

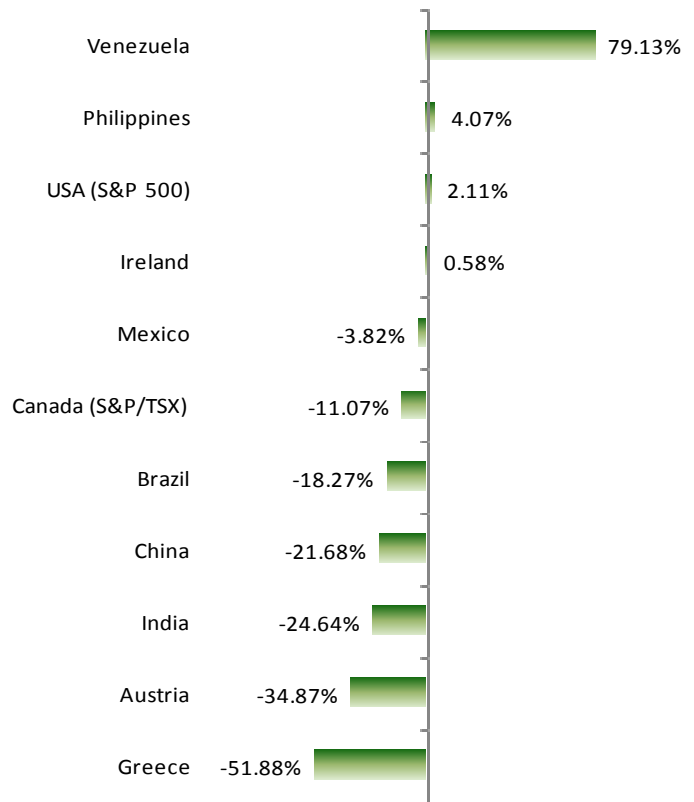
ABEL Strategy — Fourth Quarter 2011 — Jan 12, 2012
 Retirement Planning & Wealth Management

To Our Clients, Friends, and Family,

We offer a special welcome to the two new clients who joined our firm this quarter. We continue to grow and are grateful for you introducing us to friends and family.

With a tremendous rally in the 4th quarter, U.S. stocks ended 2011 practically where they began - with the S&P 500 Index posting a 2.11% return (when you include dividends). And while we hoped U.S. stocks would be among the best performers across the globe – the chart to the right is not exactly what we had in mind!

In fact, 2011 was as remarkable for what didn't happen as it was for what did. Concern that low interest rates, fiscal and monetary stimulus would push prices (and therefore inflation) higher never materialized. Early reports indicate that hedge funds – many of which seek to profit from such global macro trends by trading commodities or arbitraging various securities – were down 5% on the year - a poor showing given a supposedly rich market traders.



Abroad, the European sovereign debt crisis pushed most foreign stocks lower. And though we believe the possibility of further negative developments are already baked into stock prices, should the financial or banking sectors worsen significantly – prices could fall further. That said, Emerging Markets stocks remain as fundamentally strong as ever. In fact, many sport dividend yields above 4% and we believe to be a solid long-term part of your portfolio.

One could easily argue that Standard & Poor's downgrade of U.S. debt on August 5 had opposite the desired effect. That is, instead of pushing prices lower and yields up, the downgrade had the effect of calling into question the creditworthiness of all debt – everywhere. The result was investors further piling into the most liquid and still stable debt in the world – U.S. Treasuries.

Within these broad trends, there were a number of micro-trends – places where investors either fared better, or fared worse, than the averages. And 2011 was a year well-suited to take advantage of novice and undisciplined investors. Five times the S&P 500 fell into negative territory – and is likely the case – the typically investor sold low, only to wait on the sidelines till “things” got better – either getting back in after a rally and buying high or still waiting on the sidelines while earning next to nothing on their money.

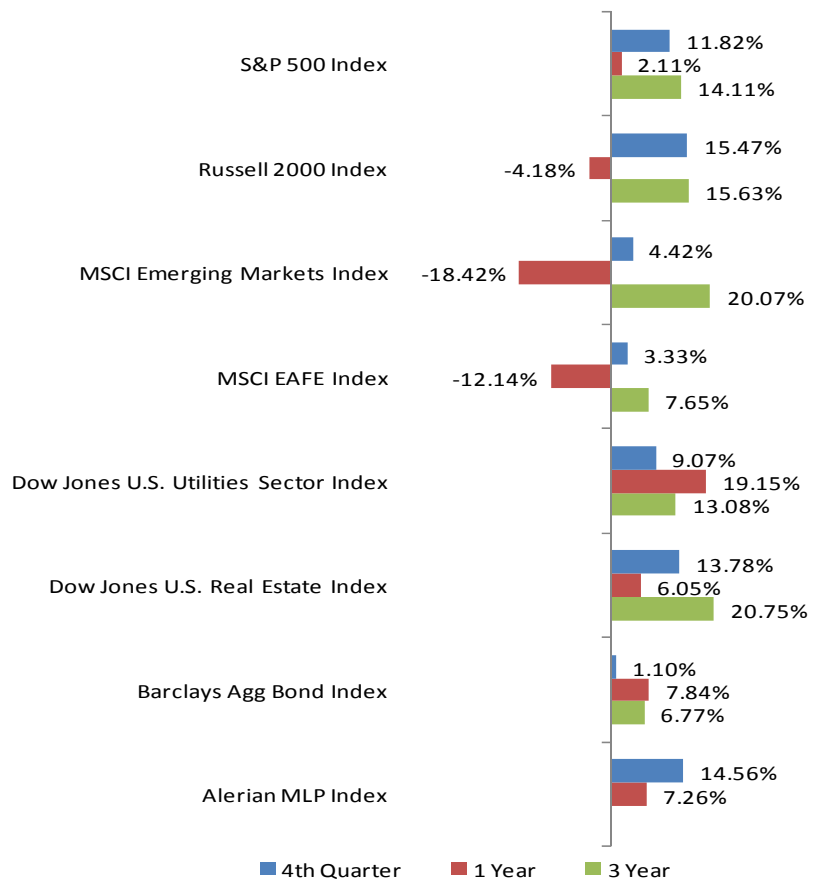
There were a number of bright spots in the market. Given the global flight to quality, U.S. Treasuries continued their meteoric ascent – with prices pushing most of the investment grade bond funds we own higher (and yields of U.S. Treasuries to historic lows). At year-end, the Yield on the 10-Year U.S. Treasury stood at 1.878%. Likewise, the search for yield pushed many income producing investments higher with MLPs returning 14.58%, U.S. REITs 13.78%, and Utilities 9.07% on the year.

