

Investment Centers News August 2011



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As I write this, the controversy over raising the debt limit is reaching the boiling point. Democrats and Republicans each have their take on it and are unwilling to budge. Many Americans are nervous, mostly due to news channels spinning it 24/7.

First of all, let's realize that this did not happen overnight.

This concept of spending more than we make has been going on for decades under Democrat and Republican leadership. At this point, the government is borrowing 40 cents of every dollar it spends. Let's relate that to our own households. Assume that your family makes \$60,000 a year and spends \$100,000 a year. You go to the bank to borrow the other \$40,000 each year. It can definitely be done for a while; however, eventually it needs to be dealt with.

All the politicians know that there is a large problem, but few have been willing to stick their necks out to make the tough decisions that are necessary, as it may cause them to lose their next election.

The solution is easy. We need to increase revenue or cut spending. Coming to an agreement to get it accomplished is the hard part. Do we increase revenue? We would need to raise taxes or expand the tax base. Or do we cut spending? If we cut spending, what are we willing to give up? Social Security, Medicare, Medicaid, military, farm programs, oil and ethanol subsidies, bridges, or roads?

Let's compare this to the family situation again. We could raise revenue by getting a second job or having the kids get jobs to help out. On the other side, we could cut spending. And if so, on what? Cell phones, cable, family vacations, clothes? Not so easy, is it?

We all want to keep our taxes to a minimum, but we still want to keep all of our programs. Just the same when it comes to our households. We want to only work 40 hours per week, but still have all the luxuries.

I am fairly sure that no one will be happy with the outcome because revenue will have to be raised and spending will have to be cut. Someone in the household will have to work more and the kids might not get the newest iPod for Christmas. Still, I am happy it is finally being brought to light, and hopefully addressed. By making some sacrifices today, we can assure that we do not lose everything tomorrow, and the American Dream can continue. Remember, warm homes, good food, and some money in our wallets makes us wealthier than the majority of people in the world. Let's smile and count our blessings!

PS—I want to encourage everyone to attend this year's Half-Time Report, as we are excited to have Dr. Salsbury present "Retirementology" immediately following. It is not often that we are able to get someone of Dr. Salsbury's caliber to Dickinson. I attended his presentation with my colleagues at our National Conference. It is a must-see!

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WOULDN'T IT BE NICE IF...

...our 401(k) balances would continue to rebound nicely in the coming years

...American companies would begin hiring again in a big way

...Wall Street "high rollers" had greater legal and financial accountability for the financial market abuses of recent years

...the game of politics in Washington D.C. involved a little more cooperation and a little less confrontation

..."far left" liberals and "far right" conservatives would back off a bit

...fewer people were killed each year in the name of "religion"

...we could benefit more from years of practical business experience of millions of retirees, rather than simply "putting them out to pasture"

...we weren't running a federal budget deficit this year of \$180,000,000 every 60 minutes

...our garbage disposals didn't eat better than two-thirds of the world's population

...men and women were from the same planet

...America's silent majority (our parents and

grandparents) received greater respect for the enormous wartime sacrifices they made to help protect the freedoms we all enjoy today

...our kids realized sooner that Mom & Dad might actually know what they're talking about

...more people working would save seriously for their Golden Years (an estimated one-third of the U.S. population saves zero for retirement)

...Johnny Carson was still king of late-night TV

..."old fashioned" common courtesy between people made a big comeback

...the role of "peacekeeper" wasn't associated with so much violence

...many spoiled and pampered athletes in the MLB, the NFL, the NBA, and the NHL had to get regular jobs at regular wages (at least for awhile)

...we would all get more involved in enriching the lives of those less fortunate than ourselves

...we would all keep in mind that despite the problems and challenges we face in the U.S., this is still the greatest country in the world

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COMING UP! Retirementology

immediately following the 2011 Half-Time Report

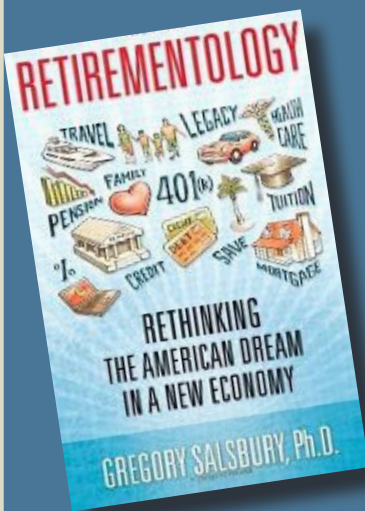
Thursday, August 4, 2011
Dickinson Elks Lodge
6:00 p.m.

