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YOUR GUIDE TO LIFETIME PLANNING

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3rd Quarter 2010

FINDING THE BALANCE BETWEEN *safety and growth*

News and Notes



Karen J. Ellenbecker, President
ELLENBECKER INVESTMENT GROUP, INC.

Market volatility has been the headline story over the last quarter... is the bull zigging or zagging today? In late 2008 we experienced the Dow's largest single day loss of 778 points and within two weeks the largest single gain of 936 points. After that, the largest financial meltdown in generations followed. Now Europe is being confronted with some of the same issues that we experienced back in 2008 and early 2009. It goes without saying that no one wants to go through that type of market again, but what can we do to preserve and protect investment portfolios knowing the likelihood that we will face continued volatility?

We can look at the hypothetical case of a retired client who is struggling with the economic uncertainty and market volatility. She has been listening to news and talk-radio and hearing that the world is in deep financial stress and will possibly suffer another financial meltdown. She is concerned about protecting her portfolio and wants to move all of her equity positions to fixed income and cash equivalents. She assumes that everything she is hearing about will ultimately affect her individual investment portfolio and, like many other clients, wants to avoid another portfolio correction. Her ultimate goal is to protect her principal so that she will not run out of money during her lifetime.

Prior to coming in for her review she looked at her recent investment statement and feels very uncomfortable with the fact that it is down \$40,000, which translates to 5% of her total portfolio. Being able to tie the risk she experienced to a percentage gives us a place to start our conversation and determine exactly what that 5% decline means to her portfolio and investment strategy. She is under seventy years old and in excellent health with longevity on her side.

The first thing we do is look at her current investment strategy to see what risk is inherent in her portfolio. What risks should she consider when evaluating whether to redirect 100% of her growth assets into fixed income assets?

#1: We know that in the future inflation will be higher than it is today. If we were to transfer the remainder of her assets into fixed income, the average yield would be somewhere in the neighborhood of 1.5%-3%, which means the current bond yields will not keep up with future inflation. The result: loss of purchasing power which would potentially erode her investment portfolio.

#2: Let's examine the potential hazards to eliminating all growth investments. The obvious is that growth investments will help you keep up with future inflation. Why is that important? We are generally living longer, health care costs are rising, and the cost of living goes up each year. It is hard to account for unknowns such as taking care of an ill parent, personal disability, loss of employment, a new car, home repairs, long term care needs, investment performance, and last but not least, increasing taxes.

So what is the answer? How do you determine how much risk you are willing to take? Many people overestimate their tolerance for risk and believe they are ready to accept volatility. They think they understand that the stock market goes down and then comes up again. Unfortunately when the market goes down many investors panic and bail out; they can't take the pain or tolerate the unknown.

Determining your risk is tricky because although we often think of risk exclusively as loss of principal in the stock market, there are actually many factors that go into determining risk. Measuring the amount of risk you can financially and emotionally afford is a key factor in developing an investment strategy to meet your individual goals. Once your risk tolerance has been established the next step is to create a model portfolio that balances the risk inherent within each of the different asset classes. For example, what percentage of your portfolio is invested in cash equivalents or bonds;

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FINDING THE BALANCE BETWEEN *safety and growth*

(continued from page 1)

how much of your portfolio is invested in small cap stocks or foreign investments? Each of these investment classes has risk associated with them. The amount of risk you are willing to take will determine how much exposure you have to each of these classes.

Once you have established a model portfolio for your individual investment strategy it is easier to understand the risk you are assuming for the potential return of your portfolio. A mistake that many investors make in their own investment portfolios is not understanding how much exposure they have to the individual asset classes. This can easily happen in a bull market when one investment class is outperforming other asset classes and your portfolio gets out of balance. When the market corrects, you feel like you were hit over the head with a hammer. The mistake is not realigning with your model.

