Argus Financial Consultants

A. Christopher Engle, LUTCF, CFP®, ChFC®

Ryan P. Smith, ChFC®, CASL™

Brian C. Sandberg, ChFC®

Peter M. Smith

971 Spaulding SE Ste B
Ada, MI 49301
616.949.8300
www.eyeonargus.com
joy@eyeonargus.com

"In the truest sense, freedom cannot be bestowed; it must be achieved."
~ Franklin D. Roosevelt

"I am an American. I love my country and have great hopes for it... I have benefited greatly from the freedom that exists in my country and for this I am eternally grateful."
~ Johnny Depp

Hello Everyone,

Hope everyone is enjoying the warm weather! Take a moment to reflect during this vacation season about how blessed we are with our freedom and independence. Don't forget to say thank you to a soldier or veteran. Enjoy the rest of the summer and safe travels!

If you are inspired to read more financial information, visit our Learning Center at www.EyeOnArgus.com.

Please feel free to suggest topics by sending your suggestion to Joy at joy@eyeonargus.com.

Inside this issue:

ARGUS FINANCIAL CONSULTANTS

Excellence is Defined by the Success of Our Clients

Summer 2010

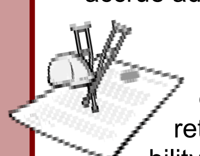
Don't Let a Disability Ruin Your Retirement Dreams

Look for a disability income policy that helps your retirement savings grow.

If you've already started saving for your retirement, congratulations. You're on your way to fulfilling lifelong dreams and goals. But what would happen to your retirement plans if you became one of the millions of Americans to suffer a disabling illness or injury? Would you be able to continue saving for retirement without your income?

A disability could disrupt your retirement savings in more ways than one:

- Contributions to Social Security would stop.
- Contributions to your employer-sponsored retirement savings plan [such as a 401(k)] would also stop, as would any employer matching contributions.
- If you lose your job, you will no longer accrue additional pension benefits.



Fortunately, there is a way to ensure your ability to save for retirement in the event of a disability. Several insurance carriers offer a disability income insurance program that helps you continue saving for retirement. These types of programs are ideal, if you are serious about saving for retirement and have maxed out your personal disability income insurance benefits.

Upon a qualifying disability, this type of program would pay monthly benefits directly to a trust to help you continue saving for retirement. This trust then invests the benefits based on your risk tolerance. At a set age (varies by program, but typically age 65 or 67), you would start receiving income payments from the trust. These payments would continue until death or until the funds diminished.

When shopping for this type of offering, you should look for:

- A carrier that does not require you to validate your current retirement savings efforts
- Non-cancelable, guaranteed renewable coverage
- Benefit periods that will coincide with extended retirement ages (such as age 65 or 67)
- An offering that allows you to decide how to invest your benefits; based on your risk tolerance level

Overall, look for an insurance company that is financially strong and has a track record of exceptional customer service and claims handling. If the unthinkable does happen, you'll appreciate the quality of the service you receive when you need it the most.

[1] Health Industry Association of America, 2000

Disability insurance has exclusions and limitations. For costs and complete details of the coverage, contact your financial representative.

The Great Tutorial of The Last Thirty Months

You rarely get a learning experience like the one the global economy, and the capital markets which reflect that economy, put on over the last thirty months or so. On those exquisitely infrequent occasions when you do, you want to try to make sure you learn everything you can from it.

The broad equity market in the United States, as denominated in the S&P 500-Stock Index, made its all-time closing high on October 9, 2007. Seventeen months later to the day, it made its panic closing low, down 57% peak-to-trough. This was the largest decline in American stock prices since the 1929–1932 event (which, at about 86%, dwarfed it). It was set off at first by the implosion of a whole new generation of complex derivatives, created—and grotesquely mispriced—around the single-family home market.

This was followed by the collapse of the single-family home market itself, after years of a bubble driven by low interest rates and lax credit standards. Then the banking system effectively failed, whereupon the global credit system ceased to function. Finally—deprived of credit, which is the oxygen it breathes—the real global economy experienced its fastest and most savage decline in living memory. Governments around the world ran up trillions of dollars in debt, trying to head off a financial nuclear winter—to no apparent avail.

Over the next thirteen months, global economic activity came roaring back. (Unemployment, which is always the last lagging indicator of the economy, remained agonizingly high, so unemployment became all that journalism talked about.) To this writing, equity prices have risen approximately 80%—again, a recovery without precedent since the one which followed the 1929–1932 market cataclysm. Everyone who panicked out of the market the day Lehman Brothers failed in mid-September 2008, or anytime thereafter—and who hasn't gotten back into the equity portfolio he probably should never have abandoned in the first place—is now, astonishingly, under water.

