



PLANNING STRATEGIES INC

A Registered Investment Advisor



Summer '09

News, New Ideas and More

There's so much to talk about this quarter, I don't know where to begin!!

The markets are getting much healthier. The 2nd quarter GDP numbers came in last week, far better than the "economists" (what is the difference between an economist and a fortune teller?) expected. Although the report indicated a contraction of the economy at -1%, that was far better than the doom and gloom crowd was playing to, and the first quarter's 6.4% decline. As we've been preaching, the light at the end of the tunnel is getting brighter. There's still a way to go until we're out of the tunnel, but there remains a lot of reason to maintain our long-term optimism.

Most of you probably don't realize it, but the returns on the S&P as well as the Dow Industrials have been huge. The credit markets have staged a fabulous comeback, and confidence has improved dramatically. Kudos to our government in averting what could have been a horrific situation. As I write this in the morning of Aug 3rd, the S&P 500 is up over 10% year to date, and an amazing 50% from the March 9th intraday low of 666. That's amazing! As always, a well diversified portfolio, uniquely designed to meet your personal situation is the key to your future success – resist the urge to become a market timer (or is that economist?).

To switch gears, many of you are aware that I just returned from a professional conference in Seattle. This meeting was an assemblage of some of the brightest financial advisors from all over the country. Members met to share some of their best practices and ways of helping their clientele. I was truly impressed by the integrity of the participants and

the level of client focus for most of the attendees. I came away with a lot of ideas on how to improve our services for our client family. I hope you find them beneficial as we implement some of the best ideas.

"You can't expect to meet the investment challenges of today with yesterday's tools and expect to be a good investor tomorrow." - Warren G. Buffett

Perhaps the biggest change we are considering making, involves our website reporting system. I became aware of an additional service we can provide to you, called Cash Edge. This program is an add-on to your portfolio reporting via Albridge. This program will allow you to add to your portfolio holdings any asset\account for which you have on-line access via a username and password. You will totally control the process. The beauty of it though, is that you will be able to access everything from our one website!!!! No need to memorize 15 different combinations of usernames and passwords. Many of you have to get us information from your 401K accounts before we meet. If you sign up for the service, you will no longer need to do it, as we will be able to automatically get the information from your account holdings. You can add bank accounts, credit cards, CDs, anything you want!! I think it will be extremely beneficial.

The downside to this service is that it is going to be an added monthly cost to PSI. So, we need to ensure that enough of you are interested in the benefit of this system to make it cost effective for our business. We will not pass the cost on to you,

Continued on Page 2

Continued from Page 1

but merely offer it as an added value to you.

PLEASE GIVE US AN INDICATION OF YOUR INTEREST!!!!!! We firmly believe you will all find it of extreme value. I have spoken to a few clients, and everyone has indicated an interest. We just need to hear from a few more of you. Please call me if you need more information, or just let us know your interest level. The sooner we hear from enough of you, we will hopefully implement this service. **PLEASE RESPOND ASAP!!!!!!**

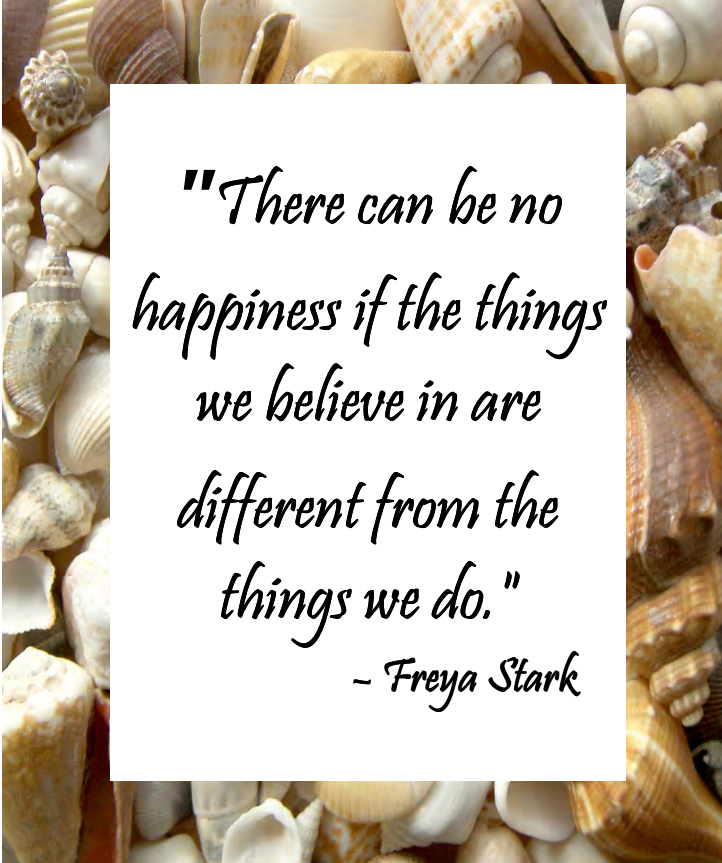
Jennifer will be changing our weekly e-mail program slightly. As many of you know, the message she sends is from a service to which we subscribe. We do not actually write those articles, but we try to find topics that we think will be timely and beneficial. I learned that they have a regular weekly newsletter, which is specifically written to provide an executive summary of what is happening in the world of economics and the markets. It is a one-page document, so you don't need to read tomes of information. So, we will be switching to this service. Of particular interest is a weekly riddle, which is reportedly mentioned as the highlight of the newsletter. I hope you find this service to be another valued communication.