To go back to the beginning... what can we do to protect ourselves in the event of another correction? First, sit down with your advisor and develop an asset allocation that defines the amount of risk that you are willing to tolerate. Own high quality investments that will perform in

spite of market cycles. Review your investment portfolio at least twice a year, rebalancing when necessary; simply said "buy low and sell high." We believe that having an asset allocation that defines the amount of risk you are willing to take is the best defense against a volatile market. I know that it is hard to tolerate the tension of not knowing what the future brings and I hope I have made a solid case for not going all to cash or bonds. Finding that perfect balance between safety of principal and growth is what we strive to do for our clients.

Diversification and asset allocation do not guarantee a positive result. Loss, including loss of principal, may occur.

ARE YOU ON TRACK *for your retirement?*

Whether your retirement is 10 years from now or 30 years from now, your greatest planning tool for retirement may be your company's 401(k) plan. How much do you know about your plan? If you have a 401(k) plan available, your company has made a commitment to helping you plan for retirement. The question is, are you utilizing all the tools available?

To start with, begin participating as soon as you are eligible and take advantage of the enrollment meeting. This meeting will help you understand all of the features offered through the 401(k) plan. For example, if your company matches your contributions, make sure you are contributing at least enough to receive the full match. If you contribute 3% and your employer contributes a 3% match, you've already doubled your investment!

Many plans offer a loan or hardship withdrawal feature. Be careful when considering those options. Your current situation may seem challenging but don't derail your retirement planning by withdrawing funds for frivolous reasons. If necessary, stop contributing temporarily while you get your finances back on track.

*Joleen Kane
Director of
Special Products*



*Jean Range,
CFP®*



Here are some tools to keep in mind:

1. Quarterly statements
2. Quarterly newsletters
3. Website tools and educational articles
4. Human Resources
5. Plan Advisor

Review your quarterly statement, as it contains a wealth of information. It is a great resource for planning, not just to find your balance. Often you can find your personal return, projected monthly income in retirement, investment options and performance, as well as investment activity.

Quarterly newsletters can also provide timely information. Topics may include a long term perspective on the market volatility, insight into why to stay invested or the benefits of diversification.

The plan website can be one of the most dynamic tools available. On the website you will often find current market information, a detailed description of your investment options, interactive tools to help you set retirement goals and how to maximize your contributions.

And last but certainly not the least, your human resources personnel or the plan investment advisor can give you personalized help, especially if you are working through unusual circumstances.

We encourage you to take an active role in planning for retirement and utilizing all the tools available through your 401(k) plan. The investment landscape is continually changing and so can your life. By actively staying involved, you will increase the probability of reaching your retirement goals. We work all our lives in anticipation of retirement. Make the most of the time you have to save so that when retirement arrives, it turns out as you had imagined.

A GIFT that gives back



Mike Barry
Lifetime Planning Financial Advisor
ELLENBECKER INVESTMENT GROUP, INC.

- The gift tax is still in effect this year, even though the estate tax has lapsed. The annual gift tax exclusion is now \$13,000 per recipient per year.
- A married couple giving away appreciated assets won't owe gift tax and won't lose any part of their estate tax shelter.
- If you give away appreciated assets held more than one year, your recipient can sell them and owe 0% tax as long as they remain in the 10% or 15% income tax bracket.
- Therefore, if you gift assets to your lower-income parents or children in 2010 or 2011 to sell, to avoid capital gains tax, you might give them appreciated assets this year.
- A married couple can give up to \$26,000 worth of assets to the husband's father in 2010, another \$26,000 to the wife's mother, or similarly to married children. Gifts can also be made in 2011.
- As long as each spouse makes gifts up to \$13,000 per recipient per year, the couple won't have to file a gift tax return.
- Grandparents can pay for grandchildren's care, such as dental and medical, and it does not count toward the gift limit.

Source: CPA Client Bulletin, May 2010.

