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Highlights:

Best-known
benchmark is
not always the best

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For 2009 savings, get
retirement plan in
place before year end

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Helen passes
national exam
for CFP® candidates

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Holifield Huntley will be closed Thursday, Nov. 26, and Friday, Nov. 27, as we spend Thanksgiving with our families, remembering the many blessings of the past year.

HOLIFIELD HUNTLEY

Financial Advisers

Lessons from the school of sharp drops

There's a saying that those who don't learn from history are doomed to repeat it. With that in mind, let's look back at some of the things we learned during a wild year for the financial markets:



- Diversification works. Things looked bleak for a while, but investors who held diversified portfolios of stocks and bonds had a smoother ride than those who were betting everything on stocks.



- Market timing requires being right twice, which is why you shouldn't count on it. We heard a lot of bragging from people who got out of the market in the summer of 2008, or

even earlier. But from what we could tell, those same people stayed out last spring, missing the rally.



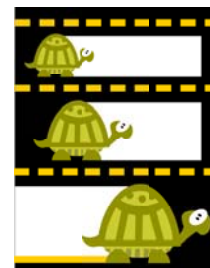
- Doing nothing is sometimes the best thing. Those who fled the market after the fall and stayed out fared the worst. Those who sat on their hands have recovered most and maybe even all their losses. You can afford to do that if your investments are aligned with your risk tolerance.



- Maybe we're less risk tolerant than we thought we were. If the market turmoil gave you sleepless nights, consider permanently reducing your stock exposure.



- We probably need a bigger margin of safety than we thought. Just because something is unlikely doesn't mean it's impossible. We need to save enough to position ourselves to survive market downturns.



- Don't choose a fund based on last year's results. Some of the biggest losers last year have been some of the biggest winners this year. But do look at both 2008 and 2009 returns for perspective on a fund's volatility. Ultimately, you want funds that perform well over the long haul.

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Measuring the market? Dow is only one option

When most investors think of the stock market, they think of the Dow. But the Dow Jones Industrial Average has changed a lot in its 113 years of existence. Even venerable General Electric, one of the original 12 Dow stocks, has been removed a couple of times; it was last restored in 1907 and is the longest-running Dow component.

The most recent shift occurred this summer when Travelers Cos. replaced Citigroup and Cisco Systems replaced General Motors.

Most investment professionals prefer the broader Standard & Poor's 500 Index as a market benchmark. In addition to including far more stocks, the S&P is weighted by market capitalization so bigger companies have more impact. The Dow is weighted by share price so companies with higher-priced shares have more impact even if they are smaller than companies with lower-priced shares. Of course when the market as a whole is making a big move up or down, the Dow and the S&P will be moving together.

September/October 2009 Benchmark Returns				
	Sept	Oct	YTD as of 10/31/09	1 year as of 10/31/09
Large-Cap Benchmarks				
S&P 500	3.73%	-1.86%	17.05%	9.80%
DJ US Total Full Cap	4.21%	-2.58%	19.03%	11.34%
Russell 1000	4.06%	-2.21%	18.41%	11.20%
Russell 1000 Growth	4.25%	-1.35%	25.39%	17.51%
Russell 1000 Value	3.86%	-3.06%	11.33%	4.78%
Mid-Cap Benchmarks				
Russell Mid Cap	5.67%	-4.40%	26.79%	18.75%
Russell Mid Cap Growth	5.75%	-4.01%	31.62%	22.48%
Russell Mid Cap Value	5.60%	-4.77%	21.49%	14.52%
Small-Cap Benchmarks				
Russell 2000	5.77%	-6.79%	14.12%	6.46%
Russell 2000 Growth	6.57%	-6.95%	20.15%	11.34%
Russell 2000 Value	5.02%	-6.64%	8.63%	1.96%
Other Benchmarks				
NASDAQ Composite	5.69%	-3.61%	30.70%	20.07%
MSCI EAFE	3.59%	-1.29%	23.87%	23.73%
MSCI Emerging Markets	8.88%	0.02%	61.23%	60.25%
DJ US Select REIT	7.00%	-4.54%	12.32%	-0.26%
DJ-UBS Commodities Indx	1.57%	3.28%	12.64%	0.10%
BarCap US Aggregate Bd	1.05%	0.49%	6.24%	13.79%
Credit Suisse High-Yield	5.63%	1.82%	47.82%	42.64%
Citigroup Wrld Govt Bd Idx	2.29%	0.10%	4.67%	16.26%
S&P National Muni Bd Idx	3.65%	-2.63%	10.84%	13.23%
Citi 3-month T-bill	0.01%	0.01%	0.15%	0.28%