There are also several new behind the scenes capabilities we will be adding, which will hopefully be moving us toward a smoother, paper-less operation. The goal is to be able to do everything electronically within the next year or so. This should be very helpful, especially when Lori reminds me that I forgot to get various documents signed. I'm sure you all have experienced this situation! In theory we can just e-mail you documents for your signature, and the problem can be solved in minutes, versus the current system, which can sometimes take days or even weeks with snail mail. It will also help in reducing administrative errors and will allow us to access any document in a snap. As with any technology, please bear with us as we work through the inevitable system implementation challenges (or as we said in my Marine Corps days – SNAFUs).

As a way of summing all the new programs we are about to embark upon, I would like to share the following story with you. There was an electrical blackout which happened in New York City in the early 1900s. For three days the city's technicians desperately scrambled to fix the problem, but were unable to determine the cause. Finally, they called on a long-retired, but well respected electrician. He walked into the center of operations, crawled behind a transformer, and tapped three times on a solenoid. The power plant sprang to life, and the problem was resolved in that two seconds. A little later, the city got an invoice in the mail for \$1000.02 from the electrician. Curious about the amount, the city controller called the electrician to inquire about the odd amount of the 2 cents. The electrician replied "Well, I charge the two cents for tapping, and \$1,000 for knowing where to tap".

Please help us know where to tap. We aim to provide you the best experience, but only you can tell us what you find beneficial.

Semper Fi



*"There can be no happiness if the things we believe in are different from the things we do."
- Freya Stark*

Leaders and Lagers

By Scott Smith

Now that the world has failed to come to an end, media personalities, political pundits, and just about everyone else have turned their attention to the next question du jour...“when (and if) will our economy recover?”. The problem of course, is that nobody can answer that question with any certainty, but I thought that a quick and dirty lesson about economic indicators may help to navigate the way through the rest of 2009.

Whenever I hear a discussion about “recovery” I am always intrigued by the particular perspective being applied to the conversation. Or, to put it another way, what measurements are being used to draw a conclusion to the question. If someone is looking at unemployment numbers for instance, and is using that set of facts to judge “recovery”, then clearly the conclusion would be that we are far from being out of the woods. If another person is watching the stock market, they may conclude that watching the Dow creep back up over 9000 is evidence that recovery is here. Yet another perspective which had been watching the bond and credit markets this year could conclude that “recovery” actually began near the end of December 2008.

It is said that perception is reality, and if you are willing to allow some optimism back into your perceptions, there are glimmers of hope out there that seem to be showing signs of the storm clouds beginning to part. And the glimmers are coming in the form of good old fashioned economic indicators. Economic indicators are specific sets of data that show where we are in the economic cycles of expansion, peak, recession and trough. These cycles always repeat, and history shows that different sets of indicators are typically leading, coincidental or lagging the actual state of the economy. So in other words, some show you where we are heading, some show where we are now, and some show you how bad the things that happened yesterday really were.

That last set of indicators, the ones that are showing us the fallout of our recent market collapse, are the ones that you hear most about

in the media. The one most talked about is unemployment, but there are actually seven lagging indicators and to be blunt, right now they are all bad. This shouldn't be any surprise following the worst market nightmare in our lifetimes.

However, the lagging indicators only show affects of a cause. They do not show you where we are heading next. The indicators that typically forecast where our economy is heading are the leading indicators, and the good news is that they are starting to show signs of hope. Seven of the ten indicators that make up The Conference Board LEI for the U.S. increased in June. Those seven positive contributors are interest rate spread, building permits, stock prices, weekly initial unemployment claims, average weekly manufacturing hours, index of supplier deliveries, and manufacturer's new orders for consumer goods and materials. All of these were up for June, and seven out of ten isn't bad. The three that were negative contributors were real money supply (no surprise), manufacturers new orders for non defense capital goods, and index of consumer expectations (thanks media).

The other set of indicators, the coincident indicators, were a mixed bag, showing that things may be getting better but we aren't out of the woods yet. Two of the four indicators increased in June, and they were personal income less transfer payments and manufacturing and trade sales. The negatives were employees on nonagricultural payrolls and industrial production.

So what does all this mean? Nobody knows for sure, but to me it shows that we just came through a particularly nasty mess but we are still here, capitalism is still alive and the process of healing is beginning. Whether our recovery is as swift as others in history, or whether this one will be long and slow remains to be seen, but like I always say...don't bet on the end of the world because it only happens once. Barring that, the future is starting to look good again.



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*Have A Wonderful Summer
- Scott, Lori, Steve And Jennifer*

**Help us grow our business
and continue to bring new and improved
services to our client family.**

Now, more so than ever, the only way to grow our business is through your referrals of friends and family. Please share our unique approach to service and communication. We appreciate our relationships and look forward to intelligent growth with friends like yourselves.