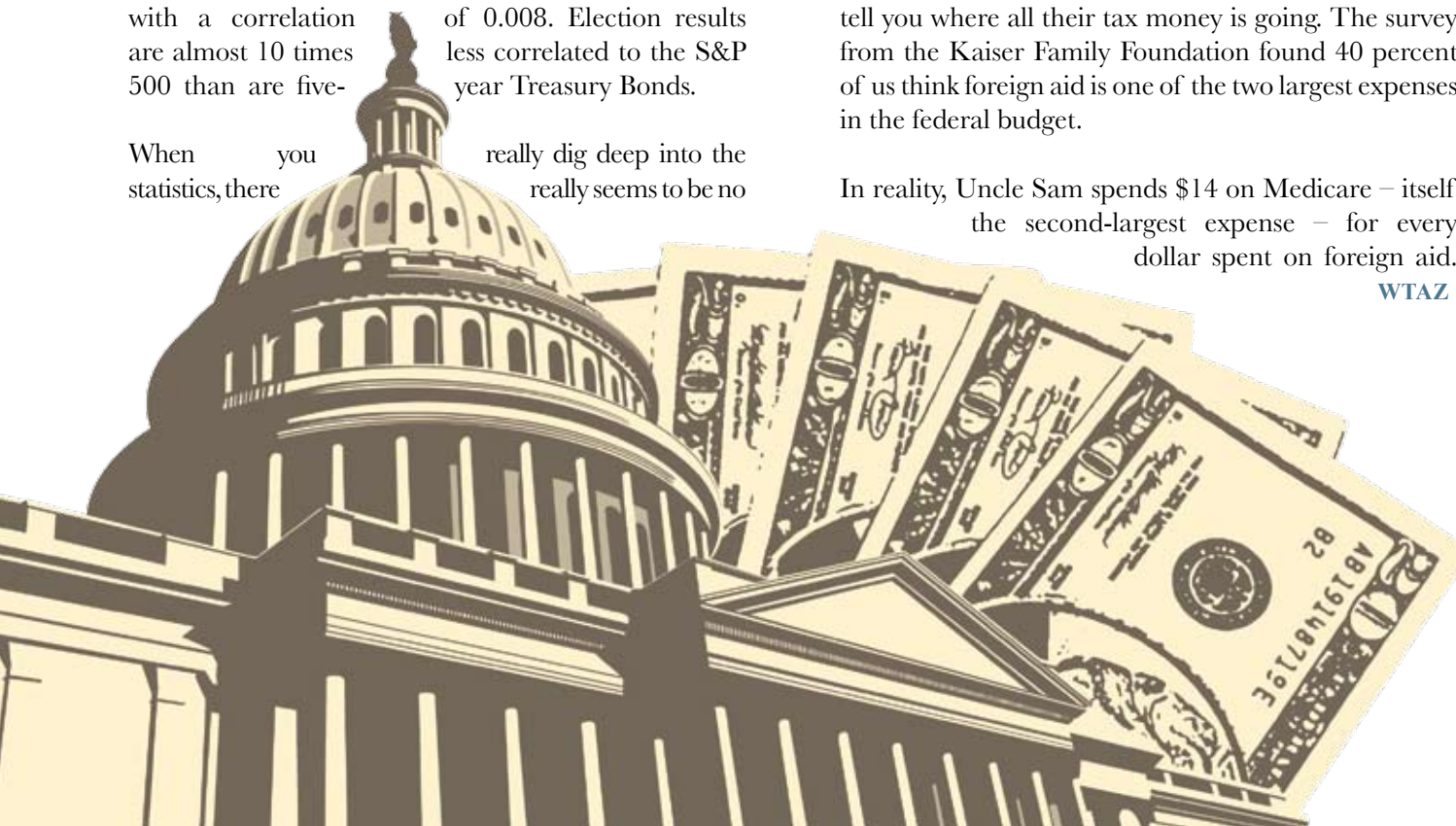
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The average return in years the Democrats held the majority in the House is 11.9 percent, while the mean in the years the GOP were in charge is 11.5 percent.

As politicians in Washington argue about tax policy, a new survey says many Americans can not accurately tell you where all their tax money is going. The survey from the Kaiser Family Foundation found 40 percent of us think foreign aid is one of the two largest expenses in the federal budget.

