

## Are we there yet?

by John Masus

It's January 19th and looking out my window I see a beautiful scene. Clear sunshine on pure white snow. Three deer just ran through the yard and into the forest startled by someone walking on the prairie path. What a sight. Nature puts things in perspective if we take the time to look. Our actual needs are so much simpler that our wants. Family, friends, food, shelter, a kind gesture, sunshine, a glistening natural scene; they can do wonders. It's our wants mistaken for needs that can get us into trouble. Wants and debt, debt and wants.

But we can have a new beginning and lessons can be learned from this past decade. Keeping up with the Jones's is illogical. Borrowing more money to make it look like we have more money doesn't make sense. We become the Jones's. That won't bring a good night sleep. Can we put a price tag on a good nights sleep?

I think the new beginning has started, we are learning the lessons. Excessive satisfying of wants through excessive debt is not happiness...Savings are up...families are eliminating fluctuating debt on their homes with safer fixed rate mortgages. (I suggest a 30 year) If you want to shorten it simply pay more principle each month. Do it on your terms so you control the

amount of your payments...I was in the grocery store today; I still wonder how that happened. (It was a weak moment guys). The woman in front of me paid her bill in cash, around \$50. It's been a long time since I've seen that happen. I liked it.

Well, I guess no article from a Financial Planner would be complete without thoughts on 2010.

So here goes.

### Part One...Tailwinds

- I believe 2010 will come in two parts. The first part may be a continuation of the last half of 2009. (Market wise). Stimulus money flowing, low interest rates, unemployment beginning its slow movement downward (it may take several years to come back to a more normal 5%).
- The housing industry may continue to improve (sales) as the government extends their stimulus with tax credits through June of 2010.
- Low interest rates as the Fed continues to stimulate the economy.
- Decent Gross Domestic Product expansion. "GDP."

### Part Two...Headwinds

- As the Stimulus begins to fade by mid year, jobs must be transferred

to the private sector.

- The Fed could change their low interest rate bias during the first half of 2010 from "extended period" to less dramatic language thus signaling some rate hikes down the road in the latter half of the year. This could cause a small contraction in "GDP" along with stock price decline. A defensive posture may be employed. However, I don't believe the Fed will do anything that will cause dramatic negative pressure.
- Defensive sectors such as Consumer Staples, Health Care and Telecommunications could be helpful along with High quality intermediate bonds.

There's more, but for now let's keep our new lessons in mind. I'd love to hear your thoughts. ●

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