



FINANCIAL IQ

Independent Advice. Intelligent Financial Solutions.

In the Long Run, We're All Dead

This prognostication by John Maynard Keynes is certainly an accurate statement, although one that is not especially useful. Actually, it's reminiscent of many of the market prognosticators today who in their daily routine attempt to predict where the market is heading, but hedge their bets to such an extent that you wonder why they even bother. Remember, as is so often said, there are two types of investors: those who don't know where the market is headed, and those who don't know they don't know. Actually, come to think of it, there is a third type of investor - the traditional investment professional - who indeed knows that he or she doesn't have a clue where the market is headed, but whose livelihood depends upon appearing to know. We guess, eventually, they'll get one right. After all, even a broken watch is right twice a day.

The reason we bring all this up is because we wonder how many of these market gurus were unambiguously predicting the type of market we've had over the last two years following the devastating market of 2008... which we don't recall being predicted by the Wall Street investment elite either. So, while many were waiting for that perfect time to invest, the market wasn't waiting for them. Remember, the market doesn't know that you're not invested...and what's more, it doesn't care!

Anyway, here's the good news for those who refused to be swayed by the noise coming from Wall Street, who stayed true to their beliefs in the resiliency of the markets, and who ultimately stayed the course.

The U.S. equity market rose a robust 26.46% in 2009 and a pleasantly surprising 15.06% in 2010 (S&P 500® Index total returns)...great numbers no matter how you slice them. In comparison, the Plancorp 100% equity model portfolio (and yes, it was part of all your portfolios) after deduction of Plancorp's 1% maximum asset management fee rose 32.49% in 2009 and 19.01% in 2010.¹

So, to all those who weathered the storm during 2008 and held on for the rewards that came later (almost all Plancorp clients, we're happy to say), we offer you our heartiest congratulations, and our best wishes for a healthy, happy and prosperous New Year.

¹ PAST PERFORMANCE IS NO GUARANTEE OF FUTURE RESULTS. Investing involves risk and diversification does not ensure a profit or guarantee against a loss. Model portfolio performance figures do not represent actual trading and were calculated after the time periods shown. Figures may not reflect the impact that material economic and market factors might have had on decisions made to the actual portfolio. Plancorp all equity portfolio performance shown is net of our 1% maximum management fee, and all returns shown include the reinvestment of dividends. Plancorp's 100% Equity Model Portfolio is allocated as follows: 23% US Large, 23% US Large Value, 12% US Small, 12% US Small Value, 16% International Large Value, 5% International Small, 5% International Small Value, and 4% Emerging Markets.

² The S&P 500® Index is an unmanaged index comprised of the 500 stocks with the largest market capitalizations trading in the United States. The Russell 2000® Index is a market capitalization-weighted index designed to measure the performance of approximately 2,000 companies with market caps less than \$3 billion, and is representative of the US small capitalization securities market. The Morgan Stanley Capital International (MSCI®) Europe, Australasia, Far East Index (EAFE) is an unmanaged market capitalization-weighted index designed to represent the performance of developed stock markets outside the United States and Canada. These indices do not reflect the deduction of any fees or expenses and all dividends are reinvested.

2010 ANNUAL RETURN²

(Including Dividends)

S&P 500®:	15.06%
Russell 2000®:	26.85%
MSCI® EAFE Equity:	8.21%

PERSONAL CREDIT HISTORY REVIEW

As we begin a new year it would be prudent to turn our attention to an often overlooked area in wealth management, your personal credit history. Whether or not you are looking to obtain credit, it is important to review your credit reports on a regular basis to verify their accuracy. An inaccurate piece of information on your credit reports can not only affect your ability to obtain credit, but, in some cases, may indicate fraudulent activity.

Three major credit bureaus, Equifax, Experian, and TransUnion, continually update your credit reports based on information they receive from creditors. Because some creditors don't report to all three bureaus, your credit reports may not contain identical information, so it's very important to check all three.

The Federal Trade Commission allows you to view your report from each of the three major credit bureaus free once every 12 months via www.annualcreditreport.com. So, there is no reason not to review them annually. In order to access each report, you will be asked a series of security questions. Typically, answers to these questions include payment amounts on current outstanding debt. Therefore, it is generally helpful to have this information available when accessing your credit reports.

After you have accessed your reports, save them to your computer or print them out for future reference. Review each of the reports line-by-line, making sure that all of your personal information, accounts and corresponding details are correct. Here are some items to review carefully:

- Name, address, phone number
- Name of creditor and type of account
- Dates - date opened, last paid, etc.
- Status of account - open, inactive, etc.
- Payment history - check for any payments that are being reported as 30 or more days late
- Recent balance
- High balance
- Credit limit

The inquiries section is another important area within each report. Typically located towards the end of the report, the inquiries section tells

you who has been looking at your credit history. There are two different types of credit inquiries: hard inquiries and soft inquiries. Hard inquiries will show up if you have applied for credit and the creditor has looked at your credit report. Hard inquiries are visible to other creditors and, if there are several inquiries in a short time span, can negatively affect your credit score. Hard inquiries remain on your credit report for up to two years.