In reality, Uncle Sam spends \$14 on Medicare – itself the second-largest expense – for every dollar spent on foreign aid.

WTAZ



# THE HOTTEST GIFT THIS SEASON FOR THE FINANCIALLY SAVVY

If you are looking to give your children something different this holiday season, here is a gift idea which could – literally – pay dividends.

More and more parents are choosing to give their kids stock certificates as gifts. In fact, the practice is up about 20 percent over the same period last year, according to Rick Roman, co-owner of *GiveAshare.com*, a website specializing in stock gifting. Because kids are more likely to follow a stock's performance if they can relate to their investment, another website, *OneShare.com*, recommends giving shares of stocks in companies which cater to young people, such as Disney, DreamWorks, Build-A-Bear and Hasbro. If a company issues dividends, that can give children an early lesson in spending and saving decisions, such as whether to reinvest their dividend or search for another company in which to invest.

There are a few things to keep in mind if you are considering giving a young person stock certificates as a gift. For example, there may be a

tax obligation: for qualified dependent children, their first \$950 per year of unearned income (like dividends and interest) is tax-free, while the next \$950 is taxed at a rate that's usually no more than 10 percent. Some brokerage firms charge a fee to issue a stock certificate and if a stock certificate is lost, it can cost up to \$50 to replace.

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[Give] shares of stocks in companies which cater to young people, such as Disney, DreamWorks, Build-A-Bear and Hasbro.

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If you decide you want to give stock certificates as a gift this year, you had better get the process started soon – while an online trade can be completed in minutes, redeeming a stock certificate can take a week or more. **WTAZ**



# 2011 PREDICTIONS

## FROM POLITICAL COMMENTATOR GREG VALLIERE

Last month, many of you attended a breakfast workshop sponsored by WealthTrust-Arizona with noted financial and political commentator Greg Valliere.



Greg is an engaging, informative speaker. He has more than 30 years of experience in covering Washington for institutional investors, and is currently chief political strategist for the Potomac Research Group, a Washington, D.C.-based independent research firm

formed in early 2008 to provide Washington policy and market technical analysis to institutional investors. As an exclusive CNBC contributor, Greg is well-known for his non-partisan, insightful analysis. He has become a fixture on the network, appearing regularly on all of

maybe have a double-dip, or will we have a mediocre recovery?' Now, I think the choice is, 'Could we have a mediocre recovery or something better?'"

Greg thinks the results of the November 2<sup>nd</sup> election portend a Washington which is more welcoming to the business community. He says, "For me, the key takeaway is that the environment in Washington, which was so hostile to business, very threatening, the rhetoric was harsh, the legislation was, I think, an overreach, I think the climate for business in Washington has improved quite a bit. It is not perfect, we are still going to have an aggressive regulatory climate, but I think in general the climate for business has changed almost literally overnight."

In his wide-ranging remarks, Greg addressed the ongoing debate in the halls of Congress over tax policy – specifically the question of continuing or ditching the

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“Most economists, most mainstream economists, will tell you, this is a stupid time to raise taxes on anybody,”

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their shows, including *Squawk Box*, *Power Lunch*, *The Closing Bell* and *Kudlow & Company*. He has also been cited extensively in most of the nation's financial publications.

In his presentation, Greg talked at length about the mid-term election, held earlier in the month, and his take on the coming power shift in Washington, D.C. "I am delighted to come to you as an optimist," he told the audience. "For the last two years, I have been warning people about a sour atmosphere in Washington, about a mediocre economy... but first and foremost I want to tell you I think we will look back upon last week (the mid-term elections)... as a turning point for the economy. In fact my bottom line today for you is this: we have gone in the last couple of weeks from an economic scenario with two likely options, to two new options. Two weeks ago, it was either, 'Could we

tax cuts instituted by then-President George W. Bush. "Most economists, most mainstream economists, will tell you, this is a stupid time to raise taxes on anybody," he said, adding, "With an economy just coming out of a long slump, you do not want to raise taxes on anyone, and I think that view is increasingly held in Washington, by both parties."

