

Dear Clients & Friends,

The summer is moving along with great weather. However, I don't think we can say the same with the economy or the markets. We are not overly concerned as we anticipate a choppy summer for the markets. We think late fall will fair much better.

Look at the many problems facing the economy and it's no wonder why many investors are unsure. One of the biggest thorns to a summer rally is the budget conflict. It is possible that congress will argue over the budget during the summer and this causes worry within the markets. Add to this the debt crises in Europe that just won't go away and you can see why investors are cautious. On the bright side, while we see food prices heading up and some commodity prices staying high, especially oil, we don't see much wage pressure in the job markets. That wage pressure is one of the biggest factors in causing rampant inflation over past years. Why no wage pressure now? The economy is still so weak from the recession that employees don't have room to ask for more wages. Not that they don't need it, they just know it won't be given, so why ask.

In summary, I don't expect to see a large uptick in inflation while the economy remains weak and the housing market still has zero traction. However, I do anticipate higher food prices soon, as the costs of producing and transporting food has gone up. *If and when a true recovery takes place then we could see steady rising inflation.* The government is reluctant to raise interest rates when the economy is so anemic. So

***Enjoy your summer,
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this also helps explain why savings rates remain so low.

It is hard for me to imagine a brisk economic recovery until we start producing real jobs in this country that pay a fair wage. I don't see how the service sector can fulfill this role long term as I believe you have to make stuff that people want to sustain a real and full recovery. That making of stuff is called manufacturing. We seem to have turned our collective backs on that sector of the economy a long time ago and are suffering the effects. I blame large corporations for doing a great deal of this but they did it based on economic factors which were ultimately brought on by government practices both on the local, state, and federal levels. That is one area that China has a leg up on us. They can plan from a central committee free of corporate lobbyists and short term political elections. Perhaps a falling U.S. dollar will bring back some of the manufacturing we lost over the past two decades. A more friendly tax and business climate would help as well. As all of you know, I feel the U.S. has a lot to offer, especially with our infrastructure system, low utility rates for large users, transportation system, and our rule of law.

We remain invested for income, safety, and growth as this seems the safest road to follow for the foreseeable future. We are also encouraging consideration of accounts that have an element of future income via income riders. These can be found on many variable annuities and index annuities. Contact us for a full review before the summer ends or during the fall season.

Variable & fixed annuities are long-term investments designed for retirement purposes. They are subject to fees and charges including mortality and expense risk charges, administrative fees, and the expenses of the variable portfolios. Optional features are subject to additional fees, investments restrictions and other limitations. Guarantees are backed by the claims-paying ability of the issuing insurance company.

Manufacturing outlook not healthy in state, U.S.

Brian J. O'Connor/ Detroit News Finance Editor

Manufacturing might be rebounding in Michigan and across the U.S. after the recession, but two reports released Monday say both the state and country face significant structural problems that threaten to erode the industry's strength.

The Detroit Economic Club was told the U.S. ranks fourth in global competitiveness behind China, India, and South Korea, and is expected to fall to No. 5, mostly because of outdated manufacturing policies and a lack of investment. That came from a study by the Council on Competitiveness released at the club meeting at the MotorCity Casino.

Meanwhile, Ball State University's Center for Business and Economic Research gave Michigan a grade of "A" for the health of its manufacturing industry on the 2011 Manufacturing and Logistics Report Card. Only four other states scored an "A" for the strength of their manufacturing, but Michigan scored poorly in other areas that can shrink the industry in the future, said Michael Hicks, the center's director.

"The 'A' is based on the strength and size of the manufacturing sector in Michigan," Hicks said. "The other elements that fed into the scorecard, like human capital, tax climate and diversification, weren't so good."

Overall, Hicks said, Michigan ranked 25th of the 50 states. The state was pulled down by high benefits costs, the lack of diversification in the auto-heavy manufacturing sector, and a lack of educated manufacturing workers, Hicks said.

Another poor mark for the state — the "C-" in tax climate — should improve next year with the new state business tax structure. "You are going to move up in tax climate," Hicks said. "I wouldn't be surprised if you guys moved up to a 'B.'"

The Council on Competitiveness study, called "Ignite 2.0," also emphasized the need for the U.S. to increase education in the vital science, math and technology areas, to coordinate more research and development efforts between universities, government labs and the private sector, and to encourage innovation and advanced manufacturing that can be attractive for export.

The report was discussed by a panel of experts at the club, including Samuel Allen, CEO of Deere & Co.; Shirley Ann Jackson, president of Rensselaer Polytechnic Institute; Paul Himmert, director of Sandia National Laboratories; and moderated by Deborah Wince-Smith, president and CEO of the Council on Competitiveness.



Monday, June 13, 2011

Health Update

Apples are the No. 1 produce for pesticide contamination

Apples are at the top of the list of produce most contaminated with pesticides in a report published today by the Environmental Working Group (EWG), a public health advocacy group.

Its seventh annual report analyzed government data on 53 fruits and vegetables, identifying which have the most and least pesticides after washing and peeling. For produce found to be highest in pesticides, the group recommends buying organic.

Apples moved up three spots from last year, replacing celery at the top of the most-contaminated list; 92% of apples contained two or more pesticides.

"We think what's happening to apples is more pesticides and fungicides are being applied after the harvest so the fruit can have a longer shelf life," says EWG analyst Sonya Lunder. "Pesticides might be in small amounts, but we don't know what the subtle, long-term effects of many of these pesticides are yet."

The worst offenders also include strawberries (No. 3) and imported grapes (No. 7). Onions top the "clean" list, found to be lowest in pesticides.

By choosing five servings of fruit and vegetables a day from the clean list, most people can lower the volume of pesticides they consume daily by 92%, the report says.

