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McDonald & Barry Retiree Asset Management of Raymond James

Newsletter

Fall 2011

Market Update – Better Than Bonds

The yield of the S&P 500 index has, in September, outpaced that of the 10 year U.S. Treasury bond. Furthermore, we all know that FDIC insured certificates of deposit continue to pay miniscule interest. Will value eventually trump negative investor sentiment? History tells us that when this rare event has occurred in the past the next 6 to 12 months was positive for stocks.

We think that for the portion of your portfolio that is invested for the long term – 3 years or more – now may be the time to hunt for value. In his September 26, 2011 "Investment Strategy" report Raymond James Chief Investment Strategist Jeffrey Saut estimates a 2011 S&P 500 price to earnings ratio (P/E) of 11.8 and a 2012 S&P 500 P/E of 10.7. This is technical "value". You are invited to follow Jeff Saut's ongoing reports at our website WWW.MB-RAM.COM by clicking on the "Market View" link on the right hand side of the screen.

Does this mean that stocks are currently a "sure thing"? Of course not, we are carefully watching to see if the S&P 500 will hold above its 1101.54 August 9, 2011, intraday "selling climax" low. A move below that level would cause us to re-evaluate our long term investment thesis and seek appropriate defensive action. However, as long as the S&P 500 remains above the 1100 support line we believe in continuing the hunt for long term value.

On September 30, 2011 , when this market comment was written the DJIA was down -3.66%, the S&P 500 was down -7.73%, and the NASDAQ Composite was down -6.49% year to date. Yes, they are down even further from their May 2, 2011 intraday highs; but when you take the long view (as we should with the long term portion of our portfolios), the markets suggest that the companies that these indexes represent are positioned to be profitable despite U.S. and global monetary and political policies that remain muddled.

We reiterate what we said in our MBRAM Summer 2011 Newsletter – now is an excellent time to consider buying quality while at the same time confirming your personal defensive strategy.

At MBRAM we design an individualized investment plan for each of you that is flexible enough to be defensive when necessary and offensive when opportunities arise. While each of your plans has elements that are unique to you, all plans include 3 elements:

1) Assets that are minimally exposed to the markets (FDIC insured bank deposits and CDs, high quality taxable and municipal bonds) when needed to fund your current retirement income needs.

2) Assets that are allocated between fixed income and equities to take only the investment risk you determine necessary to fund your long term (3 plus years) retirement goals and stay ahead of inflation.

3) Investment strategies and vehicles that allow MBRAM to work with you to adjust your long term retirement nest egg to be defensive to help preserve assets when necessary and offensive to help grow assets when opportunity knocks. In other words we combine long term asset allocation with short term active defensive and offensive management.

It would be nice if we could simply buy-and-hold with confidence. The reality is that as retirees we need retirement income now and we do not have the luxury of waiting years to have our retirement nest egg recover from substantial market downturns. Contact Jeff and Ned if you cannot articulate – and feel good about – the MBRAM investment plan that we have in place for you! You should be able to say you are prepared for both opportunities and economic storms.

Also don't forget to discuss your yearend tax planning with us.

MBRAM Event

You are invited to a free, public service program presented by the Estate Planning Council of Marian County Florida. Ned is Vice President/President Elect of the Council and Coordinator of this event. MBRAM is a Gold level sponsor. Ned will also be a panelist in the "Solving the Retirement Income Puzzle" segment of the program.

Estate Planning for Florida Residents
… What Do I Need To Know.

Whether you are a newly arrived transplant to Florida, or simply need information
to help you accomplish your retirement and estate plan, please join us for an informative afternoon,
presented by your local estate planning experts, including valuable information on these topics:

- Estate Planning Basics: An Overview
- Florida Probate & The New Florida Durable Power of Attorney
- Long-Term Care
- Solving The Retirement Income Puzzle
- Federal Estate Planning Legislative Updates

Date & Time: October 27, 2011 from 2:00 – 5:00 P.M.
Location: Ewers Century Conference Center at the College of Central Florida, 3001 S.W. College Road, Ocala, Florida

Host: Estate Planning Council of Marian County Florida
RSVP: Emily Humphreys-Beher during business hours at (352) 671-1019 or ebeher@cbrfl.com.

Last Thursday at MBRAM

Our **October 2011** Last Thursday at MBRAM Retiree education series topic is an in depth discussion of:

IRA/401(k) Distributions – What's Best For You, For Your Spouse, For Your Children/Grandchildren

Topics include:
- Why retirees should roll their 401(k) into one or more IRAs.
- What to do with your required minimum distributions beginning at age 70 ½?
- Should you take voluntary distributions prior to age 70 ½?
- When can you save taxes by taking more than your minimum required distributions?
- How do distributions affect your plans to roll over your IRA to your surviving spouse?
- Coordinating your IRA beneficiary designations with your Living Will and Will.

