This Publication Brought To You Courtesy Of:

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CLIENT BULLETIN

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➢ *New Employee*

I'd like to introduce you to a new employee at Carter Financial – Lauren DiBlasi. After extensive interviewing and background screening, Lauren began training last month and is now up to speed on all aspects of administration and processing. Lauren has a degree in International Development Studies from Point Loma Nazarene University and most recently was a research assistant for well-known local economist Lynn Reaser. Please join me in welcoming Lauren.

➢ *Economic Perspective*

Although the U.S. is not having its' best year economically, our GDP was $14.1 trillion compared to the world's GDP of $57.8 trillion (24.4%) with only 4% of the world's population. The next largest economy in the world is Japan with a GDP of about $5 trillion – about a third of the size of ours. Our GDP is nearly three times larger than China's, which has four times our population. America's GDP is close to the Eurozone, which has 60% more people. All of this is accounted for by American productivity – we produce more with fewer workers.

➢ *JOLTing Data*

On the first Friday of every month, the nation waits with bated breath for data that tells us what the unemployment rate was the previous month. There is another, lesser-known bit of monthly economic data that might be even more useful. It is called the JOLTS Survey which stands for Job Openings and Labor Turnover Survey. It shows how many people are starting or leaving a job. Recently 3.2% of Americans started a job while 3.1% left a job. In a fully healthy economy, a lot more people will be starting a job than leaving one. The JOLTS Survey also showed that at the start of the most recent recession there were 1.8 unemployed people per job opening; there are currently 5.8 unemployed people for every job opening.

➢ *Continuing Look at Inflation*

What appears to be overly loose monetary policy from the Federal Reserve combined with the aftermath of the financial crisis of 2007-2009 points to higher inflation in the future so it is important to understand what inflation is and how it may affect us. Although inflation at the ***consumer*** level is still benign, measures of ***producer*** price inflation deep in the production process are starting to flash inflationary warning signs. Prices for crude goods are up 13% over the past year and intermediate goods are up 6.3% from a year ago. Eventually these increases should filter through to finished goods at the consumer level. To the right is a chart looking at other signs showing that inflation may be peeking its' head out of the closet. (Source: DWS Investments)

➢ *New (Old) Taxes*

The tax bill signed into law last month included an extension for two years of the provision that permits tax-free distributions directly to charity from individual retirement plans of up to $100,000. The bill allows individuals to make charitable transfers through the end of January this year and treat them as if they were made during 2010. The IRA owner must be at least age 70 ½ when the distribution is made.

➢ *Retirement Plan Limits*

The amount of money that can be contributed to IRS qualified retirement plans is subject to an annual cost-of-living adjustment based on changes in the Consumer Price Index. Since the cost-of-living index is less than the 2008 peak, the retirement plan contribution limits will not change from 2010 to 2011:

- 401(k)/403(b) salary deferral limit (under age 50): $16,500
- 401(k)/403(b) catch-up limit (over age 50 in 2011): $5,500
- Profit sharing plan contribution limit: $49,000
- Traditional/Roth IRA Contribution Limit (Under age 50): $5,000
- Traditional/Roth IRA Contribution Limit (over age 50): $6,000

➢ *Quote of the Month*

"Whenever you find yourself on the side of the majority, it is time to pause and reflect."

- Mark Twain

The information contained in this newsletter is of a general nature and should not be acted upon in your specific situation without further details and/or professional assistance.