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## RAYMOND JAMES®

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## Greetings from Ron

Greetings to all of you from “the Old Man.” Another summer has passed and a few more gray hairs have cropped up on my head. I still like to say they’re all blonde, but I have a hard time convincing Tami and Tom to believe me. Hopefully, “Old Man” isn’t what they call me when I’m not around. Time catches up to all of us, but the future is looking bright at The Sytsma Group. My years of experience merged with their enthusiasm and drive make a great combination to serve your needs.

The market has been quite a rollercoaster these last few weeks, and perhaps I’ve sprouted a few more gray hairs than I expected. However, I look back on my years in the business and realize that the recent market pullback isn’t anything new. I’ve witnessed fluctuations of this nature before and I’m certain I’ll witness them again. Regardless of that experience, it’s hard to keep the current ups and downs in their proper perspective. Markets trade daily and prices change based on economics, politics, industry sentiment and even the news media. With so many influencing factors and so many different people playing a role, market volatility is an inevitable outcome.

As I look back over the last decade, market volatility has made it increasingly challenging to reap a desirable return. Hopefully, we’ve been able to assist you in finding ways to beat the averages. As is always the case, there are events happening daily about which we should all be concerned. But if we believe in our country and our economic system, history tells us that we should have a decent chance of making respectable returns on our investments going forward.

On a personal note, I recently returned from another motorcycle adventure out west. My friends and I rode in Glacier National Park, Yellowstone National Park and the Canadian Rockies. Throughout the trip, I was overwhelmed with the beauty of God’s creation. If you’re interested in hearing more, just ask; I’m always happy to tell my tales.

I hope all of you had a relaxing and enjoyable summer. Tami, Tom and I look forward to working with you as the days grow shorter. In closing, I urge all of you to remember that when we serve God and serve others, the size of our investment accounts never seem to matter quite as much.

## Economic Commentary

By Scott J. Brown, Ph.D.

Recessions that are caused by financial crisis are different than the usual downturn. Weakness is more severe and longer lasting. Monetary and fiscal policy stimulus can help limit the downside, but can't create prosperity. Yet, policy efforts can buy some time for the private sector to recover. Long-term budget strains add to the difficulty of deciding how much to do and when to take support away. Nobody said it would be easy.

This was not your father's recession. In a typical recession/recovery cycle, the Federal Reserve raises rates to cool inflation pressures. The economy slows, creating some pent-up demand in autos and housing. The Fed eventually lowers interest rates, the economy begins to improve, and the pent-up demand comes roaring back. This is a different animal. Auto sales have improved off the lows, but remain far below pre-recession levels. Housing is bouncing around the bottom. A strong V-shaped recovery was never in the works.

The labor market has been the main area of concern. Without job growth, the demand for housing is going to remain subdued and consumer spending growth is going to remain stunted. Job growth hasn't been horrible this year. Strong job growth in the early spring may have borrowed from the late spring and early summer. Nonfarm payrolls were flat in August, but that included a 45,000 strike impact, which will reverse in September. One atypical element in this recovery has been the massive job losses in state and local government. We have lost 640,000 state and local government jobs since December 2008, and continue to lose about 40,000 per month. While many rejoice in the concept of smaller government, it's worth pointing out that these people have families and mortgages, and they spend their income. So the economic impact is a lot more than it seems. Moreover, many of these jobs are in education, which should be a priority for the long-term prospects for growth.

The White House has a proposal to boost jobs. There are a number of elements in the plan. Some are a continuation of existing stimulus, which would prevent a large fiscal drag in 2012. Others include a variety of proposals that have received Republican support in the past. The key issues are how much of the president's proposal can make it through Congress and how it will be paid for. There's no disagreement that the long-term budget trajectory must be corrected. However, tightening policy too soon risks dampening and prolonging the recovery.

While the job package would provide some support for the economy, it's unlikely to lead to substantial improvement in the

job market. The impact of pump-priming appears to be limited given the magnitude of the economy's headwinds.

While Fed officials appear to be divided, the hawks are a minority. More monetary stimulus is coming, but it's unclear whether this will include another round of asset purchases or a lengthening of maturities in the Fed's asset holdings.

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## Worst Days for the S&P 500 Index

Extreme down days (-6% or greater) have historically been closer to the end of a crisis than the beginning.

In 2008, there were eight such days, but they all were closer to the end of the crisis (late September, October, and November).

