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Rhonda Holifield
and
Helen Huntley

Holifield Huntley
Financial Advisers

146 Second Street N,
Suite 105
St. Petersburg, FL
33701

(727) 823-3801

www.holifieldhuntley.com



In a Season of Hope

What a difference a year makes! We are thankful for the rebound in the stock and bond markets and for the strengthening economy. We hope next year brings us more good news.

During this holiday season, toast the victories of 2009 and the health of 2010. Most important though, set aside time to spend with your family and friends. We wish you a happy holiday season filled with love.

Holifield Huntley will close all day Christmas Eve, all day Christmas Day, at noon New Year's Eve, and all New Year's Day.

HOLIFIELD HUNTLEY

Financial Advisers

Our outlook for 2010: Cautiously optimistic

It's hard to believe, but we'll soon be flipping the calendar over to a brand new year. As usual, our crystal ball is cloudy just when it would be really handy to peer into the future. However, we can offer a few thoughts about how things look to us now.



The good news is that the economy continues to improve and the financial markets are sustaining their momentum. The stimulus money has begun to have an impact and it's not over yet. Some of the money — like Cash for Clunkers — provided an immediate jump start, but a lot of the government spending will take longer to move through the economy. We've seen improvements in housing, retail sales and consumer confidence.

Unfortunately, we can't conclude that everything is now just fine. There are signs that unemployment will peak soon if it hasn't already. However, more than 15-million people remain unemployed, more than twice the number when the

recession began two years ago. Many others are underemployed or coping with pay cuts, and job creation is likely to be anemic for a while. Foreclosures are expected to remain high as more adjustable-rate loans reset to higher, unaffordable levels. We're not expecting a double-dip into a new recession, but those realities, along with tighter credit and higher savings rates, are a recipe for slower growth than we enjoyed in the past.

In the gloominess that enveloped us last spring, it was difficult to imagine the stock market would come back big. Yet here we are, looking at double-digit gains for the year

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Forget the tree. Trim your tax bill

December 31 is the deadline to complete many of the moves that could lower your taxes.

See Page 3
for more on:



Harvesting capital
gains and losses



Maximizing your tax
break by bunching
deductions



Deferring income or
deductible expenses



Donating tax-free
from your IRA

Watch FDIC limits on longer CDs

With interest rates so low, it's tempting to buy long-term CDs to capture a bit higher yield. The obvious risk is that you'll end up stuck with a low-yielding investment if rates go up.

The less obvious risk is that you could end up without FDIC insurance.

FDIC coverage was increased from \$100,000 to \$250,000 per person through Dec. 31, 2013, for non-retirement accounts. All IRAs and certain other retirement accounts will retain the \$250,000 coverage limit permanently.

For non-retirement accounts, the \$100,000 limit will apply after Dec. 31, 2013, unless Congress approves an extension. We recommend staying within the \$100,000 limit when buying a CD that will mature in 2014 or beyond.

You can increase coverage by titling accounts in joint ownership or in trust form. FDIC's Edie Website, <http://tinyurl.com/yz3agc6>, has a calculator to help you figure out whether your deposits are covered.

For details on which retirement accounts have permanent insurance and other information, see <http://tinyurl.com/yjc6qq8>.

November 2009 Benchmarks			
	Nov	YTD as of 11/30/09	1 year as of 11/30/09
Large-Cap Benchmarks			
S&P 500	6%	24.07%	25.39%
DJ US Total Full Cap	5.64%	25.73%	28.06%
Russell 1000	5.89%	25.38%	27.38%
Russell 1000 Growth	6.14%	33.10%	35.50%
Russell 1000 Value	5.64%	17.61%	19.24%
Mid-Cap Benchmarks			
Russell Mid Cap	4.83%	32.91%	38.59%
Russell Mid Cap Growth	4.67%	37.77%	42.83%
Russell Mid Cap Value	4.98%	27.53%	33.75%
Small-Cap Benchmarks			
Russell 2000	3.14%	17.70%	24.53%
Russell 2000 Growth	3.09%	23.87%	30.59%
Russell 2000 Value	3.18%	12.09%	18.98%
Other Benchmarks			
NASDAQ Composite	-3.61%	30.70%	20.07%
MSCI EAFE	1.75%	26.03%	33.50%
MSCI Emerging Markets	4.25%	68.09%	80.87%
DJ US Select REIT	6.88%	20.05%	41.30%
DJ-UBS Commodities Indx	3.52%	16.60%	11.37%
BarCap US Aggregate Bd	1.29%	7.61%	11.63%
Credit Suisse High-Yield	1.39%	49.88%	58.28%
Citigroup Wrld Govt Bd Idx	3.16%	7.98%	15.66%
S&P National Muni Bd Idx	0.71%	11.62%	13.73%
Citi 3-month T-bill	0.01%	0.16%	0.20%

2010, from Pg 1

and stocks up more than 50% from their lows. We've completely overcome the spring collapse and then some. While the indexes haven't recovered to their 2007 highs, investors who kept feeding their 401(k)s and other accounts into stocks through the downturn have come out ahead.