You and I, dear reader, have something very important in common. We did not know any of this was going to happen. No shame in this: neither did anyone else. And as these events unfolded—in both directions—we had no idea how they would play out. Again, no shame in this: neither did anyone else. It didn't matter how much learned economic commentary you were reading, nor how much erudite market forecasting you imbibed, lo these thirty months past. You got totally blindsided, in both directions. We all did. Now, what did we learn? What great lessons has this extraordinary sequence of events taught us, ***if we will but learn them?***

To me, there are five. And together they have the power, I think, decisively to re-shape a lifetime investing program, such that we give up strategies that have been proven not to work well, in favor of others which the recent events have tended to validate.

(1) You will never know, with any consistency, what the economy is going to do in the short to intermediate term. And why, if we're honest with ourselves, do we spend a lot of time and energy trying to anticipate the economy? Of course: to see if we can derive from that study the ability to anticipate what the markets are going to do. Which brings us to the second great lesson:

(2) You will never know, with any consistency, what the markets are going to do in the short to intermediate term. No one knew in October of 2007 that the equity market had begun by far the largest peak-to-trough decline since World War II. This is because there was a virtually universal misperception of the levels of risk that had become embedded in the global financial system. Even those few who were farsighted enough to anticipate serious trouble could not foresee the extent of the damage. A case in point: Charles R. Morris's prescient book *The Trillion Dollar Meltdown*, published in March 2008, had in its second edition to be re-christened *The Two Trillion Dollar Meltdown.*

No one could say—as the devastation cascaded—when, why or even if it would end. And no one could have imagined an 80% thirteen-month market recovery. Thus the third great lesson:

(3) The more dramatic whatever the economy and the markets are about to do—for good or ill—the less you'll be able to anticipate them, much less time them. Again, you and I must not feel singled out by this. At all levels of financial and intellectual achievement, this truth avails. In late 1992, when Rahm Emanuel was an advisor to then-president-elect Clinton, he helped organize a series of meetings in Little Rock with top thinkers from all disciplines. He says he never heard anyone mention the coming of the Internet other than in passing. Henry Paulson's recent memoir makes vividly clear that the financial crisis of late 2008 was always several steps ahead of the crisis managers, which is one reason the nature of the TARP kept changing, almost from month to month.

(4) There is no statistical way to forecast future performance from past performance. And at critical market turning points, relative performance doesn't much matter. One hopes that you had the first of these two realizations well in hand before the cataclysm, but one can't be sure. If not, let this experience have convinced you: there is no statistical evidence for the persistence of performance. It's the corollary that may be news. Who was saved from the brutal decline in equity prices by which pooled or managed equity vehicles he owned? Whose future was made by which equity vehicles he owned for the last thirteen months? The answer to both questions must be essentially that selection didn't matter, or at least wasn't critical.

Pause here, if you will, to review these four priceless but essentially negative lessons. If your investment policy is heavily reliant on the timing of the economy and/or the markets, and if you spend a lot of time and energy trying to handicap future relative performance from past performance, then some or all of these lessons may be in the nature of epiphanies for you. Einstein famously defined insanity as doing the same things over and over again, and expecting different results. The last thirty months are, I believe, crying out to you that an investment strategy based primarily on timing, selection, and superior relative performance—rather than on long-term planning and perspective—is probably doomed.

Which brings us, finally to the fifth lesson, which—to the long-term, goal-focused investor—should be The Big One:

(5) Seemingly against all reason and logic, the world failed to end. As indeed it has always failed to end in the past. There is no getting around the fact that the horrific events of the first seventeen of the thirty months under discussion manifested as the greatest global financial and economic panic of our lifetimes. Indeed, one can see now that the great worldwide free-market revolution which broke out with the fall of the Berlin Wall in 1989 ran, over the next twenty years, to such wretched excess as to end in a terror the likes of which we have never known.

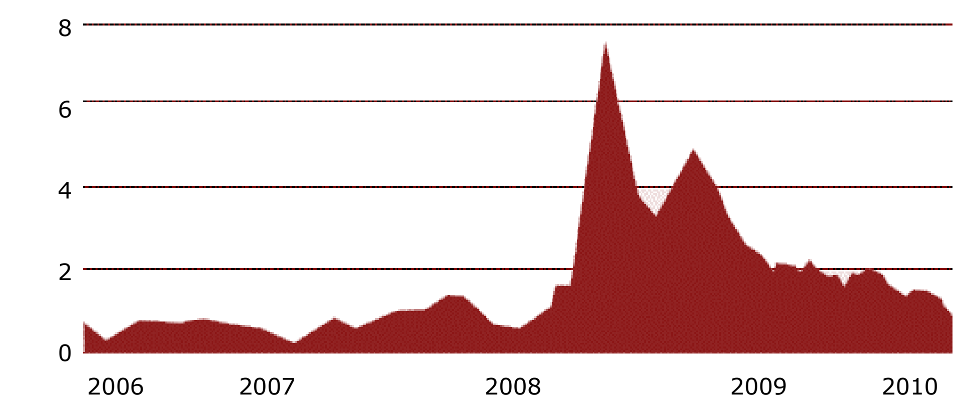
But the system held—even if government had to function as the lender of last resort, which it has had to do before, and may very well have to do again, ***the nature of the cycle being what it is.*** The system is now healing itself, as it always has in the past, after wars, recessions, oil crises, banking crises, devaluations, inflation and deflation. And the real net gain in the world's standard of living since 1989, even after the events of the last thirty months, would have simply been inconceivable on the night the Wall came down.