Soft inquiries are only visible to you and they do not affect your credit score. You may see several soft inquiries on your report due to inquiries from current creditors or due to companies pre-approving you for new credit.

So what should you do if you find inaccurate information on your report? The first thing to do is contact the bureau that is reporting the inaccurate data. Write a brief letter explaining what information you are disputing and enclose evidence that shows the reported information is inaccurate. Be sure to make copies of everything for your records.

Next you should write a letter to the creditor providing the erroneous information. The body of the letter should once again describe the dispute. As with the previous letter, be sure to include any evidence supporting your position.

If you have specific questions related to your credit history, or you would like assistance in obtaining it, please contact us.

For more information on credit reports and identity theft, please visit <http://www.ftc.gov/freereports>.

2010 TAX RELIEF ACT

While many view taxes as a certainty, 2010 has reminded us that tax law is an ever changing environment. 2010 produced a significant number of major tax developments. These changes were brought about by legislation, IRS rules, regulation and major court cases. Individuals, businesses and tax-exempt organizations are all impacted by these changes.

Two tax stimulus measures (the HIRE Act and the 2010 Jobs Act) included substantial, but temporary, tax savings opportunities. The health care legislation passed in early 2010 includes many significant tax provisions that will impact all taxpayers for years to come.

The year ended with the Tax Relief, Unemployment Insurance Reauthorization and Job Creation Act of 2010 (the 2010 Tax Relief Act) signed by the President on December 17, 2010. The 2010 Tax Relief Act extended the Bush-era tax cuts, included an alternative minimum tax (AMT) patch, a reinstatement of a modified estate tax, and the extension of numerous provisions set to expire on December 31, 2010. The biggest surprise contained in the 2010 Tax Relief Act was the re-unification of the estate, gift and generation-skipping taxes. In 2011 and 2012, each taxpayer will have a \$5,000,000 exemption from each of the above taxes. This is a significant change from the law in place at the end of 2009. In 2009, each taxpayer had a \$3,500,000 exemption from estate and generation-skipping taxes but only a \$1,000,000 exemption from gift tax. By re-unifying the exemption amount at \$5,000,000, the 2010 Tax Relief Act creates significant wealth transfer opportunities prior to death.

It is important to keep in mind that many of the tax changes passed in 2010 are temporary and others will not impact taxpayers for several years. Also, with the possibility that Washington may place greater importance on fiscal stability and deficit reduction, and the fact that many of the regulations associated with financial and health care reform are still unwritten, the coming years will likely provide many more changes to our nation's tax structure.

As we continue to digest the tax changes of 2010, particularly the 2010 Tax

Relief Act, we will be discussing relevant planning opportunities with you in 2011. In the interim, if you have immediate questions, please do not hesitate to contact us.

CCH, a provider of tax resources and related analysis, has prepared an excellent summary of the changes that occurred in 2010. A copy of this summary can be found on their website (http://www.cchgroup.com/webapp/wcs/stores/servlet/content_federal-tax-legislation_default).

PLANCORP NEW WEBSITE & CLIENT VAULT

As you read this, we hope you will have had the opportunity to visit the new Plancorp.com website. In addition to providing information about our staff and services, the extensively redesigned site will also serve as a resource for information about our investment philosophy and financial planning activities. Because content will be continually updated, we hope you will visit the site often, and encourage your friends and family to visit as well. We look forward to your comments and suggestions on how to make the site as useful for you as possible.

One of the features we will be describing further in coming weeks is our new client vault. This will allow a number of exciting features for our clients, including:

- Secure, two-way transmission of electronic files between our clients and Plancorp staff, avoiding the need for faxes or email attachments.
- Electronic transmission of quarterly investment reports and other timely information.
- The option of allowing access to important information to our clients' outside professionals.
- The ability to securely store electronic copies of important financial, legal and personal records in a location accessible from any online computer.

Clients will also be able to view information about their investment accounts through this password-protected site.

These and other new features will all be discussed with you in more detail at your next review meeting. In the meantime, if you have questions about accessing the vault, please contact Travis Buckner (Travis@Plancorp.com).

A FINAL NOTE

Since this is the beginning of a new year, it's good to ponder some words of wisdom to help guide us through 2011. Here's a sampling from a group called Illegal Art. You may remember reading these previously in our 4th Quarter of 2006 newsletter. These little gems come from suggestion boxes that were placed in both New York and California, inviting passers-by to offer a word of advice for the New Year.

Here's hoping one or two of them might resonate with you.

- Cross the Line
- Don't Drink & Dial
- Get a Map
- Less phone, more face
- Don't be High Maintenance
- Add More Color
- Less internet/more cabernet
- Fish closer to the shore
- Think before you _____!
- Commit!

Have a great 2011!