Mike Barry joined Ellenbecker Investment Group this March and works with our financial advisory team on current and new client portfolios. Mike has worked in the financial services industry for over 25 years, with experience in funds management, wealth management and insurance solutions. His passion is to help guide his clients through each and every financial hurdle they may face. Mike has the following securities registrations: Series 6 (Investment Company/Variable Contracts Limited Representative), 63 (Uniform Securities Agent State Law), 7 (General Securities Representative) and 65 (Uniform Investment Advisor Law) with SII Investments, Inc. as well as life and health insurance licenses. He is currently working toward receiving the CERTIFIED FINANCIAL PLANNER (CFP®) certification. He has a Bachelor of Business Administration degree in Finance with an Accounting emphasis from the University of Wisconsin-Whitewater.

WHEN YOUR SON OR DAUGHTER heads off to college



Steven Seeger
Client Service Representative
ELLENBECKER INVESTMENT GROUP, INC.

For those of you who missed our May client teleconference call about college planning, here in brief are the points that were covered:

- **Tuition is a retail good that can be negotiated.** Don't be afraid to explain your situation to the admissions office and see whether there are any reductions or credits the school can make regarding the cost—even for this fall!
- **College is a four-year job.** Your child needs to know your expectations of him or her as a student, and be responsible for knowing how to accomplish them and keep on track. You and other supporters such as grandparents are stakeholders in your child's education, and can be active partners by checking in with the student regularly to see how they are progressing.
- **One of the major adjustments that many college students face is that they are managing their finances on their own far more than they ever have.** If your child uses a checking account, debit card or credit card, make sure they know how to manage them, when payments are due, what fees are involved, etc. You may want to oversee their accounts by getting a copy of their credit card bill or having access to their accounts.

- **Check around for textbook savings.** A student's first instinct may be to purchase all textbooks at the campus bookstore. Look at the class syllabus and check online for other sources, and you could save significant money. Two sites to try: www.textbooks.com and www.ohus.cheapbooks.com. It is also increasingly possible to rent textbooks or use e-textbooks. See www.cengagebrain.com. Make sure you know the terms of agreement—how long you are able to use the book, etc.
- **Give your child a copy of your health insurance provider card and find out ahead of time where to go for healthcare.** Locate the campus clinic and make sure your child knows how to use it!
- **Make sure you fill out the school's health information release form.** If you don't, you could find yourself unable to obtain information about your child in the event of a medical situation or hospitalization. This form should be in the orientation packet or available on the school's website.
- **Congratulate yourself; your kid is off to college!**

BOOSTING YOUR METABOLISM: *seven simple solutions*



Karina Stuke, Personal Trainer
WISCONSIN ATHLETIC CLUB



Wisconsin Athletic Club, Inc.
"Fitness For The Good Life"

Metabolism, from a diet and weight loss standpoint, is a complex network of hormones and enzymes that cause the body to convert food into energy or store it as fat for future use. In very simple terms, if we have a faster metabolism we burn calories more efficiently and store less fat. It is influenced by your age (naturally slowing with each decade), proportion of lean body tissue (more muscle mass leads to higher metabolic rates), gender (men generally burn more calories at rest than women), and genetics. The bad news is that you cannot control your age, gender, or genetic code. The good news is that there are simple ways you can give your metabolism a boost and help kick it into high gear.

Build muscle. Strength training builds lean body mass, which burns more daily calories than fat tissue at work or at rest. Try to do this 2-3 times per week.

Eat more frequently. Eating more can help you lose weight... eating more often, that is! Consuming a small meal or snack every 3-4 hours keeps your metabolism cranking, so you can ultimately burn more calories over the course of the day. Be aware that if you eat too little you can put your body into starvation mode, causing your metabolic rate to slow down.

Don't skip breakfast. You've heard it before: Breakfast is the most important meal of the day. While you sleep, your body goes into "fast" mode and the way to "break" this is by re-charging your metabolism with a healthy breakfast.

Get adequate sleep. Lack of sleep can affect your metabolism by increasing the release of the hormone cortisol (increasing hunger), interfering with carbohydrate metabolism (elevating fat storage), and lowering the release of the hormone leptin (increasing carbohydrate cravings).