One wishes to be very careful not to make a prediction, a projection, nor indeed any form of the dreaded "forward looking statement," here. One hopes, rather, that—added to all of the other, somewhat similar experiences of your lifetime—these thirty months will increase your determination to work with your financial advisor to chart a goal-focused, lifetime investment strategy that will never again fall victim to excesses of euphoria and panic. For, as Harry Truman memorably said, "The only new thing in the world is the history you do not know."

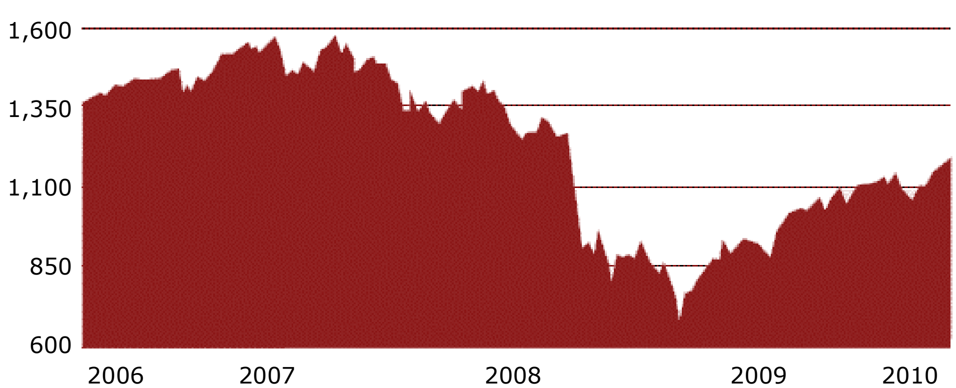
Where Are the Doomsayers of Yesteryear?

Interest in economics professor Nouriel Roubini, known as "Dr. Doom" because of his pessimistic forecasts, has waned with the surge in U.S. stock prices.

Google searches on "Roubini"*



Standard & Poor's 500 Index



*****Eight week moving average; 2004 equals 1. Source: Bloomberg, *The Globe and Mail* and Google Trends

The opinions by Nick Murray voiced in this material are for general information only and are not intended to provide specific advice or recommendations for any individual. To determine which investment(s) may be appropriate for you, consult your financial advisor prior to investing. All performance referenced is historical and is no guarantee of future results. All indices are unmanaged and cannot be invested into directly.

Argus Financial Consultants
971 Spaulding SE Suite B
Ada, MI 49301

Securities offered through LPL Financial, Member FINRA/SIPC.

"The only new thing in the world is the history you do not know."

-Harry Truman

Excellence is Defined by the Success of Our Clients

Enhanced Security for LPL Financial Account View

Providing you with valuable account tools like the LPL Financial Account View is important, but protecting your personal information is even more important. With that in mind, we are pleased to let you know about some recent security enhancements made to LPL Account View that will further protect your personal account information.

The security enhancements became effective May 22, 2010 and include the following key measures:

- You will be prompted to change your password when you log in to LPL Account View. If you have not logged in and created a new password by June 24, your old password will expire and you will need to follow the new temporary password procedures (see next bullet point).
- The password hint feature that allowed you to retrieve your password by successfully answering hint questions has been removed and replaced with a more secure "Forgot my password" procedure in which a temporary password will be emailed to you.
- Any temporary password you receive will no longer be sent to my office, but will ONLY be emailed directly to you.

Please make sure that your email address is updated and accurate in LPL Account View as soon as possible by clicking on the My Profile tab located in the upper right-hand corner of Account View. To ensure delivery of messages from LPL Account View to your email inbox (not bulk or junk folders), please add **noreply@accountview.lpl.com** to your email address book. If you are using spam filtering software, enter **noreply@accountview.lpl.com** into your filtering software's "white list" to ensure you continue to receive email messages. (Contact your software provider for assistance)

If you have any questions regarding the enhanced security features, please don't hesitate to contact our office at 616.949.8300.