We included several measures of large-cap equity performance in our chart of benchmarks, but instead of the Dow Jones Industrial Average, we chose the Dow US Total Stock Market Index, formerly known as the Wilshire 5000. The Dow Total Stock index is much broader, representing virtually every stock in the U.S. market and it's weighted by market cap.

The original Dow Jones Industrial Average May 26, 1896	
American Cotton Oil	Laclede Gas
American Sugar	National Lead
American Tobacco	North American
Chicago Gas	Tennessee Coal & Iron
Distilling & Cattle Feeding	U.S. Leather (Preferred)
General Electric Co.	U.S. Rubber

The Dow Jones Industrial Average October 2009
3M (added 8/9/1976)
Alcoa (6/1/1959)
American Express (8/30/1982)
AT&T (11/1/1999)
Bank of America (2/19/2008)
Boeing (3/12/1987)
Caterpillar (5/6/1991)
Chevron (2/19/2008)
Cisco (6/8/2009)
Coca-Cola (3/12/1987)
DuPont (11/20/1935)
ExxonMobil (10/1/1928)
General Electric (11/7/1907)
Hewlett-Packard (3/17/1997)
Home Depot (11/1/1999)
Intel (11/1/1999)
IBM (6/29/1979)
Johnson & Johnson (3/17/1997)
JPMorgan Chase (5/6/1991)
Kraft (9/22/2008)
McDonald's (10/30/1985)
Merck (6/29/1979)
Microsoft (11/1/1999)
Pfizer (4/8/2004)
Procter & Gamble (5/26/1932)
Travelers (6/8/2009)
United Technologies (3/14/1939)
Verizon (4/8/2004)
Wal-Mart (3/17/1997)
Walt Disney (5/6/1991)

Challenge credentials to ward off con men

Clever con men play off the news, so these days they are trying to take advantage of people's concerns about financial fraud.

If you're ever contacted by anyone claiming to be an investigator, don't give out any personal or financial information before verifying the investigator's identity. That applies whether the contact comes by phone, email or in person.

Posing as a bank examiner is an old scheme, often used to trick people into withdrawing money from their accounts or handing over account information.

Recently some con men have impersonated Securities and Exchange Commission examiners, using the names of actual SEC employees.

How should you proceed if you are contacted by an investigator? If you can, get the person's full name, title and telephone number as well as information about the particular office and agency where the person works. Then hang up or close the door. Call the agency – looking up the telephone number yourself, not using the number supplied by the investigator. Ask to speak to the person whose name

you were given. You should quickly find out if that person exists and if so, whether that person is the same one who contacted you. If you don't have a person's name, ask to speak to someone who can verify the investigation. Don't talk to the investigator until you are satisfied.

Legitimate investigators will not ask for account numbers, passwords or Social Security numbers. If they need to verify account balances or transactions, they will present you with records to be verified rather than asking you to supply them with the details.

Market losses hurt, but giving up will cost you more in the long run

Some workers have cut back or eliminated their 401(k) contributions after suffering punishing losses in the stock market debacle of 2008-2009. That's an understandable reaction to the pain of seeing your investments wither. However, if you take that approach, you're most likely hurting your future.

Swear off stocks if you really can't take the volatility, but don't stop setting aside money for retirement. If anything, the decline in the market is a wake-up call that you might need to save more.

Most 401(k) plans offer a variety of options with varying degrees of risk. By changing your investment choices, you might be able to dial back your stock exposure to a level that allows you to sleep well at night. If you can't find a combination that works for you, consider a fixed fund that doesn't fluctuate in value but has a low, steady return.

Remember that saving for retirement is a marathon, not a sprint.

Small-business owners can cut tax bill with retirement plan

The reward for being a successful self-employed person or small business owner is quite often a bigger tax bill. And you can look for the situation to get worse as the top marginal tax rate increases.