Retirementology is not about typical retirement planning. Instead, it's a provocative look at the effects of our psychology on how we spend, save, borrow and invest, along with a new way of thinking about it all—in the midst of the worst economy since the Great Depression.

Retirementology will challenge you to examine your psychological relationship with your finances and offer information that can help get you on track or back on track to retirement.



Dr. Greg Salsbury, author of *Retirementology: Rethinking the American Dream in a New Economy*



Please RSVP prior to August 1, 2011 at 701-483-1100 or 888-307-1100
or e-mail rebeca.dassinger@investmentcenters.com

THE TWO BIGGEST RETIREMENT MISCONCEPTIONS

WHILE THE IDEA OF RETIREMENT HAS CHANGED, CERTAIN FINANCIAL ASSUMPTIONS HAVEN'T.

We've all heard about the "new retirement"—the mix of work and play that many of us assume we will have in our lives one day. We do not expect "retirement" to be all leisure. While this is becoming a cultural assumption among baby boomers, it is interesting to see that certain financial assumptions haven't really changed with the times.

In particular, there are two financial misconceptions that baby boomers can fall prey to—assumptions that could prove financially harmful for their future.

#1) Assuming retirement will last 10-15 years.

Historically, retirement has lasted about 10-15 years for most Americans. The key word here is "historically". When Social Security was created in 1933, the average American could anticipate living to age 61. By 2005, life expectancy for the average American had increased to 78.

However, some of us may live much longer. The population of centenarians in the U.S. is growing rapidly—the Census Bureau estimated 71,000 of them in 2005 and projects 114,000 for 2010 and 241,000 in 2020. It also believes that 7.3 million Americans will be 85 or older in 2020, up from 5.1 million 15 years earlier.

Here's the bottom line: every year, the possibility is increasing that your retirement could last 20 or 30 years...or longer. So assuming you'll only need 10 or 15 years worth of retirement money could be a big mistake.

In 2010, the American Academy of Actuaries says that the average 65-year-old American male can expect to live to 84 1/2, with a 30% chance of living past 90. The average 65-year-old American female has an average life expectancy of 87, with a 40% chance of living past 90.

Most people don't realize how much retirement money they need. There is a relationship between Misconception #1 and Misconception #2...

#2) Assuming too little risk. Our appetite for risk declines as we get older, and rightfully so. Yet there may be a danger in becoming too risk-averse. Holding

onto your retirement money is certainly important; so is your retirement income and quality of life. There are three financial issues that can affect your quality of life and/or income over time: taxes, health care costs and inflation.

Will the minimal inflation we've seen at the start of the 2010s continue for years to come? Don't count on it. Over the last few decades, we have had moderate inflation (and sometimes worse, think 1980). What happens is that over time, even 3-4% inflation gradually saps your purchasing power. Your dollar buys less and less.

Here's a hypothetical challenge for you: for the rest of this year, you have to live on the income you earned in 1999. Could you manage that?

This is an extreme example, but that's what can happen if your income doesn't keep up with inflation—essentially, you end up living on yesterday's money.

Taxes will likely be higher in the coming decade. So tax reduction and tax-advantaged investing have taken on even more importance whether you are 20, 40, or 60. Health care costs are climbing—we need to be prepared financially for the cost of acute, chronic, and long-term care.

As you retire, you may assume that an extremely conservative approach to investing is mandatory. But given how long we may live—and how long retirement may last—growth investing is extremely important.

No one wants the "Rip Van Winkle" experience in retirement. No one should "wake up" 20 years from now only to find that the comfort of yesterday is gone. Retirees who retreat from growth investing may risk having this experience.

How are you envisioning retirement right now? Has your vision of retirement changed? Is retiring becoming more and more of a priority? Are you retired and looking to improve your finances? Regardless of where you're at, it is vital to avoid the common misconceptions and proceed with clarity.

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THE D WORD HAUNTS WALL STREET

IS THERE A CHANCE THAT AMERICA COULD ACTUALLY DEFAULT ON ITS DEBT?

When will the debt ceiling issue be solved?

The NFL, the NBA, the EU, Congress...wherever you look, it seems people would rather wrangle these days than resolve their differences. The U.S. Treasury has set a hard deadline of August 2 for Congress to settle its divide on the federal debt ceiling, and if partisan bickering interferes, the world economy could suffer a severe hit.