So, what does Greg Valliere see when he looks into his crystal ball? He predicts a massive shift in the way Washington looks at spending, and, at long last, a real attempt at belt-tightening. "So what I think we will get in the next two years, at the least, is a freeze on federal spending, on discretionary spending. There's a new sheriff in town, that is Paul Ryan, the intellectual from Wisconsin who's going to be chairman of the Budget Committee. Paul Ryan, at the least, I think will have a two-year freeze on outlays."

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# A MINUTE WITH...

## THERESA KRUEG

FINANCIAL PLANNER, WEALTHTRUST-ARIZONA CHANDLER

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There are a lot of people underemployed or discouraged and I think that it would be naïve to think that we're going to see a rip-roaring recovery

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As the nation's unemployment rate hovers around the 9.6 percent mark (and is even higher, when you factor in those who are "underemployed" or have simply given up on even looking for employment) Greg is not optimistic about the next couple of years.

"It is an evolving economy. My fear is that the unemployment rate is going to stay high. If I'm here two years from today, right around the time of the next presidential election, I think the unemployment rate will still be around 8 percent, down from 9.6 percent, but 8 percent is still awfully high," says Valliere. "There are a lot of people underemployed or discouraged and I think that it would be naïve to think that we are going to see a rip-roaring recovery, I just don't see a recovery sufficient to bring a lot of people back into the workplace."

The near future is not all doom and gloom for Greg, who summed things up with this: "As I look at the fundamentals going into 2011 for the stock market, I see an environment that looks a heck of a lot better in the coming year than it has looked in the last two years."

As 2010 approaches, we promise to continue to offer educational workshops on various topics, designed to give you advice on important issues. We will keep you informed of future events and ask you to invite your friends and family members who might benefit from the material we will be presenting. At WealthTrust-Arizona, we grow our business through referrals and always welcome the opportunity to meet potential new clients. **WTAZ**

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

**A:** Shortly after starting as a Customer Service Representative for The Charles Schwab Company I took a call from a woman whose husband recently passed away. She had some basic



account questions that I was able to help her with but was not qualified to talk about their investments. She asked to be transferred to a female broker, but there were very few available. I realized then that I wanted to be able to help women (or anyone) who called asking for help. I have my M.S.F.S (Masters of Science in Financial Service) and have never forgotten that call.

**Q:** *What has been your best experience with a client?*

**A:** I had the privilege to work with a WWII Veteran (Commander in the Battle of Antwerp.) Later in life he lost his wife (they never had children) and then his eyesight started to go. Every quarter I would drive to his home and have our review. Afterwards he would share stories from the war or photos from his years of hiking in Arizona. He passed away this year and I was presented with his flag at his funeral. He will be missed.

**Q:** *What's the best part about your job?*

**A:** The relationships I have made with clients and their families has been wonderful. Helping clients meet their financial goals is the most important aspect of my job and we do that together! **WTAZ**

# WINTER/SPRING 2011 EVENTS



## WealthTrust-Arizona Scottsdale

**January 18th at 10:00am & 6:00pm**

*Core WTAZ Service Offering*

**February 8th at 10:00am & 6:00pm**

*Core WTAZ Service Offering*

**February 23rd at 10:00am & 6:00pm**

*Preparing for the Death of a Loved One*

**March 1st at 10:00am & 6:00pm**

*Core WTAZ Service Offering*

**March 8th at 10:00am & 6:00pm**

*Preparing for the Death of a Loved One*

## WealthTrust-Arizona Chandler

**January 20th at 9:00am & 6:00pm**

*Core WTAZ Service Offering*

**February 10th at 10:00am & 6:00pm**

*Core WTAZ Service Offering*

**February 24th at 9:00am & 6:00pm**

*Preparing for the Death of a Loved One*

**March 3rd at 9:00am**

*Core WTAZ Service Offering*

**March 10th at 9:00am**

*Preparing for the Death of a Loved One*

*\*\*Event dates and times are subject to change. WealthTrust-Arizona will have any changes/updates at [wealthtrustarizona.com](http://wealthtrustarizona.com) and will notify clients via e-mail. For more information or to RSVP contact Ann-Margret Howard at [ahoward@wealthtrust.com](mailto:ahoward@wealthtrust.com) or by phone at 480.483.7300.*

**WEALTHTRUST**   
ARIZONA

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