Beware of crash diets. Severe calorie restriction is disastrous for anyone hoping to speed up their metabolism. Although you may initially drop a few pounds (at the expense of good nutrition), the majority of the loss comes from muscle mass which slows metabolic rate. Ultimately, your body will burn far fewer calories than before the diet and you will gain weight at a much faster rate.

Increase water consumption. The body uses water to metabolize the calories we consume, and even mild dehydration can slow this process. Drink 8-12 glasses of water daily to stay sufficiently hydrated and burn more calories at rest. If you don't like the taste (or lack thereof), try squeezing some fresh lemon juice in each glass.

Drink green tea and spice things up. Consuming green tea (2-4 cups per day) combines the benefits of catechins and caffeine which can rev up your metabolism for a few hours. Spicy foods contain chemical compounds that kick the metabolism into high gear, and may also increase satiation. You can add red pepper flakes to your chili, stews, or pasta dishes.

Ellenbecker Investment Group is a 2010 Top 10 Small Business of the Year!

Presented by the Waukesha County Chamber of Commerce and *BizTimes Milwaukee*, these awards salute businesses that have shown financial and employee growth as well as commitment to customer focus, employee relations and community service. See our article and photo in the June 11-14 edition of the *BizTimes Milwaukee* magazine, viewable at www.biztimes.com.



Proudly displayed!

The next time you visit or drive by our office, you may notice that we now have our name proudly displayed on the front of the Foundations Bank building. We are pleased with the increased visibility and hope it makes finding us easier for all our clients and friends.



THE DEVIL IS in the details...



Phil Remmers, Attorney-at-Law
CRAMER, MULTHAUF & HAMMES, LLP
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For most of us, the prospect of having to read a lengthy contract is not very appealing. However, the manner in which contracts are written today makes it more important than ever to carefully read and understand these contracts *before* you sign them. If you do not read and understand a contract *before* you sign it then its provisions may cause you unintended consequences in the future.

There are certain contracts or areas of contracts to which you should pay particular attention.

Insurance contracts

You need to pay particular and on-going attention to all of your insurance policies. I recommend that you annually meet with your insurance agent to discuss your insurance coverages. You should then spend some time in the weeks leading up to the meeting writing down various questions and scenarios to ensure you have sufficient coverage for all of the risks you want to have insured.

The first coverage I recommend to review is "umbrella" liability coverage. This is usually sold in increments of \$1 million and increases your base coverage by the amount of the insurance. This is fairly inexpensive coverage but provides significant protection. For example, most individuals have vehicle liability coverage of only \$300,000 or \$500,000. It is not hard to imagine an accident in which the injuries are far in excess of the insurance coverage.

If that happens to you, then you will be responsible from your personal assets for any additional costs. However, if you have a \$2 million umbrella you would have protection in that amount.

Other areas I often recommend discussing are earthquake and flood insurance. These coverages are often excluded unless you purchase a separate rider. Although these risks may be minimal, if they do occur the costs of no coverage could be high. Further, because the risk of occurrence is low the premium is usually quite low as well.

Most insurance policies also exclude liability for truck rentals. This means that if you damage another vehicle or injure someone while driving the truck you do not have coverage for such damage and are personally responsible. Further, the normal Collision Damage Waiver offered by a truck rental company only covers damage to its truck and not damage to other vehicles and individuals. You need to specifically ask for this additional coverage from the truck rental company.

Finally, you need to insure that everyone who should be insured is actually insured. If you hold property or assets in a company or trust name you should ensure the insurance covers each of those entities as well.

Joint and several liability

Joint and several liability means that everyone signing the contract is responsible for the entire contract. For instance, often when college students sign a home or apartment lease it is signed by two or more students. This means that everyone signing the lease is fully responsible for the entire contract. If the landlord sues for rent he may simply go after one person for the entire sum. There is no legal requirement for the landlord to go after all individuals and there is no limitation for the landlord to only collect the proportionate amount of rent from each person.