What would happen if we miss the deadline?

According to federal budget analysts at the Bipartisan Policy Center, the Treasury would only be able to make a slight majority of its 80 million monthly payments in August. Treasury Secretary Timothy Geithner would likely be put in the same position as a struggling consumer low on cash and behind on his bills: he would have to selectively decide which debts to pay for the month and which to ignore.

Should August 2 come and go without a solution, Congress's inaction (and Geithner's subsequent decisions) would have dramatic global repercussions. Most likely, his big priority would be to pay off bond investors so that a formal default wouldn't occur. Yet even if these institutional investors are assuaged, the Treasury would still have to postpone millions of payments at home...payments to Social Security recipients, federal employees, contractors, and soldiers possibly among them.

So technically, America wouldn't actually default come August 2—certain federal payments would be delayed. The federal government's existing revenue

stream is decent enough so that it could still pay interest and principal on unpaid debts.

That said, the postponed federal payments would have a dramatic impact on cash flow, consumer spending, consumer credit and even interest rates.

S&P threatens to give America a D.

The venerated credit rating agency says it will cut the U.S. debt rating from AAA all the way to D if the debt cap isn't increased by the August deadline. (That's right—the U.S. would go from the best credit rating to the worst.) Moody's has indicated it would cut the U.S. rating to somewhere in the Aa range, which is three steps beneath its highest ranking.

On Bloomberg Television, S&P sovereign rating committee chairman John Chambers warned that a U.S. default would rock global markets in a way that would be "much more chaotic" than the shock from the 2008 Lehman Brothers bankruptcy. Fitch Ratings is less gloomy; on June 21, it characterized the U.S. as "very likely" to raise its debt ceiling before the deadline looms.

It may just be a matter of time.

This negotiation is ultimately like so many others: a ticking clock will exert the most leverage. Given the gravity of what could happen, concessions will inevitably occur, a deal should happen (albeit probably at the eleventh hour), and both sides will put their own spin on the agreement. Until then, a hint of tension haunts Wall Street.



WELCOME!

NEW TEAM MEMBER AT ICA

CLINT DUPREL

Clint grew up in Sturgis, SD. He attended Dickinson State University and graduated with a Bachelor of Science in Business Administration and minors in Banking and Finance as well as Marketing.

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YOU TAUGHT ME A LOT, CHARLIE BROWN!

For 50 years the daily comic strip 'Peanuts' entertained millions of readers. Every day, the adventures of Charlie Brown, Snoopy, Linus, and the whole gang provided many laugh-out-loud moments while at the same time offering daily inspiration and lessons on life.

I reflect on how much I enjoyed sharing the adventures of the 'Peanuts' gang and I remember the many lessons they taught...

1. It's okay to be afraid. Just don't let your fears control you.

Charlie Brown often sat in bed and spoke of his fears, but no matter how scared he was, he always did the things he wanted to do.

2. Persistence wins out.

Charlie Brown lost and failed at much, but he never gave up. Even though he knew Lucy would pull the football away before he could kick it...Even though he knew the tree would eat his kite...Even though he knew his team would lose the ball game, he kept on trying.

3. It's what you think of yourself that counts.

Linus carried a security blanket for years and his friends laughed at him. They also laughed at him because he believed in the "Great Pumpkin." Pigpen was a walking cloud of dust and dirt and was often regarded unkindly. Both characters, however, were always proud of themselves and believed they were as good as anybody else. And they were right.

4. Sometimes you need to talk.

One thing the 'Peanuts' gang understood was the importance of talking things out. Whether leaning up against Schroeder's piano or atop the brick wall, they always had someplace to discuss what was of concern to them.

5. Sometimes you need to listen.

Even crabby, self-indulged Lucy knew the importance of listening. She started the famous 'Psychiatry Booth' where any and all could come and be heard.

6. Do what you love to do.

Through all their adventures, Schroeder remained constant in his appreciation of Beethoven and his love of playing the piano. He loved to play piano and that's what he did, regardless of circumstances. Charlie Brown flew his kite and played baseball and football, not just to win (he knew he wouldn't), but because he loved to do those things.

7. It's important to have friends that care.

The 'Peanuts' gang was made up of individual characters, each with their own foibles and talents, but through it all they were always there for each other.

8. Big dreams lead to big things.

Snoopy was the biggest dreamer of them all, but his wild imagination often led to even wilder, more fantastic adventures in real life. Snoopy knew that you must have a big dream if you are going to lead a big life.

