

For the Week of February 8, 2010

THE MARKETS

Concerns about U.S. unemployment and European government debt created another volatile week on Wall Street. The Department of Labor reported that U.S. employers unexpectedly cut 20,000 jobs in January, but the overall unemployment rate fell to 9.7 percent, a five-month low. Across the Atlantic, several European countries – most notably Portugal, Spain and Greece – continue to struggle with massive deficits, with Portugal’s government rejecting a plan to curb spending. Americans seem to be doing well on their individual austerity efforts, borrowing less for a record-setting 11th straight month in December. For the week, the Dow lost 0.49 percent to close at 10,012.23. The S&P fell 0.68 percent to finish at 1,066.19, and the NASDAQ dropped 0.29 percent to end the week at 2,141.12.

Returns Through 2/5/10	1 Week	YTD	1 Year	3 Year	5 Year
Dow Jones Industrials	-0.49	-3.80	28.07	-4.92	1.25
NASDAQ Composite	-0.29	-5.64	38.47	-4.66	0.52
S&P 500	-0.68	-4.25	29.00	-7.64	-0.33
BarCap US Agg Bond (TR)	0.30	1.83	8.95	6.61	5.15
MSCI EAFE	-3.87	-8.10	33.25	-9.15	2.00

Source: Morningstar.com. *Past performance is no guarantee of future results. Indexes are unmanaged and cannot be invested into directly. Three- and five-year returns are annualized. The S&P, excluding “1 Week” returns, is a reflection of return to an investor, by reinvesting dividends after the deduction of withholding tax.

Some Disagreement – Ben Bernanke was approved for a second four-year term as Fed Chairman by a 70-30 vote in the Senate on Jan. 28, 2010. The 30 votes against Bernanke’s confirmation were the greatest number of votes opposing a Fed Chairman nominee since 16 senators voted against Paul Volcker’s nomination in 1983. Bernanke’s new term will run through Jan. 31, 2014 (Source: Federal Reserve, BTN Research).

Rates Going Up? – There are now just two months remaining (i.e., February and March) in the Fed’s program to purchase \$1.25 trillion of mortgage-backed securities. The program, which originally began with Fed purchases in March 2009, will stop by the end of next month. Eric Rosengren, the president of the Federal Reserve Bank of Boston, predicted last month that mortgage interest rates will rise by as much as 0.75 percent when the purchase program ends (Source: Federal Reserve, BTN Research).

Looking Back – Fifty-five percent of retired Americans surveyed (including those that had previously used a planner and those that have never used a planner) wished that they had used or consulted with a financial planner earlier in their life as they planned out the finances of their retirement years (Source: Merrill Lynch, BTN Research).

WEEKLY FOCUS – Passwords: When to Secure and When to Share

Internet users continue to struggle with the proliferation of sites requiring passwords. While the added security is admirable, keeping passwords straight in your head has become a mind-boggling proposition. Computer security and privacy gurus admonish users to *never* write down user names and passwords and to *never* use the same password repeatedly for different accounts. But a recent survey by Trusteer, a technology security firm, found that 73 percent of web users use their online banking password as their password on other websites, and about half use the same password *and* user name.

On the flip side, taking your passwords to your grave creates problems for your heirs, who may need to access information from your online accounts. So how do you protect your passwords but make them available to those who need them in an emergency?

One option is account aggregation websites, which use sophisticated software called “screen scraping” to gather data from those PIN-protected accounts that have been authorized by the individual. Virtually any accounts that report balances on a website can be brought into your account aggregation profile: checking and savings accounts, investment accounts, mutual funds, 401(k) accounts, frequent flier and reward plans, travel reservation services, credit card accounts and loans. Some sites even offer digital document storage, providing a paperless depository for wills, insurance policies, powers of attorney, contracts and other important documents.

Even with account aggregation, you will still have at least one user name and password to make accessible for your loved ones. You may also need to remind yourself in the event of a hurricane, fire or other natural disaster. As part of your personal disaster recovery plan, put lists of your account numbers, user names and passwords in sealed envelopes. Give one to your attorney or other trusted advisor, place one in your home safe (fire- and water-proof), place one in your safe deposit box and send one to a trusted relative who lives in another state.

Identity theft has become a growing risk. Be sure that in protecting yourself, you don't inadvertently make things more difficult for yourself and your heirs in an emergency. If you'd like to learn more about account aggregation, give our office a call.

* The Standard & Poor's 500 (S&P 500) is an unmanaged group of securities considered to be representative of the stock market in general. The Dow Jones Industrial Average is a price-weighted index of 30 actively traded blue-chip stocks. NASDAQ Composite Index is an unmanaged, market-weighted index of all over-the-counter common stocks traded on the National Association of Securities Dealers Automated Quotation System. The Morgan Stanley Capital International Europe, Australia and Far East Index (MSCI EAFE Index) is a widely recognized benchmark of non-U.S. stock markets. It is an unmanaged index composed of a sample of companies representative of the market structure of 20 European and Pacific Basin countries and includes reinvestment of all dividends. Barclays Capital Aggregate Bond Index is an unmanaged index comprised of U.S. investment-grade, fixed-rate bond market securities, including government, government agency, corporate and mortgage-backed securities between one and 10 years. Written by Securities America. SAI# 303132

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