Personal guaranty

A Personal Guaranty is where an individual guaranties payment of a debt or obligation of another person. When you sign a Personal Guaranty then the person who is owed the obligation may go after you rather than the person or entity that created the debt or obligation. An individual should be very cautious and fully understand the consequences of a Personal Guaranty before signing one. If you sign a Personal Guaranty for a family member, friend or a company in which you are involved then you will be fully responsible for payment if the person or company does not make timely payment. Further, a Personal

Guaranty can last indefinitely and be used many years after anticipated and for obligations never intended at the time of the Personal Guaranty. If you are signing a Personal Guaranty you should carefully review and appropriately limit the time and obligation of the Personal Guaranty.

Beneficiary designations

Beneficiary designations may not seem like contracts but they are because they specify how the designated asset is to be distributed upon your death. You should regularly review beneficiary designations to ensure they are to the proper parties. A beneficiary designation usually overrides a will or trust as to that particular asset so you cannot depend on those documents to correct erroneous beneficiary designations. You should also verify the manner in which the asset will be distributed if a primary beneficiary predeceases you.

Non-compete agreements

Employers often require employees to execute non-compete or non-solicitation agreements. These agreements prevent an employee from either competing with the employer or contacting clients of an employer during and after the time of employment. Employees should review these agreements carefully before signing. They should also attempt to either remove these provisions or negotiate less stringent terms if the provisions are overly restrictive and would prevent the employee from obtaining other employment in the area should the employee's employment terminate.

Evergreen clauses

Evergreen clauses are provisions in contracts which automatically extends the terms of the contract if a party does not provide advance written notice. These provisions can cause unintended consequences by automatically stretching the term of the contract by a year or more. You should have these types of provisions removed or satisfactorily modified prior to signing a contract if the terms are unacceptable.

It is important to carefully review and understand any contract before you sign it. Once a contract is executed it requires both parties' consent to make modifications. It is unlikely the other party will agree to a modification unless it also benefits that party in some manner. Keep in mind that your negotiating power is strongest *before* you sign that contract!

MENTAL FITNESS

a technique to elevate your mood in a moment



Rick Schaefer, M.D.
www.rickschaefermd.com

Your mood correlates completely to your focus of thought in every moment. You know this because you can feel it change moment to moment as you go through the day. You win a contest, a date is canceled, your boss shows appreciation, your doctor tells you he found a lump, you leave work at the end of the day, your favorite sports team wins, your favorite player is traded away, et cetera. All of these examples are simply thoughts that are changing for you and thus bouncing your feelings, emotions and mood. I offer you here a simple exercise to elevate your emotional state in a moment. And it is so, so simple.

The idea is to focus on bringing up the feeling and energy of appreciation as strongly as possible. Simply put your attention upon all the things you really appreciate: your favorite daily moments, things, and people. Think about them, write them down and appreciate all of the stuff that you appreciate.

For me, I love that first taste of my favorite iced coffee drink in the morning. I love seeing the sun rising, blindingly bright as I drive downtown. I love the people I care about. I love that people love me. I love discovering something new that I am drawn to. I love slipping in under a puffy warm and cozy comforter on a cool evening. I love crawling into bed on nights I don't have to set the alarm because it really allows me to fall into the present moment and melt into the bed. I love seeing deer walking through the yard. I love the luxury of taking a ten minute nap. I love my iPhone (oh my gosh, don't get me started

on that!). I love that I am a risk-taker. I love that I am always willing to say "YES!" I love the luxury of having an automobile, and being able to jump in and drive anywhere I want, any time I want, to be with any one I want. I love making a fresh salad from a grocer's salad bar. Wait, I love the grocer for supplying it for me. Whoa, I love the farmer who grew the lettuce for me. I love the person who invented the hot shower. I love that there is truly an endless supply of things to appreciate in this world.

You get the idea... once you get going it is really hard to stop. This is called a Rampage of Appreciation. Practicing this way of thinking squeezes out any space in your thoughts to be annoyed or irritated with anything in your life. Go ahead, grab a pen and paper and start writing. Keep going and going and see what you come up with. Most importantly, recognize the feeling that comes with it. The feeling of love and appreciation for your world will become overpowering.