9. Action creates reality.

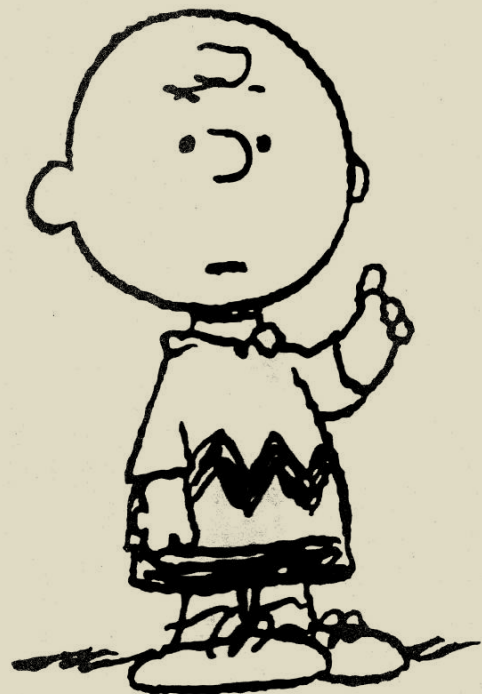
As Charlie Brown was reminded time and time again after prodding from Linus: It takes action to bring about change. Though he often failed, Chuck took action quite regularly, and every now and again, things would go his way.

10. Laugh every day!

While the kids themselves may not have seen the humor in the things they did, Schulz made sure that we did. Life is only as serious or as humorous as you make it.

Lighten up. Go play softball. Fly a kite. Dance with your dog. Smile...it makes people wonder what you're up to.

Taken from www.coachjim.com



PEANUTS © 2011 PEANUTS Worldwide LLC

"However confused the scene of our life appears, however torn we may be who now do face that scene, it can be faced and we can go on to be whole." -Muriel Rukeyser

MARKET COMMENTARY

The first quarter of 2011 saw several global issues dominating the news. Political unrest in the Middle East and North Africa (MENA) was spreading, European sovereign debt concerns were reemerging (with the focus this time on Portugal) and Japan was hit with one of the most devastating earthquakes and subsequent tsunamis in history. In contrast to these global concerns, U.S. economic data came in remarkably strong during the first quarter. Equities were also strong in the first quarter and the S&P 500 Index continued to advance through April to an almost three-year high. However, global risks continued to expand during the second quarter, but unlike the first quarter, U.S. economic data became more mixed. Manufacturing, non-manufacturing and employment readings softened from their first-quarter levels. The effects of higher oil prices driven by MENA unrest and supply chain disruptions resulting from the earthquake in Japan began to impact economic progress. Equity markets reflected both global concerns and moderating economic data as they slid lower in May and June. However, equities did rebound strongly in the final four days of June as a result of some improvement in the Greek debt situation.

The sovereign debt crisis in Europe continues to impact capital markets. Although there appeared to be some near-term clarity for Greece at the end of the quarter, longer-term doubts still exist. It is also uncertain at this point whether other countries, such as Spain or Italy, will eventually need assistance. These concerns will most likely be a theme that persists for the foreseeable future until European officials can develop a credible, long-term solution that restores the market's confidence in the euro zone.

The yield on the 10-year U.S. Treasury hit its lowest level of 2011 in June. Heightened global and economic concerns caused investors to seek out the perceived safety of U.S. Treasuries pushing their prices higher and yields lower. The 10-year Treasury spent much of June yielding below 3%, a level not seen since December 2010. However, as the markets experienced some relief in late June with the passage of the Greek austerity budget, Treasuries sold off and yields rose sharply from their lows.

The drop in oil prices since early May should be a positive economic development moving forward. While problems in Libya and other MENA countries still exist, there has been some improvement in that region. Those improvements, combined with recent weaker-than-expected economic data, which raises the prospect that global oil demand might soften, helped push the price of oil back down to around \$95 a barrel

by the end of June. Higher oil prices act like a tax on the global economy; when prices accelerated earlier in the year, concerns developed about the impact it would have on economic growth. The decline in oil prices should help the economic recovery.

The S&P 500 Index gained over 4% in last 4 days of June, erasing the second quarter's losses. However, the S&P 500 was still off about 1.7% on a total return basis for all of June. The weak U.S. dollar has been a significant tailwind for U.S.-based investors so far this year on their international holdings. However, the MSCI EAFE Index was down about 1.2% on both a local and dollar-based total return basis for June. The MSCI Emerging Markets Index was off 1.5% in dollar terms, and down slightly more, about 1.9%, on a local currency basis for the month.

