

CYCLE OF MARKET EMOTIONS.....CONTINUED

We have lived through stressful times before, and we are going through more right now. It is not over just yet, but hope is on our minds and on the horizon. With the economy still in a recession and markets having rebounded somewhat, unemployment climbing but seeming to be leveling off, workers are still worried about job security and those in retirement or close to retirement are fearful about their financial security.



Gary Webb
RFC® & CEO

The current recession is causing many people to cut back and simplify their lives. Most people have cut back spending substantially and have increased the amount they hold in savings. The falling value of homes has almost leveled off and in some places, those values have started to increase, such as in California. I feel this will continue to improve throughout 2009 and even more in 2010. The markets tend to follow a cycle. I believe that the cycle has started to change for the better and will continue to slowly work its way upward.

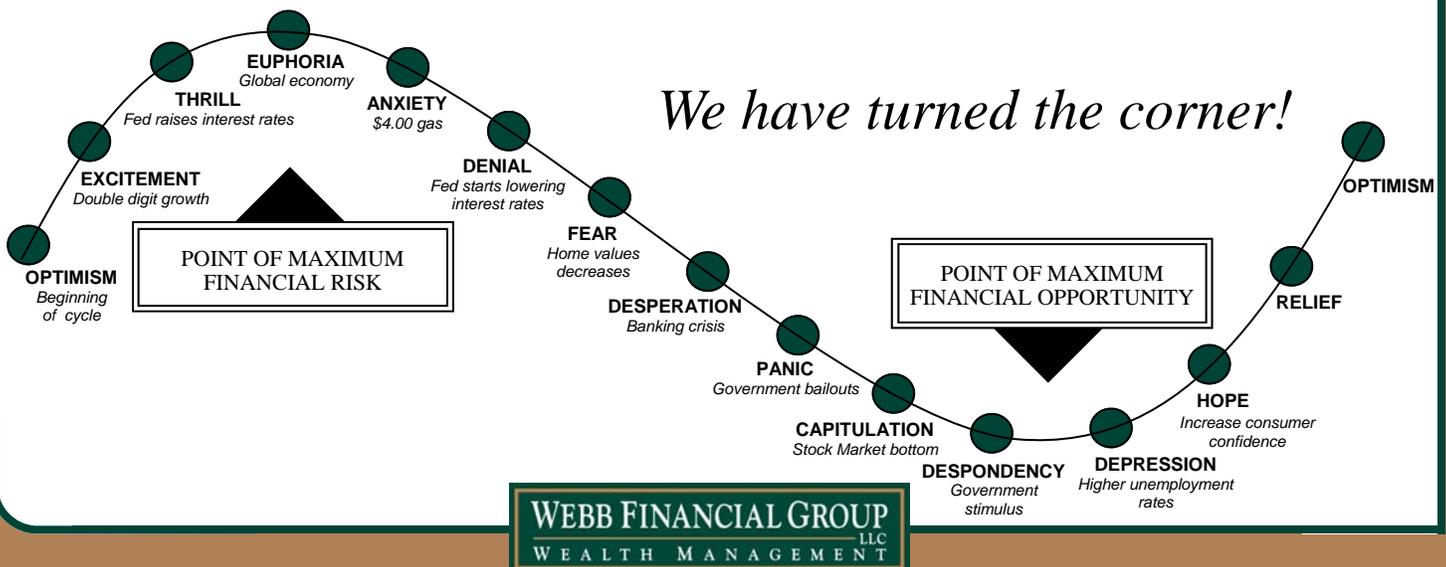
The massive stimulus being injected into the global economy is providing a short-term economic kick this year and will continue into next year. Stimulus packages have worked well in the past, with the government usually making a small profit when all is said and done. Ten of the largest banks have been allowed by the government to start paying back the stimulus money they received earlier. This is another positive sign and explains our bullishness. Investment gains over the next several months will look more like a marathon, than a sprint.

In June, consumer sentiment rose for the fifth straight month. Stabilization in financial markets and the fiscal stimulus have led to an increase in consumer spending and improved confidence. It is yet to be determined what the long-term effects of the government action will be. We need to continue to be patient to see how the rest plays out. Job creation in 2009 and beyond is critical in helping the economy improve.