Is the glass half empty or half full? The answer is what you want it to be. It is totally up to you, to your imagination and to your thoughts. And thoughts become things. So choose wisely, and practice choosing appreciation!

Dr. Rick Schaefer is a physician, teacher, life coach, and author. You can find more of his writing and coaching at:

www.rickschaefermd.com

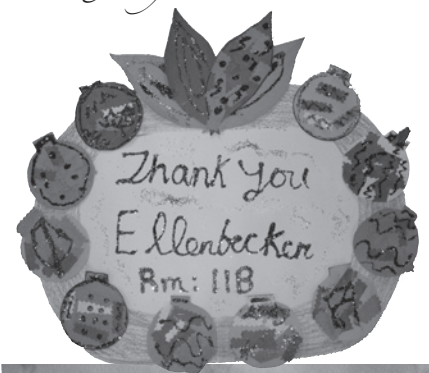


ELLENBECKER INVESTMENT GROUP CHARITABLE FOUNDATION BOARD OF DIRECTORS

(from left Mary Olson, Ray Horack, June Nickolas, Barbara Horack, Karen Ellenbecker, Julie Ellenbecker-Lipsky, and Karen Engelken)

The main initiative supported by the Foundation is the annual Hats and Mittens project, benefitting the children of Albert E. Kagel Elementary in Milwaukee. On a keenly anticipated day every December over 300 students in K-3 through 5th grade receive warm hats, mittens, school and personal supplies, treats and toys, and a visit from Santa! These kids really look forward to Hats & Mittens Day and it provides them with fun and necessities they wouldn't otherwise have. The smiles and happy thanks we see are priceless. It all happens with the help of our generous clients, friends and employees. If you'd like to help or learn more, please contact our office. One-hundred percent of all donations go directly to the charitable efforts and donations are tax deductible.

Thank you from the children



*To The Karen Ellenbecker Group
 Thank you very much for the presents. We love all the things that you give to us. Esjoy muy agradecido por todo lo que nos regalaste y el jugo. I will always remember all the things, and the present. We love you so much.*

HAPPY SUMMER!

Ah, summer in Wisconsin! Read on for tips to help you and your family safely enjoy it.

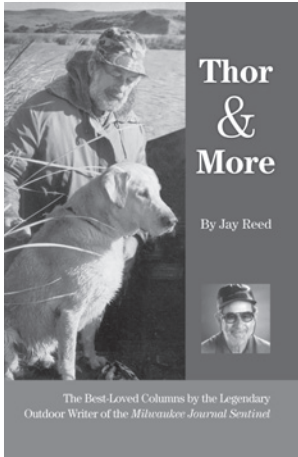
Go to www.cdc.gov and enter "heat" in the search field to find advice on how to handle hot weather. You'll also find information on severe weather, insects and many other health topics here — it's a good site to explore.

Leaving children (or pets) unattended in a parked car can lead to a rapid rise in body temperature, and is a dangerous mistake that is all too easy for busy adults to make. For safety tips, visit www.kidsandcars.org. Under their "technology" tab they list products to help prevent accidents. Here are three simple things to help remember the little ones with you: (1) Always put something you know you'll need, like your purse, wallet or cell phone, on the floor of the backseat near your child. (2) Keep a large teddy bear in the car seat when your child is not in it, and when your child is in his seat, put the bear in the front seat as a reminder of who's in the back. (3) Make arrangements with your child care provider that if your child is a half-hour late without a pre-scheduled absence, they will call you.

If you have a teen driving, go to www.safeteendrivingclub.org or www.safeteendriverpledge.com for an example of a driving pledge you can use. The latter contest is closed, but offers a nice format (click on "pledge"). Check with your insurance company or visit www.cdc.gov (search motor vehicle safety) for more on driving safety.

Wondering how much it will cost to travel by car? See www.costtodrive.com. Where can you find the best deal on gasoline? Check www.wisconsinaspices.com.

