

Market Update

Here we are just a little more than 14 months away from last year's historic market lows and the economy is showing signs of life again. While it is true that we have been in a recovery of sorts, red flags (and the evening news) continue to give us pause to consider that all is not well. The financial markets respond to the news rapidly and the result is market volatility. At The Masters Group, asset allocation is a pillar of our investment philosophy, which, if done properly, should help reduce volatility in your accounts.

A closer examination of recent market activity allows us to see that while the equity markets have rebounded, real estate interests are still suffering. Typically, a slowdown in the economy creates higher unemployment which then impacts real estate a little further down the line. In the last year we've seen the economy start to grow, the unemployment numbers trending positive, and next we should see a recovery in real estate. We know that investment categories do not grow and retract in unison. We have seen evidence of this recently as equities markets have recovered much of their declines while the real estate markets appear to be reaching a low point and starting to turn around. At the present, leasing actions are up and this should have a positive effect on real estate values in the future.

Remember the saying, "what doesn't kill us makes us stronger"? Economist Stephen J. Rose in his new book, *Rebound: Why America Will Emerge Stronger From the Financial Crisis*, lays out a solid case for American prosperity. Check it out to learn more about why there are reasons to be optimistic about the future.

-Tim Hawkins

Roth IRA Conversions Pitfalls

If you are receiving our newsletter and meet with us regularly, we already consider you to be very astute on financial matters. Therefore, please help us spread the word that proper advice is necessary when converting to a Roth IRA. The new laws have created confusion and produced common mistakes including: paying tax unnecessarily, thinking it's *all-or-nothing*, confused custodians, and many more taxing issues.

These mistakes can have astonishing consequences, but the good news is that they are also easily avoidable. The Masters Group is happy to share our expertise on these issues.

Please feel free to call us with your

questions or pass on our number to someone you care about.

Regular Reviews Are A Top Priority

Many financial advisory firms do not proactively schedule client review meetings. We do! At The Masters Group it is our mission to provide our clients with unparalleled client service. That includes setting our current clients up with regular review schedules that meet the needs of their portfolio and personal desire.

If you are unaware of your review schedule or would like to set up a review meeting, please contact Kristen at kristen@mastersgroupinc.com or 515-964-9671 to discuss.