Fixed income returns were also largely negative in June. The Barclays Capital U.S. Aggregate Bond Index was down 0.3% on a total return basis while the U.S. Treasury index also declined in June. The more cyclical areas of fixed income, which led in the first quarter, were off during June as well.

One significant near-term concern for investors is the debate regarding extending the U.S. debt-ceiling limit. This is happening at the same time that monetary policy is transitioning with the end of QE2 in June. Concerns still exist regarding the European sovereign debt situation as well. This uncertain environment might once again reinforce a priority for risk control as investors seek out competitive returns.

Market data courtesy of Bloomberg. The indices mentioned are unmanaged and not available for direct investment. Past performance is no guarantee of future results.

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The Mother on the Sidewalk

The mother on the sidewalk as the troops are marching by
Is the mother of Old Glory that is waving in the sky.
Men have fought to keep it splendid, men have fought to keep it bright,
But that flag was born of woman and her sufferings day and night;
'Tis her sacrifice has made it, and once more we ought to pray
For the brave and loyal mother of the boy who goes away.

There are days of grief before her, there are hours that she will weep;
There are nights of anxious waiting when her fear will banish sleep;
She has heard her country calling and has risen to the test,
And has placed upon the altar of the nation's need, her best.
And no man shall ever suffer in the turmoil of the fray
The anguish of the mother of the boy who goes away.

You may boast men's deeds of glory, you may tell their courage great,
But to die is easier service than alone to sit and wait,
And we hail the little mother with the tear-stained face and grave,
Who has given the flag a soldier—she's the bravest of the brave.
And that banner we are proud of, with its red and blue and white,
Is a lasting holy tribute to all mothers' love of right.

Quick Baby Back Ribs



1 CUP MESQUITE CHIPS, SOAKED
1 (2 POUND) SLAB BABY BACK PORK RIBS
1 TEASPOON SALT
1 TEASPOON FRESHLY GROUND PEPPER
1 TEASPOON HUNGARIAN PAPRIKA
1 TEASPOON ANCHO CHILE POWDER
1/2 TEASPOON GROUND THYME
1 CUP BARBECUE SAUCE

1. PREPARE AN OUTDOOR GRILL FOR INDIRECT HEAT - A PILE OF CHARCOAL ON ONE SIDE, NOTHING UNDER THE FOOD. ONCE IT IS GOING, THROW SOME SOAKED MESQUITE WOOD CHIPS ON IT.
2. REMOVE THE MEMBRANE FROM THE RIBS IF THE BUTCHER HAS NOT ALREADY. COMBINE THE SALT, PEPPER, PAPRIKA, CHILE POWDER AND THYME; RUB ONTO THE RIBS. CUT THE SLAB OF RIBS IN HALF.
3. PLACE THE RIBS OVER INDIRECT HEAT AND CLOSE THE LID. COOK FOR 20 MINUTES, THEN BRUSH WITH BARBECUE SAUCE. COVER, AND CONTINUE COOKING FOR AN ADDITIONAL 30 MINUTES.



"There is magic that results when a person invests in you. He becomes a big-time investor in your success, a stockholder in your dreams. Because, when you ask someone for help, you are implicitly asking him to place a bet on you. The more people you get to bet on you, the larger your network of investors and the shorter the odds."
- Christopher Matthews



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Everything I Needed to Know About Life, I Learned from a Jigsaw Puzzle

1. Don't force a fit. If something is meant to be, it will come together naturally.
2. When things aren't going so well, take a break. Everything will look different when you return.
3. Be sure to look at the big picture. Getting hung up on the little pieces only adds to frustration.
4. Perseverance pays off. Every important puzzle went together bit by bit, piece by piece.
5. When one spot stops working, move to another. But be sure to come back later.
6. The Creator of the puzzle gave you the picture as a guidebook. Refer to the Creator's guidebook often.
7. Variety is the spice of life. It's the different colors and patterns that make the puzzle interesting.
8. Working together with friends and family makes any task fun.
9. Establish the border first. Boundaries give a sense of security and order.
10. Don't be afraid to try different combinations. Some matches are surprising.
11. Take time often to celebrate your successes—even little ones.
12. Anything worth doing takes time and effort. A great puzzle can't be rushed.
13. When you finally reach the last piece, don't be sad. Rejoice in the masterpiece you've made and enjoy a well-deserved rest.



Taken from www.appleseeds.org