Fortunately, recent federal pension legislation has created a very favorable environment for the establishment of tax-qualified retirement plans – defined benefit, defined contribution and combinations of the two. Using these plans, you can reduce taxes and increase retirement savings.

Contributions are tax-deductible, with taxes deferred on both contributions and earnings until the money is withdrawn.

The catch is that time is running out to set up a plan for the 2009 tax year. If you would like more information and a free analysis of what type of retirement plan would be best for your business, give us a call.

Lessons, from Pg 1



- Debt can be a killer. Living within your means never looked smarter.



- CD and money market investing is risky too. Your principal survives, but your income can be devastated. Who ever thought we'd see our money market accounts paying 0.1%?



- The financial services industry isn't going to clean up its act voluntarily. We got into this mess to a large extent because our financial system was rewarding people for taking huge risks without making them accountable for the long-term fallout from their actions. We're still doing that, leaving taxpayers potentially on the hook.

Helen passes national exam on her way to CERTIFIED FINANCIAL PLANNER™ status

We had good news recently when the Certified Financial Planner Board of Standards reported that Helen passed the CFP® exam, which she took in July. That brings her a step closer to certification, which Rhonda has had since 2002.

We thought you might be interested to know more about the CFP® designation, which has become the premier credential for financial planners.

The CFP® board expects certificants to have a broad knowledge of six major subject areas: investments, income taxes, insurance, retirement planning, estate planning and general financial planning, including best practices.

Step One on the road to certification is meeting the educational requirements. In addition to having at least a bachelor's degree, CFP® candidates are required to

complete an approved course of specialized study. Rhonda and Helen, who both have master's degrees, took their CFP® classes together and received Certificates in Financial Planning from Florida Institute of Technology in 1998.

Step Two is passing the rigorous, two-day CFP® exam, which Rhonda and Helen both did on the first try – 10 years apart. How

rigorous? Half of those who took the test in July failed.

Step Three is completing three years of qualifying full-time experience in the field.

A final requirement is that all CFP® certificants agree to abide by ethical standards and maintain their skills by meeting continuing education requirements. Of course, we would be putting our clients' interests first and staying up to date even if that were not required.

Holifield Huntley Financial Advisers

Holifield Huntley is a fee-only wealth management and financial planning firm. That means we are paid by our clients, who can count on us to be objective and have their best interests at heart. We do not receive commissions or compensation from others for selling their products.



Our firm is proud to be affiliated with the National Association of Personal Financial Advisors.

Miss an issue?

Back issues of our monthly newsletter are available on our Web site, www.holifieldhuntley.com

Read Helen's blog

www.helenhuntley.wordpress.com

New commission-free ETFs are right for dollar-cost-averaging

Low costs and ease of trading have made exchange-traded funds one of our favorite investment vehicles. Now Charles Schwab has made them even better, introducing a line of ultra-low-cost ETFs that Schwab clients can

buy or sell without paying a commission. That makes them well-suited for investors who would like to dollar-cost-average, making smaller regular investments instead of putting all their money to work at once.

Three funds made their debut this week and four others will begin trading next month. The Schwab U.S. Broad Market ETF (SCHB) has an annual expense ratio of just 0.08%. Learn more at www.schwabets.com.

Show you care; give them our card

One thing we love about having our own financial planning firm is the opportunity to create long-term relationships with people we like. We think our clients are fine folks, and we hope they think the same of us.

Our goal is to grow our practice at a prudent pace, adding clients whom we can help build a future. Our best source for new clients is our current clients because nice people tend to know other nice people.

Do you know a friend or family member who could use our financial advice? We hope you'll think of us when the topic of conversation turns to investments and finance. We appreciate your referrals.

Transfers get break at Schwab

Take advantage of a special limited-time offer from Charles Schwab & Co. when you move your assets to our firm's management and become a new-to-Schwab client by Dec. 31. You will receive commission-free electronic equity trades and a reimbursement of account transfer fees through June 30, 2010. Contact us for details.

(Note: We use Schwab as a custodian for client assets. We are independent investment advisers and are not owned, affiliated with or supervised by Schwab.)