THE SYTSMA GROUP

AN INDEPENDENT FIRM

RAYMOND JAMES

In This Issue:

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The Key to Not Getting Lost

By Christine Lindeman, Financial Planning Coordinator

My husband and I have been doing some hiking around Michigan over the past couple months. No rope or carabiners needed, but good shoes, water, a compass and trail map are all required tools. We hiked a pretty, semi-swampy trail with my parents in May. There were lots of new blooms and turtles along the way. A relatively straightforward route overall. Not too many forks in that particular trail.

Most recently, though, the two of us hiked a sand dunes-to-woodlands-to-lakefront trail in Muskegon. That was a different story. At one point, I was certain the path we were on had taken us in a complete circle. My husband assured me that wasn't the case. I trust his judgment, so we kept on in the direction we were headed. I was right to trust him.

Several times during that hike we were obliged to use the trail map, our compass, and an evaluation of our surroundings to determine which branch of the trail would take us where we wanted to go. The trail map is a great resource as long as you know from where you're starting out. The compass is very useful, as well, as long as you know in which direction your destination lies. Then it comes down to making a choice: Are we comfortable going the direct route the compass indicates but which takes us over some unstable looking rocks? Or do we want to follow the path shown on the map, which is a much easier route but three times as long? Is there a third option that's a little quicker than the map but not overly treacherous? We tend to be third option kind of people, but that's just us.

Just like with hiking, planning for your retirement or buying a house or saving toward funding an education is made much less complicated when you have the right tools and the right people to help you evaluate what those tools are telling you. Where are you now? Where do you want to end up? What risks are you willing or unwilling to take along the way? It's not very often that the path will be scenic with some turtles as your main obstruction.

Our financial advisors have the tools and the experience to assist you in navigating the path to achieving your financial goals. We'll help you stay on track and avoid swamps and shaky rocks along the way.

Economy Is in Self-Sustaining Recovery

By Matt Nesto, Yahoo Finance

It has been pounded into our heads from our earliest days doing fire drills in elementary school: In the event of an emergency, walk quietly—do not run—to the nearest exit.

So with stocks extending their pre-summer swoon by shedding more than 5 percent in five weeks, many are bracing for the worst and pushing others aside to get to the exits. Raymond James' Chief Investment Strategist Jeff Saut is not one of them.

"I just don't see that [a crash] is happening right now" Saut says, adding that he sees any correction "limited to 7 to 10 percent".

How can that be?

Saut points first to continued strength of corporate profits and the fact that, historically, strong earnings almost always lead to hiring. Secondly, he cites the improvement in the credit markets and an easing of credit standards. And finally—and most bluntly—he says, "I think the economy is in a self-sustaining recovery." All this despite our recent string of economic indicators not only disappointing but trending downward.

Saut says this soft patch was created by a very early Easter holiday observance, a rash of really bad weather, and the belated global repercussions of the Japanese earthquake and tsunami. GDP estimates have already started to fall for the second quarter, yet Saut doesn't flinch as he sticks with his 3 percent growth forecast and belief that "the economy will retool and re-gear itself".

And for the record, if you are counting on more QE3 following in the footsteps of QE 1 and 2, guess again because Saut says "there's not going to be one." Again because, in his view, the recovery is self-sustaining.

But what if the economic bears have it right, and this actually does spiral into a nastier slowdown?

"If it does look like we are going into another recession, I am very confident that the powers that be will indeed institute quantitative easing 3." However, "I think President Obama and Fed Chairman Bernanke are both very cognizant of trying to foster a better economy, and that's another reason why I think the economy is self-sustaining and will be that way over the next year or so."

So there you have it. The economy is going through a soft patch. It's not as bad as many people fear and IF for some reason it does get ugly, good old Uncle Sam is not just going to sit on the sidelines and watch that happen.

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Let Reality Rule as You Budget for Your Retirement Years

By Raymond James

It's fine to imagine a carefree retirement with unlimited travel, gourmet meals and golf at fine courses at ideal morning tee times—but as you approach the date when you plan to step away from the office, consider taking a deep breath as you stare at reality. Surprises can be wonderful, but you probably don't want an unpleasant one when you open the door on your post-working years.

Even if your financial resources appear capable of supporting your imagined ideal retirement lifestyle, it's a good idea to do the math, just to be certain it rests on a firm financial foundation. If your imaginings turn out to be unrealistic, you may want to consider scaling back some of your ambitions, but you won't know your real status until you do the numbers.

Needs vs. Wants

Retirement expenses can be figured in two categories, your needs (your list of essential expenses) and your wants (your list of non-essential or discretionary items—things you would very much like to do in retirement, but could, if necessary, scale back).

Essential expenses include the absolutes—your mortgage or housing costs, applicable property insurance and taxes, car payments, car insurance, fuel, repairs and maintenance, utility expenses for telephone, water, sewer, natural gas and electric, healthcare or Medicare insurance premiums (plus any others you might have, such as life insurance or long-term care), food, clothing, and estimated state and federal income taxes. The only maneuvering room you're likely to have on this list falls in the food and clothing categories. The rest typically are inflexible expenses that must be paid regularly and in full.

The discretionary list is usually shorter. On it, realistically project your expenses for travel, entertainment and dining out, and add in possible costs for hobbies, education, club memberships and charitable contributions, and any planned gifts to relatives or friends. This is a soft list, one that can be prioritized or even cut back if you find your retirement income isn't quite up to matching your expectations.

Calculate your total wants and needs on an annual basis if you prefer, but divide by 12 to give yourself a more immediate picture of your monthly income needs. How do these numbers compare with your expected income during retirement (Social Security, pension payments, retirement accounts, etc.)?

Realistic?

Did you have a realistic picture of your retirement? You may answer a resounding "Yes!" or "Oh no!" or, quite frequently, "Somewhat." The important thing is to not procrastinate in finding out the answer. The sooner you know, the sooner you can take steps toward making your realistic retirement more closely resemble your idealized retirement.

If you're interested in learning just how realistic your retirement picture is, contact Tami Sytsma, Certified Financial Planner™ or Tom Sytsma, Certified Financial Planner™ to learn how our Income Analysis Service could benefit you.

Is Capital Access Right for You?

With direct deposit, retirement just got a little easier.

Whether you're nearing or living in retirement, make the most of your time by streamlining your finances with direct deposit.

With Capital Access, simplifying retirement income is easy. Combining your banking, retirement and investment accounts with Raymond James eliminates redundant fees, gives you and your financial advisor a complete view of your finances at a single glance, and allows you to quickly and conveniently access your funds from one place—so you can spend less time managing your money, and more time enjoying the things that matter most to you.

To begin enjoying the benefits of direct deposit and Capital Access, contact Tami or Tom Sytsma.

*Restrictions apply. Contact your financial advisor for complete details including qualifying criteria.

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Community Event

The Sytsma Group is helping to sponsor Byron Days! Running July 29 to July 31, the festivities include a parade, 5K walk/run, fireworks, rides, a rock wall, games and live entertainment.

Regardless of your age, you'll find something fun to do and see!

Something to Think About:

1. Have you considered your long-term care options?
2. Have there been any significant life events that could affect your financial planning?
3. Does your investment risk tolerance still match your comfort level?