

Late Fall 2010 Newsletter

Market Commentary

The Recovery After the Great Recession

The recession that we all just endured is now being referred to as the Great Recession. The Great Recession officially ended last June. As you may recall, the stock markets hit their lows on March 9th of last year. Since March 9th, many stock markets have recovered by 80% or more. This huge and powerful recovery in the markets has gone a long way toward helping us all recover a great deal of the paper losses we suffered when the markets were in free fall. We all know we still have a ways to go, but we are in considerably better positions today in both the economy and the markets than the majority of people last year thought could be possible.

We remain optimistic about the future growth potential of our markets and our economy...

It is important to understand that our economy and our markets do not go up or down in lock step with one another. Our markets are often considered a leading indicator of where our economy is headed. This can partially explain why we can have very strong stock markets while the economy remains bleak. This disconnect in turn explains why so many investors miss opportunities on the upside. It is because they are concentrating on the economy and do not understand that the markets are not looking at where we are today, but where we will be in the future.

We agree with the many economists who contend that population growth is one of the key drivers of spending growth. In addition, there has been a huge shift in what many Americans consider necessities from 1996-2006. Consider the following: In 1996:

- Americans did not consider a cell phone a necessity. By 2006, only 10 years later, 49% did.
- Only 26% of Americans felt that a home computer was a necessity. By 2006, that percentage had risen to 51%.

We don't need to tell anyone how important technology has become in all of our lives. It is a way of life for those born after 1980. The group born in the years between 1980 and 2000 currently spends an average of 15 hours per day interacting with communications technology; a staggering statistic. As population growth continues, spending on technology will increase. When we look at this segment of consumer spending and combine it with the fact that more people were born in the last three years in the U.S. than in any three year period in history, we see that the buying/spending pipeline will only continue to expand.

Unemployment continues to be the Achilles heel of this painful time period. With so many Americans unemployed or underemployed, there is real misery for many families. The glimmer of good news on the unemployment front is that by many measures, it looks as if the worst is behind us. There are even some very modest indications of net job growth. We believe that the jobs recovery will be a slower process than what has followed many recessions given the severity of this past recession.

We also see a glimmer of hope in the dismal housing markets. During 2009, housing starts (new construction) was at its lowest point since the 1960's. Leading up to The Great Recession a glut of new construction led to an oversupply of houses. Inventory in some parts of the country is now at low levels because construction came to a halt during the last few years. As our population continues to grow, the need for housing will increase.

All in all, we believe that the worst is behind us and that the markets remain poised for future growth potential. The recovery in the markets that we have already experienced since the lows of last year has been tremendous, and we believe there will be future positive growth.

HARTFORD 529 PLANS Link with UPROMISE REWARDS ACCOUNTS

Clients who own Hartford 529 plans now have the ability to link their Upromise rewards account to their Hartford SMART 529 plan(s). This will allow clients to sweep the rewards dollars they have built up in their Upromise accounts directly into their SMART 529 plan(s).

What is Upromise? Upromise is a college savings service that allows you to earn money for college through your everyday spending. It does require that you enter your reward card's information (i.e. the account number on your CVS and/or Stop & Shop cards) in order to receive credit when you purchase participating products. Credit cards can also be linked; however, it is not required if you don't feel comfortable sharing this information online. Partners include more than 8,000 restaurants, as well as thousands of grocery and drugstore items.

Registration is simple. If you currently do not have a Upromise rewards account, you can register at the Upromise website (www.Upromise.com). Once signed into

Upromise, click on the 'My Account' tab on the top, right-hand side of the page. You will see a variety of links along the left side of the page, including one labeled 'Link a 529 Account.' Click on that link. Then choose 'The Hartford SMART 529 College Savings Plan' from the list and input your 529 account information. Upromise will verify all account information.

Your Upromise rewards account will now be linked with your Hartford SMART 529 plan. You can transfer as little as \$25 from Upromise into the 529 plan whenever you choose. If you have any questions, please call or email Vikki Lenhart at Vikki@hartpatterson.com or 413-253-9454 x23.

Next Speaker for HART & PATTERSON website

We are very pleased to announce that the next speaker in our ongoing website speaker series will be Kathryn Jordan Capage, Director of Retirement Research for Invesco Advisers, Inc. Ms. Capage is a highly regarded speaker who has spoken before the Department of Labor. On December 21st, Lorraine and Cheryl will travel to Boston to meet with Ms. Capage to do a private taping session for Hart & Patterson clients.

Recently, six of us from HART & PATTERSON traveled to Kansas City for the Cambridge Investment Research National Conference. Ms. Capage was one of the featured speakers and led a session entitled "What's Up on Capitol Hill?" We have asked Ms. Capage to provide our clients with retirement plan and social security updates based on her extensive Capitol Hill experience. We hope to have this session on our website by mid-January. If any client would rather view this session in our Amherst office, please contact Barbara to set up a time to do so. We are very excited to bring this session to you.