Part of the recovery in stocks is simply a reaction to the huge drop in stock prices —

the pendulum had swung too far in one direction, taking good investments down with the bad. Part of it is fueled by low interest rates. Miniscule yields on cash mean investors pay a huge price for sitting on the sidelines. Not many people can afford to settle long-term for 0.1% money market yields or even 2% or 3% on CDs. Low interest rates also bring in the big-time speculators, who are buying stocks with

cheap money. When rates go up — as they probably will — stocks and bonds are both likely to feel the impact. We don't know what the markets will do in the future, but we know trees don't grow to the sky. In the meantime, we're sticking with our diversified approach to investing and that's what we recommend to you.

Best wishes for a happy new year!

That old fixed annuity just might be a gem

Do you have an older fixed annuity? If so, we recommend checking your paperwork to see if it allows additional contributions at a guaranteed minimum rate.

We've seen two clients who have annuities with 5% and 5.5% guaranteed minimums. That could be a great deal if the insurance company is financially healthy.

If this looks like something that might work for you, call your insurance agent to inquire about any fees and limitations. In particular, you'll want to find out if a surrender penalty will apply to new contributions and, if so, how long it will be in force.



Time to harvest your capital gains, losses

We always recommend reviewing your portfolio at year-end with an eye to matching capital gains and losses and improving your tax position. This year that's especially good advice if you are one of many investors carrying forward capital losses you haven't been able to use. If you've got a stock or fund on which you have a gain, you could sell it and immediately buy it back – assuming it's still a good investment. That establishes a new, higher cost basis for future gains.

Wash sale rules restricting how quickly you can buy back the same security only apply when you are selling at a loss.

No carryforwards and no gains to realize? Consider selling enough to get a \$3,000 capital loss you can deduct from your other income.

Done right, charitable gifts offer extra savings

Donating appreciated securities to charity is a win-win situation. You avoid paying the capital gains tax and you get a tax deduction for the full amount of your donation.

If you want to give away securities on which you have a loss, sell them first and

donate the cash. That way you can take the tax loss, which doesn't do the charity any good.

Donating money from your IRA also is an option again this year if you are older than 70½. If your IRA custodian makes the check out directly to the charity, you never

have to pay taxes on the distribution. The down side is that you don't get to take a charitable deduction. This technique is particularly valuable for people who don't itemize.

Clients should give us a call now if you plan to make gifts before year-end.

Lower 2009 income might have upside

Many people will have less taxable income in 2009 than they did in 2008, thanks to job loss, salary or bonus cuts or fewer capital gains to report. The silver lining in that dark cloud is lower income taxes. In addition to avoiding tax on non-existent income, you also may qualify for more tax breaks.

Some itemized deductions only kick in when your expenses pass a certain threshold, and some tax credits are phased out at higher income levels. For instance, if your miscellaneous deductions now approach 2% of adjusted gross income or your medical expenses are heading north of 7.5%, you might want to move some costs into 2009.

Lower income might allow you to contribute to a deductible IRA, a Roth IRA or a Coverdell Savings Account when you could not in previous years, or you might qualify for special tax breaks like credits for a first-time home purchase, education expenses or a new car purchase.

Retirees with lower income also might pay less in taxes

on their Social Security benefits and for Medicare premiums as those are based on adjusted gross income.

If you collected unemployment benefits, the first \$2,400 is tax free for 2009.

You should also look at your 2009 income and your projections for next year to see if it would benefit you to purposely lower this year's income. You might be able to defer some pay till 2010 or contribute more to your retirement plan for 2009. If you haven't discussed these issues with your tax preparer, you should as soon as possible.

No mandatory IRA distributions for 2009

You do not have to take a required minimum distribution from your IRA for 2009, and you shouldn't take one if you have other sources you can tap for your income. However, distributions are still permitted if you need to take one.

So far the waiver has not been extended for 2010.