Date & Time: Thursday, October 20, 2011 at 4:00 P.M.
Location: Crystal River Office, 2101 SE Highway 19, Crystal River, Florida
RSVP: Marie Rausch during business hours at (800) 443-4368. If you cannot attend, remember that Jeff and Ned are delighted to schedule personal conferences with you to explore if you have taken advantage of this important building block of retirement asset management.

Our **November 2011** Last Thursday at MBRAM Retiree Education series topic is an in depth discussion of:

How & When To Include Your Adult Children In Your Family Planning

Like it or not we all need to answer the question, "How and when do we include our adult children in our family planning?" We will discuss this in relation to each of the following topics:
- Your Power of Attorney.
- Your Health Care Power of Attorney.
- Your Living Will/Advance Health Care Directive.
- Your Do Not Resuscitate Order.
- Your Living Trust.
- Your assisted living and long term care planning.
- Your intergenerational investment management and wealth transfer.
- Your gifting to children, grandchildren and favorite social institutions.

Date & Time: Thursday, November 17, 2011 at 4:00 P.M.
Location: Crystal River Office, 2101 SE Highway 19, Crystal River, Florida
RSVP: Marie Rausch during business hours at (800) 443-4368. If you cannot attend, remember that Jeff and Ned are delighted to schedule personal conferences with you to explore if you have taken advantage of this important building block of retirement asset management.

Our **December 2011** Last Thursday at MBRAM Retiree Education series topic is an in depth discussion of:

Planning For The Special Needs Of A Spouse Or An Adult Child Or Grandchild

Date & Time: Thursday, December 31, 2011 at 4:00 P.M.

Location: Crystal River Office, 2101 SE Highway 19, Crystal River, Florida
RSVP: Marie Rausch during business hours at (800) 443-4368. If you cannot attend, remember that Jeff and Ned are delighted to schedule personal conferences with you to explore if you have taken advantage of this important building block of retirement asset management.

MBRAM Service You May Find Useful

If you are age 70½ and MBRAM serves as your investment advisor, your Raymond James IRA account statement includes the status of your annual required minimum distribution. Call us to find out how as a client you could have the required minimum distribution from your IRA mailed to you or deposited directly into either your Raymond James non-IRA account or your bank checking or savings account.

Also check with us about others convenient services that you may enjoy like:

Internet bill pay - Automatic or on-demand bill payment

MBRAM Website Access To Jeff and Ned

Any time of day or night and from anywhere in the world you can e-mail directly to Jeff and Ned simply by clicking on "**Contact Us**" link on the right hand side of our MBRAM website WWW.MB-RAM.COM. Just think of the convenience of being able to jot down and send us your questions, thoughts, concerns, ideas when and where you have them. We look forward to hearing from you and promise to promptly respond. Isn't technology wonderful!

Also follow news about the MBRAM family by clicking on the "**MBRAM Team News**" tab above our pictures on the WWW.MB-RAM.COM homepage. You are invited to add WWW.MB-RAM.COM to your list of Favorites on your web browser.

We appreciate your trust and confidence and thank you for your business! We are especially grateful to those of you who introduce your family, friends, and business associates to our services. This is the ultimate confirmation that we are exceeding your expectations

Sincerely,

Ned Barry

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Disclosures

The Dow Jones Industrial Average is an unmanaged index of 30 widely held securities. The S&P 500 is an unmanaged index of 500 widely held stocks that is generally considered representative of the US stock market. The NASDAQ Composite Index is an unmanaged index of all stocks traded on the NASDAQ over-the-counter market. It is not possible to invest directly in an index.

Past performance does not guarantee future results. There is no assurance these trends will continue. The market value of securities fluctuates and you may incur a profit or a loss. This analysis does not include transaction costs and tax considerations. If included these costs would reduce an investor's return.

Diversification and strategic asset allocation do not ensure a profit or protect against a loss. Investments are subject to market risk, including possible loss of principal. The process of rebalancing may carry tax consequences. No investment strategy can guarantee success.

Price Earnings Ratio (P/E) is the price of the stock divided by its earnings per share.

Technical Analysis is a method of evaluating securities by analyzing statistics generated by market activity, such as past prices and volume. Technical analysts do not attempt to measure a security's intrinsic value, but instead use charts and other tools to identify patterns that can suggest future activity.

As federal and state tax rules are subject to frequent changes, you should consult with a qualified tax advisor prior to making any investment decision.

Raymond James & Associates is not affiliated with the Estate Planning Council of Marian County Florida.

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Views expressed in this newsletter are the current opinion of the author and are subject to change without notice. U.S. Treasury securities are guaranteed by the U.S. government and, if held to maturity, offer a fixed rate of return and guaranteed principal value.

While interest on municipal bonds is generally exempt from federal income tax, it may be subject to the federal alternative minimum tax, or state or local taxes. In addition, certain municipal bonds (such as Build America Bonds) are issued without a federal tax exemption, which subjects the related interest income to federal income tax. Municipal bond investments may involve market risk if sold prior to maturity, credit risk and interest rate risk.