On several occasions, we took the opportunity to rebalance your portfolios; selling positions that had noticeably appreciated while simultaneously adding to positions we believe are attractively priced. Across the globe, value-oriented stocks (many with high dividends yields) look compelling. In your fixed income allocations, we reduced exposure to Treasuries - allocating to investment grade fixed income investments such as corporate bonds instead. Despite the rally in municipal bonds (the Barclays Capital Municipal Bond Index returned 10.7% for the year), we still find California short to intermediate municipal bond funds attractive with tax-free yields north of 3%. Whatever direction the markets move this year, we've structured your investment portfolios to profit from any number of scenarios and continue growing.

The beginning of the year is an apt time to review your financial, retirement, and investment plans. Please call Carolyn or Mary to schedule an appointment. As always, we welcome your questions and comments. Warmest regards,

Jim
Jim Ellman, ChFC

Barry
Barry Mendelson, CFP®



	Fourth Quarter	Last 12 Mos
Fixed Income	+ 1.20%	+ 3.27%
US Stocks	+12.07%	+ 10.79%
US Stock Funds	+ 6.07%	- 6.76%
International Funds	+ 2.28%	- 11.18%
Energy Pipelines "MLPs"	+14.75%	+12.39%

Composite returns for all positions including Preservation, Income, Balanced and Growth strategies

Fourth Qtr	12 Months	3 Yr Avg	5 Yr Avg
6.57%	12.63%	5.53%	2.81%

Check out the new BLOG on our web site

www.justplans-etc.com

Did You Know ...

77... Percentage of affluent investors (\$500,000+ investible assets) who actually read the newsletter their advisor sends them. (Dow Jones)

2/3... Percentage of bachelor-degree graduates in 2008 with student loan debt, averaging ~ \$24,000 per graduate. Fewer than half the graduates in 1992 had debt. (New York Times)

\$250,000... Amount people who earn between \$50,000 and \$75,000 annually estimate they will need to save to retire at 65 and live for 20 years. (AICPA)

31... Percentage of parents who report tapping their children's savings (or have considered doing so) to pay bills or pay off debt. (ING Direct)

45%... Baby boomers who say they check their retirement account balances at least once a week. (MetLife)

13... Average percentage of annual gross income paid to federal taxes in the United States. (USA Inc)

53... Percentage of fathers who would consider being a "stay at home dad" if the option were financially feasible. (Boston College)

293,000... Average listing price for a 4-bedroom, 2 bath home in the US (Sept 2010—Mar 2011) (Coldwell Banker)

"If you don't read the newspaper, you are uninformed, if you do read the newspaper you are misinformed."
Mark Twain

Gold Maintains Purchasing Power

In 1935, when an ounce of gold was worth \$35, you could buy:

- A high-quality tailored suit for \$19.75 – or 0.56 ounces of gold
- A family car for \$500 – or 14.3 ounces of gold
- A house for \$7,150 – or 204.2 ounces of gold

With today's prices around \$1,800 per ounce, let's see what that same gold would buy you today:

- 0.56 ounces of gold is now worth \$1,008 – about the price of a Signature Gold suit from Joseph A. Bank
- 14.3 ounces is worth \$25,740 – enough to drive home a Toyota Camry
- And 204.2 ounces is now worth \$367,560 – which gets you an above-average home in all but the most expensive areas of the country.

The purchasing power of the dollar has dropped like a stone – but gold has endured and still buys you today about what it always has.

New in 2012

The Social Security wage base goes up to \$110,100, the first increase since 2009. Benefits will also increase, by 3.6%.

Retirement plan contributions will be higher:

401k—\$17,000. If you were born before 1963, \$22,500. These limits apply to 403b & 457 plans as well.

SIMPLEs remain at \$11,500 (age 50+, add \$2,500).

Defined contribution plans—\$50,000; The benefit limit for Defined Benefits plans rises to \$200,000..

IRAs and Roth IRAs remain at \$5,000, plus \$1,000 for folks born in 1962 or earlier.

**Do You Have a Spending Plan?
Need to Restructure Debt?**

Call for a free consultation

Barbara Hause, MBA
Financial Counselor

2723 Crow Canyon Road #211
San Ramon, Ca 94583
(925) 743-0518
Barbara@barbarahause.com

"My reading of history convinces me that most bad government results from too much government" - T. Jefferson