Many experts believe that we have seen the bottom of the markets and I agree with them. As of the end of the second quarter, the S&P500 is up over 34% since March 9th. We are in the Hope phase of the cycle. I feel we will see additional hope and the next two phases of the cycle, Relief and Optimism in due time. Continue to be patient and don't make the mistake of overreacting because of all the negative media hype and "gloom and doom" thinking. If you are a long-term investor it is a great time to invest. Consistency is the key to long-term performance and people who stay invested during these trying times will be rewarded.

How should you respond to this as an individual? Learn to spend less than you earn, work diligently to pay down debt, avoid accumulating new debt, contribute to an emergency fund and invest for your future. Americans are saving more. The U.S. Commerce Department reported that in May, the personal savings rate of Americans rose to 6.9%, a 14 year high. Note the facts, even though "Cash is King" during tough times, keeping too much money in fixed investments over time will erode your earning power. I read an article recently that stated that investors have already moved \$200B from money market funds into diversified investments. This is just the beginning.

When times are tough and investment values are down, we recommend you focus on things you have control over. Call our office to discuss the various services we offer such as constructing a budget, an insurance or 401K review, a comprehensive financial plan or drafting your estate plan documents. Your future is our concern.



Q: Which investors are nearly twice as likely to feel confident about their financial future?

- A. Investors who work on their own
- B. Investors who use some professional guidance
- C. Investors who work with a financial advisor and have a comprehensive plan

The answer is C

C. Investors who work with a financial advisor and have a comprehensive plan

88% or nearly 9 out of 10 say they have a clear financial vision.

75% say they are well prepared for retirement.

53% of those who named saving for college as a primary goal are on track to achieve their college savings goals.

*This is the conclusion of
The Financial Planning Association®*



Webb Financial Group provides comprehensive wealth management solutions to individuals and businesses. For over twenty-five years, we have helped our clients achieve financial security.

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Making a Good Deal for Retirement Even Better

New tax rules are about to give more people access to a Roth IRA, one of the best savings plans for your future. Starting in January 1st 2010, the income limits that have prevented many individuals from converting a traditional IRA or employer-sponsored retirement plan to a Roth will be eliminated. This change is one of the biggest in retirement savings in many years. With a Roth IRA, all income growth and withdrawals are tax-free. The new rules come at a time when many IRA's are at a lower value, meaning the taxes on such conversion will likely be lower. With tax brackets at all levels expected to rise in coming years the idea of an account that's safe from income taxes appeals to many people.



Michael Bischoff
CFP®

At the moment, many people make too much money to utilize a Roth IRA. Individuals whose modified adjusted gross income for 2009 is \$120,000 or more can't contribute. For couples, the cutoff is \$176,000. For many years you weren't allowed to convert traditional IRA assets to a Roth if your income exceeds \$100,000. As part of the Tax Increase Prevention and Reconciliation Act of 2006, starting January 1, 2010, the federal government is permanently eliminating the \$100,000 income limit. Of course, there's still the matter of paying the tax today. The law does provide the availability to spread the tax amount across two years. The fact that Uncle Sam is allowing you to stretch out your tax bill could help people keep their account balances intact.

2010 will be coming quickly. Contact Webb Financial Group or your accountant to talk about the tax benefits and see if it's right for your future.

Individual Health Insurance

Are you self-employed? Have you retired or lost your health coverage and need individual health insurance? Looking for health insurance and trying to figure out what is the best coverage for you and your family can be confusing.



Crystal Holmen

In the Webb Financial Group Strategic Alliance, we work with many professionals to assist our clients with various needs. As an Insurance Consultant, I work with these professionals to help our clients with their insurance needs. Since I have been getting more questions about individual health insurance, I wanted to highlight a website of a strategic partner of Webb Financial Group, Paul Nyquist. Paul is an independent insurance broker since 1974, and offers Blue Cross Blue Shield, HealthPartners, Medica, Preferred One, Assurant Health and U Care.

His website at www.nfamn.com focuses on individual & family health insurance. It has many great features including a page where you can get a quote. You can even apply online! If you or someone you know is looking for individual health insurance, check out Paul's website.