"Consumers don't want pesticides on their foods," says EWG president Ken Cook. "We eat plenty of apples in our house, but we buy organic when we can."

Rankings reflect the amounts of chemicals present on food when it is eaten. Most samples were washed and peeled before testing. Washing with a "produce wash" is unlikely to help remove pesticides because they're taken up by the entire plant and reside on more than just the skin, the report says.

For shoppers who cannot afford organic food, which often is more expensive, Cook says the lists offer alternatives. Can't find organic apples? Buy pineapples, the top fruit on the clean list, or avocados or mangoes.

Fewer than 10% of pineapple, mango and avocado samples showed pesticides. For vegetables, asparagus, corn and onions had no detectable residue on 90% or more of samples.

Pesticides are known to be toxic to the nervous system, cause cancer, disrupt hormones and cause brain damage in children. Pregnant women are advised to avoid foods containing pesticides.

A study by Harvard School of Public Health found children exposed to pesticides had a higher risk of developing attention deficit hyperactivity disorder.

Lunder says pesticides were measured in six different ways to calculate overall scores:

- Percentage of samples tested with detectable pesticides.
- Percentage of samples with two or more pesticides.
- Average number of pesticides found on a single sample.
- Average amount (level in parts per million) of all pesticides found.
- Maximum number of pesticides found on a single sample.
- Total number of pesticides found on the commodity.

Eating five servings of fruits and vegetables from the "dirty dozen" list would mean you'd get an average of 14 different pesticides. By choosing five from the clean list, you'd consumer fewer than two pesticides.

"With the increased emphasis on eating more fruits and vegetables, we need to be vigilant about the food we're producing and serving," Lunder says.

Cut out and carry with you:

The Dirty Dozen

Buy these organic.

1. Apples
2. Celery
3. Strawberries
4. Peaches
5. Spinach
6. Nectarines (imported)
7. Grapes (imported)
8. Sweet bell peppers
9. Potatoes
10. Blueberries
11. Lettuce
12. Kale/collard greens

The Clean 15

Lowest in pesticides.

1. Onions
2. Corn
3. Pineapples
4. Avocado
5. Asparagus
6. Sweet peas
7. Mangoes
8. Eggplant
9. Cantaloupe (domestic)
10. Kiwi
11. Cabbage
12. Watermelon
13. Sweet potatoes
14. Grapefruit
15. Mushrooms

An Estate Is a Terrible Thing to Waste

If you have a current will, consider yourself ahead of most Americans when it comes to estate planning. In fact, a recent survey found that an alarming 70% of Americans don't have this most basic estate conservation document.

With a will, you can direct the probate courts that oversee the distribution of your estate. You can also name legal guardians for minor children and their inherited assets.

A will is certainly the best place to start. However, the goal of any estate strategy should be a smooth transfer of wealth to your heirs, and it may take more than simply having a current will.

Powers of Attorney

Powers of attorney are used to designate someone to make financial and/or medical decisions on your behalf. Powers of attorney can be specific, designating your agent to act for you only in certain circumstances, or they can be general, giving your agent the authority to make any and all decisions on your behalf. You may want to create separate powers of attorney for finances and medical care.

Beneficiary Designations

It's a good idea to make sure that the beneficiary designation forms for your retirement plans and life insurance policies are properly completed and accurate. Retirement plan assets and life insurance proceeds are generally exempt from the probate process and transfer directly to the designated beneficiaries.

Trusts

A trust is a separate legal entity that holds your assets and distributes them according to your wishes. Some trusts can help reduce estate taxes or place conditions on heirs who inherit your property. Others can be used to make charitable donations, to provide for family members with special needs, and to help prevent posthumous challenges from disgruntled parties.

The use of trusts can involve a complex web of tax rules and regulations. You should consider the counsel of an experienced estate planning professional before implementing such strategies.

Even a comprehensive estate strategy may be of limited use if it is out of date. You can help ensure the effectiveness of your strategy by periodically reviewing your will, powers of attorney, and beneficiary designation forms to verify that they are current.



The Federal Estate Tax Is Back and May Be Here to Stay

Despite the fact that 65% of taxpayers believe the federal estate tax is unfair, it's back after a one-year repeal, and it could be here to stay.

Some form of estate tax has been a part of the political landscape since 1797. Although it's been repealed and reinstated many times, the federal estate tax appears to be as American as baseball and apple pie.

The 2010 Tax Relief Act reinstated the federal estate tax, imposing a 35% tax rate on estates that exceed the \$5 million exemption through 2012. By taking specific steps, married couples may be able to pool their exemptions to shield up to \$10 million. But these parameters — the most generous in decades — are temporary. After 2012, the federal estate tax is scheduled to revert to pre-2001 tax law levels, with a 55 percent top tax rate on estates valued at more than \$1 million, unless lawmakers extend or modify the current law.

In addition to the federal estate tax, many states tax inheritances. Twenty-two states and the District of Columbia have estate or inheritance taxes that could apply to estate assets that are considerably lower than \$5 million.

Upcoming classes on estate planning that we are hosting:

Thursday, July 21st, 2011

1:00 pm

Class #220660-3A

Schulak Farm

6889 West Maple Rd.

West Bloomfield, MI 48322

Thursday, August 18th, 2011

7:00 pm

Class #220660-4A

West Bloomfield Recreation Activities Center

4640 Walnut Lake Rd.

West Bloomfield, MI 48323

Call (248) 451-1900 to register. Each class is \$20 per couple.

Note that we will also be teaching classes in Livonia this Fall.

If you have a friend or neighbor who would like a copy of our newsletter or if you or a loved one want a review of your estate or financial situation, contact our office at:

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