The average 1-year return following these extreme down days has been +21.25%.

—Prepared by BlackRock Investments, LLC, member FINRA

Sources: Bloomberg, Yahoo Finance. Returns reflect price return only. Past performance is no guarantee of future results. Index performance is shown for illustrative purposes only.

You cannot invest directly in an index. The S&P 500 Index is an unmanaged index that consists of the common stocks of 500 large-capitalization companies, within various industrial sectors, most of which are listed on the New York Stock Exchange.

### S&P 500 Index Returns During & After Worst Performing Days (1950 - present)

Date	Return	Following 1-Yr. Return
10/19/1987	-20.47%	24.26%
10/15/2008	-9.03%	20.29%
12/1/2008	-8.93%	34.23%
9/29/2008	-8.81%	-3.93%
10/26/1987	-8.28%	24.03%
10/9/2008	-7.62%	17.10%
10/27/1997	-6.87%	22.27%
8/31/1998	-6.80%	38.31%
1/8/1988	-6.77%	15.31%
11/20/2008	-6.71%	45.51%
5/28/1962	-6.68%	25.89%
8/8/2011	-6.66%	?
9/26/1955	-6.62%	7.37%
10/13/1989	-6.12%	-10.08%
11/19/2008	-6.12%	37.90%
10/22/2008	-6.10%	20.59%
<b>Average</b>	<b>-8.04%</b>	<b>+ 21.25%</b>

## 2011 Direct-to-Charity IRA Option

Due to the omnibus tax legislation signed by President Obama last December, you may use your Required Minimum Distribution from your IRA funds to make gifts to your favorite charities for the 2011 tax year.

The new tax rules extend for 2011 the option of donating IRA funds directly to qualified charities. By taking this path, the IRA holder or beneficiary avoids taking possession of the funds and the tax bill that would result.

Briefly, a qualified charitable distribution (QCD), which can be made only by IRA participants who are at least 70½, may be as high as \$100,000. You may have your required minimum distribution (RMD)

Federal Income Tax Bracket	Required Minimum Distribution	Estimated Tax Savings*
15%	\$ 25,000.00	\$ 3,750.00
25%	\$ 25,000.00	\$ 3,250.00
35%	\$ 25,000.00	\$ 8,750.00

be able to report the distribution on your 2011 tax return.

If you're intrigued by the idea and want to discuss it further, or if you already know that you would like to take advantage of this tax law provision, we would be happy to talk with you about it – please call us.

*\*Based on making charitable contributions directly from your IRA.*

Please note, changes in tax laws or regulations may occur at any time and could substantially impact your situation. While we are familiar with the tax provisions of the issues presented herein, as Financial Advisors of Raymond James Financial Services we are not qualified to render advice on tax or legal matters.

### Estate Coordination: confidence today, fluid transition tomorrow

Dealing with the stress and anguish of losing a loved one is a daunting challenge. Ensure that those important to you don't also have to manage the extra burden of attempting to piece together the details of your final wishes and make difficult decisions about how and to whom your business assets are to be allocated.

Our Estate Coordination service organizes your estate to provide confidence today and fluid transition for your family tomorrow.

#### The benefit to you:

1. Assist you to define your goals and priorities & outline your wishes
2. Review of your estate documents to ensure those documents support your wishes
3. Outline potential areas of weakness
4. Organize your personal and business documents
5. Work with your other trusted advisors to create a comprehensive estate plan
6. Review and update your plan annually and adjust according to your current needs and circumstances

If you would like to learn more about this unique service and its potential value for you, contact Tami or Christine at 616.531.4186 or [Tamara.Sytsma@TheSytsmaGroup.com](mailto:Tamara.Sytsma@TheSytsmaGroup.com) / [Christine.Lindeman@TheSytsmaGroup.com](mailto:Christine.Lindeman@TheSytsmaGroup.com).





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## Did You Know?

- The average annual cost for tuition, room and board for *private post-secondary* education in Michigan is \$35,636.\*
- The average annual cost for tuition, room and board for *public post-secondary* education in Michigan is \$15,213.\*
- Student loan debt has increased from \$198.32 billion in June 2000 to \$832.99 billion in June 2010.\*\*
- Since 1982, the cost of college tuition has gone up by more than 400%.\*\*\*



\*Source: Sungard

\*\*Analysis by Mark Kantrowitz, publisher of Fastweb.com and FinAid.org

\*\*\*Source: MyBudget36

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