Beneficiary Updates

Retirement accounts and annuities through HART & PATTERSON:

It is very important to keep all of your beneficiary paperwork up to date. If you have married, divorced, or have changed your mind regarding whom you would like to name on your retirement accounts and annuities - please contact us. We will forward to you the appropriate forms to make the necessary changes.

Your retirement accounts at work:

These accounts are very often overlooked when it comes to updated beneficiary information. Make sure you contact your Human Resources department to make the necessary changes. Make sure you maintain a copy of the most recent beneficiary information for these accounts.

The following is a painful example of the consequences of not updating a beneficiary form:

The facts: Joan marries Phil. They have 2 children. Joan works at XYZ Company and completes her beneficiary form naming Phil as primary beneficiary and their kids as contingent beneficiaries. Joan and Phil divorce, very acrimoniously. Joan does not think to update her beneficiary form on her 401k at work.

Fifteen years later, Joan dies and still has her money in her company 401k. Joan did not roll over her 401k when she retired, but instead opted to just leave the account where it was.

The result: Phil inherits Joan's 401k. Her children, whom she had intended to be the beneficiaries, do not. The beneficiary form for Joan's 401k supersedes all other documents.

Please keep your beneficiary forms up-to-date to avoid any unintended consequences.

Hart & Patterson in the Community

The nine of us, along with retired employee, Sally Vanasse, had a fantastic time on Tuesday, Oct. 19 volunteering at The Food Bank of Western Massachusetts in Hatfield. We spent the first hour of our day learning about the inner operations of The Food Bank and the incredible number of people who benefit from their services. Over the course of the day, our group packed over 3 TONS of apples and carrots, which were headed out to their Brown Bag program for elders. About 6,000 low-income elders across the four western Massachusetts counties participate in the Brown Bag program, receiving a free bag of healthy groceries once a month. The Brown Bag program for Elders is just one of the many services offered by The Food Bank. You can learn more about this wonderful organization at www.foodbankwma.org.

Several days later, our team participated in the Franklin County Rays of Hope Walk to raise money for The Baystate Health Foundation's breast cancer education, care, and research efforts. Our team and 600 others enjoyed a slightly rainy walk through Greenfield. Earlier that morning, over 17,000 walked in Springfield. Over \$950,000 was raised between the two walks.

We're looking forward to next year's walk already!

Some Housekeeping Items....

A Note to Our Income Tax Clients* - 2010 Income Tax Preparation

In early January, we will be mailing the 2010 tax organizer to all of our 2009 tax clients, as well as to those of you who have indicated that you wish to receive the organizer. If you have not yet contacted our office requesting the organizer, but would like to have our office prepare your 2010 income taxes, please call to have an organizer sent to you. The cost for tax preparation is \$185/hr with a \$185 minimum charge.

**Representatives of Cambridge do not offer tax advice. Penny A. Manners is not affiliated with Cambridge Investment Research, Inc.*

Corrections

Apologies to our Penn State UNIVERSITY alums... we incorrectly referred to your alma mater as Penn State College in our last newsletter. Go Nittany Lions!

Our Holiday Hours

Thanksgiving week

Monday, Nov 22	open 8:00am – 4:00pm
Tuesday, Nov 23	open 8:00am – 4:00pm
Closed the remainder of the week.	

Christmas week

Monday, Dec 20	open 8:00am – 4:00pm
Tuesday, Dec 21	open 8:00am – 4:00pm
Wednesday, Dec 22	open 8:00am – 4:00pm
Closed the remainder of the week .	

New Year's week

Monday, Dec 27	closed
Tuesday, Dec 28	open 8:00am – 4:00pm
Wednesday, Dec 29	open 8:00am – 4:00pm
Thursday, Dec. 30	open 8:00am – 4:00pm

The office will be closed December 31 through Monday, Jan 3, reopening Tuesday, Jan 4.

Website

Please check our website for webinars and newsletter postings:
www.hartpatterson.com

Email

Please let Barbara know if you would like to receive our newsletters via email. You can reach her via phone at 413-253-9454 x10 or via email at Barbara@HartPatterson.com.

Please do not email any investment instructions to us. Due to industry regulations, we cannot accept or act upon any investment instructions via email. However, please feel free to email us with any questions or concerns that you may have. Everyone's email address in our office is their first name followed by @HartPatterson.com.

Concerns

As always, please do not hesitate to contact our office if you have any questions or concerns. Thank you.

Thank You

Many thanks for the trust you put in our firm and for the referrals you continue to send our way. We greatly appreciate it and will continue to give you our very best advice and service!

The entire team at Hart & Patterson wishes you a wonderful holiday season!

Lorraine A. Hart
Registered Principal/Investment Advisor Representative
Cambridge Investment Research, Inc.

Cheryl A. Patterson
Registered Representative/Investment Advisor Representative
Cambridge Investment Research, Inc.

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