Timing deductible expenses may give you bigger tax break

As their mortgages are paid down or eliminated, many people find their itemized deductions are close to the same amount as their standard deductions. In this situation, you may be able to reduce your taxes by bunching itemized deductions every other year and taking the standard deduction in alternate years.

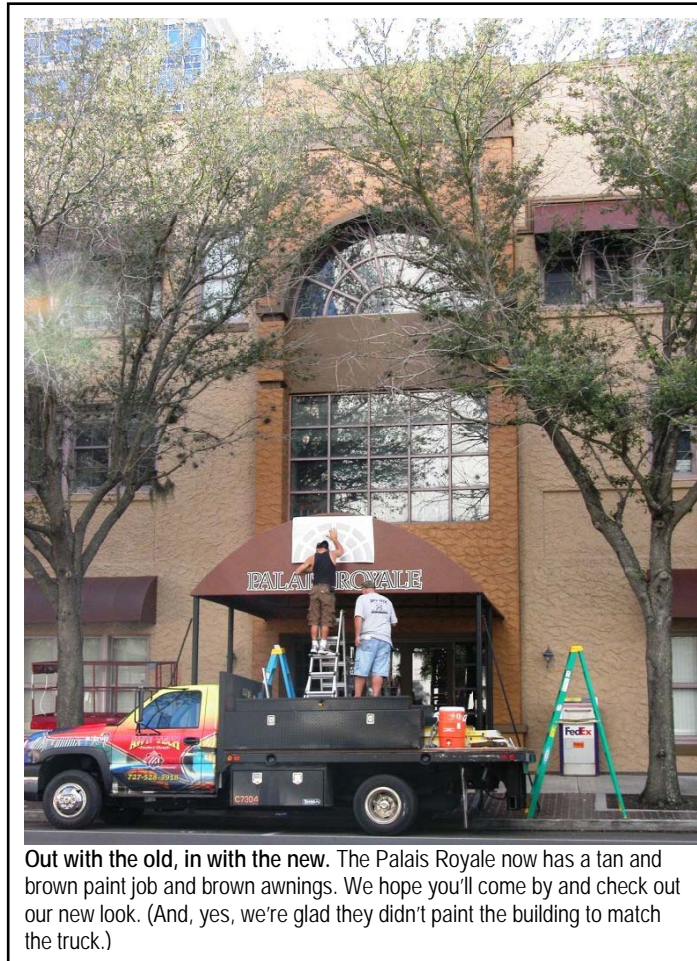
You can, for example, make two years' worth of charitable donations in one year. If you have an annual pledge, you simply tell the charity that your December donation is to fulfill your pledge for the following year. You also can pay two years' worth of real estate taxes in one year. To do that in 2010, you would delay your current tax payment until January and then pay next year's installment in November or December.

Home buyer credit expanded, extended

If you've been thinking of buying a house, Congress may have a deal for you.

The first-time home-buyer credit has been extended into next year and expanded to include people who have owned and lived in a house for five years or longer.

The credit is 10% of the purchase price up to \$8,000 for first-timers and \$6,500 for repeat buyers. The house must be under contract before May 1 and the sale must be closed before July 1. There are income limits and limits on the value of the house, so read the details before you take the plunge. You can learn more at <http://tinyurl.com/dg5mhs>



Out with the old, in with the new. The Palais Royale now has a tan and brown paint job and brown awnings. We hope you'll come by and check out our new look. (And, yes, we're glad they didn't paint the building to match the truck.)

Helen broadens knowledge at seminars

Helen attended two conferences in Orlando last month, learning more about money management, college and retirement planning, income taxes, insurance and annuities.

She also heard lots of experts' perspectives on the economy and the financial markets. Of course, they did not agree on where we are headed or where the best places are to invest.

The National Association of Personal Financial Advisors produced one of the conferences, while *Financial Advisor* magazine and the Money Show delivered the other.

Focus on meaning instead of money

Many families will be spending less this holiday season and you might want to join them. Focus on spending time together as a family. Find at least one way to help out those less fortunate than you

family; involve the whole family in whatever charitable activity you choose. Be realistic about what you can afford to spend without jeopardizing your emergency fund or going into debt.

Consumer tips on the Web

Looking for tips on getting your finances in top shape and keeping them that way? Check out Money Wise Florida (<http://tinyurl.com/yl4fark>). The public education site is produced by a partnership that includes Junior Achievement of West Central Florida, the Florida Association of Insurance Agents and other groups.

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www.helenhuntley.wordpress.com