JAY REED TRIBUTE



Available at www.lulu.com

Many of you know the name of Jay Reed, longtime columnist for the Milwaukee Journal Sentinel. When Jay passed away in 2002 he left a rich legacy of tales that bring to life the sights, sounds and feel of the Wisconsin outdoors, often alongside his dog Thor. Growing up in the small river town of Nelson, Wisconsin, Jay and his brother spent their youth hunting, trapping and fishing. He was a decorated veteran, twice a finalist for the Pulitzer Prize, and as various friends and colleagues have put it, "an icon in the Wisconsin outdoors; the bard of the backwaters; legendary; unforgettable."

This May, a small island in the upper Mississippi River was christened "Old Scribbler Island" in Jay's honor. This is one of nine new islands created as part of a habitat rehabilitation and enhancement project designed to restore habitat for birds, fish and other animals. Over a thousand suggestions from nine states were submitted for naming the nine islands. The U.S. Fish & Wildlife Service's announcement states "...his career at the Milwaukee Journal and his articles about the Mississippi are most deserving of this recognition. His writing could put you into a marsh or a boat even if you were sitting in your pj's with a cup of coffee in your family room."

Since Jay loved the Mississippi River more than any place on earth, this is a fitting commemoration. Read more in Lee Bergquist's article at www.jsonline.com (search "Jay Reed"). For more information about the U.S. Fish and Wildlife Service Restoration project, visit www.fws.gov/midwest/UpperMississippiRiver.

Jay's best-loved columns as selected by Jay himself are compiled in the popular book, "Thor & More." Proceeds from book sales are donated by Christine Reed to a scholarship fund in her husband's name at the University of Wisconsin - Stevens

Point for the benefit of students in wildlife conservation, fisheries, forestry or conservation law enforcement. The year the book debuted at the *Milwaukee Journal Sentinel Sports Show*, there was such a long line of fans that Christine almost ran out of copies. Now, you can purchase "Thor & More" at Beth's Twin Bluffs Café in Nelson, or at www.lulu.com (search "Jay Reed"). To read a review of the book, go to www.fieldandstream.com, search "Jay Reed" and click on "A Good Read with Reed."

Capital Market Consultants, LLC

June 2010 Economic Overview and Outlook

Financial market volatility increased during the past several weeks amid growing investor concern over happenings in Europe, the prospect of increased financial market regulation in the U.S. and, more generally, worry that the economic recovery has hit a rough patch. While investors are unnerved by current events, we believe the economic recovery remains on track, as interest rates remain low and leading economic indicators continue to have a positive tone. That said, U.S. economic data has been somewhat less positive in recent weeks, with the decline in unemployment claims having stalled and with upward revisions to corporate earnings slowing down. Although overall data points to strong second quarter growth, an unimpressive jobs report did not send the signal that markets were hoping for—namely that the lagging labor market is fully on board with the recovery.

Currently, the impact of short-run stimulus programs is ending and we remain uncertain about the sustainable path of growth going forward. One leading indicator, jobless claims, suggests that the sustainable pace

of economic growth will be disappointing to many who are hoping for a jump in public revenues and jobs. Jobless claims remain in the 450,000 plus range and have not improved very much over the past three months. In recent weeks the persistent problems of limited credit availability and lack of job gains suggest that we remain uncertain about the pace of sustainable growth for the next six quarters. Our outlook continues to call for sub-par economic growth and above-average unemployment rate.

As long as the U.S. economy can continue to add jobs and repair the deep hole in the workforce, real income growth should be able to continue to bridge the gap between stimulus and private demand. Fortunately, there are strong signs that this will continue, and the recent trends in private job creation over the past two months of data give us reason to be optimistic on this front. If on the other hand, uncertainty around recent developments abroad and at home begins to undermine corporate confidence and forestalls the hiring process, the path will prove to be a much rockier one.

Excerpted from the Capital Market Consultants June, 2010 Economic and Capital Market Update



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Hosted by Karen J. Ellenbecker

Share this newsletter and your experience with friends and family. Don't keep us a secret. We always appreciate referrals.

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