



READ BETWEEN THE LINES

President Barack Obama won the Nobel Peace Prize

in 2009; Federal Reserve Chairman Ben Bernanke was named Person of the Year. When I was growing up, winners weren't decided in a game until it was finished. I am puzzled: Has the war in the Middle East ended? Has the economy recovered? The time has come for our country to quit playing ostrich. The media wants you to believe that the economy has recovered and everything is back to normal. Do we really think that the troop surge will end the war? Or that the "fiscal stimulus" in 2009 has cured our economic ills? Growing up, I always believed that Russia brainwashed their citizens and we knew the truth. Now I think that belief has flip-flopped. The media bombards us with "their" beliefs and desires.

With the plethora of information available, you don't have to go far to find economic facts and come to your own conclusions. And that may be part of the problem. We are overloaded with information. It's like putting together a 1,000-piece jigsaw puzzle. We know that all the pieces are there, but where do we start? Let's look at some of the pieces.

The U.S. debt is fast approaching \$12.5 trillion (it hit \$10 trillion on 9/30/08); the 2010 deficit is already projected to be \$1.5 trillion. Prescription drug liability, a new government responsibility (debt) passed during the Bush administration, is already at \$18 trillion (\$4 trillion more than the Social Security liability); Medicare swamps both of these at \$74 trillion. The grand total of these three programs amounts to \$346,000 of debt for every citizen. Don't forget that these social programs are "off budget" (like an extra checkbook that can be overdrawn with no penalty). Too bad Enron couldn't keep their books like this!

David Walker, controller general of the United

States for 10 years until his 2008 resignation, calls the problem of hidden federal debt "a super subprime crisis." Richard Fisher, president of the Federal Reserve Bank of Dallas, shocked the financial world in May 2008 when he described the growth of the federal debt as "a frightful storm" that, if unattended, "would be unimaginably more devastating to our economic prosperity than the subprime debacle." The bottom line is that these liabilities will never be paid off by spending cuts or crushing levels of taxation. The debt will be rolled over again and again until America's creditors are unwilling to loan any longer. And just as compound interest is said to be the investor's best friend, it is the debtor's worst nightmare because the debt growth becomes exponential.

"The French Bank, Société Générale, has advised its clients to be ready for a possible 'global economic collapse' over the next two years."

As I have mentioned in previous newsletters, this phenomenon of incurring debt by printing money began when the U.S. went off the gold standard. The historical record of countries that print excessive amounts of money is not comforting. At some point, they ALL stopped the "printing presses" by revaluing their currency and starting over. This is a potential reality for the United States — and not a pleasant one!

We have much more to be concerned about than the federal deficit. Home foreclosures are expected to peak in 2010 at over 4 million after a record 2.8 million in 2009. The government may step in and institute a new program to prevent people from losing their homes, but that would only make the federal deficit much larger than projected. And on the international scene, we have the issue of America's largest holder of U.S. debt — China. Much talk and many news columns have been devoted to the discussion of the amount of our debt owned by China. Russia,

Switzerland and several other countries have already reduced their dollar holdings. Treasury Secretary Henry Paulson went to China in 2007 and "lectured" Chinese officials about their currency — not a smart move considering the astuteness of China when it comes to matters of money. If China were to dump dollars, other countries would dump, too. The value and purchasing power of the dollar would fall. Americans would be hit with tax increases that foreigners would no longer finance; be faced with large cuts in income security programs; or be forced to PRINT MORE MONEY!

The French Bank, Société Générale, has advised its clients to be ready for a possible "global economic collapse" over the next two years. Under the French bank's "Bear Case" scenario (the gloomiest of three possible outcomes), the dollar would slide further and global equities would retest the March lows. Property prices would tumble again. Governments have already shot their fiscal bolts. Even without fresh spending, public debt would explode within two years to 105% of GDP in the U.K., 125% in the U.S. and the eurozone, and 270% in Japan. Worldwide debt would reach \$45 trillion, up two-and-a-half times in a decade.

We have touched on the surface of many problems without even mentioning the effect of terrorist activities. Unlike any previous period, these economic times require that you adjust your portfolio to protect against the catastrophes I've discussed here. Does all of this scare you? It definitely concerns me. To help you better understand the current state of affairs, we will be increasing the number of our monthly educational meetings to address these topics and talk about various ways to protect and benefit from this potential catastrophe. See our schedule in this newsletter and in future e-mails. **We encourage you to call, make a reservation and/or come in to discuss your situation as soon as possible.**

*— By Barry LeMay
Founder and President*

Important Financial Information for 2010

1. Estate Tax disappears in 2010 for any size estate. Starting in 2011, Estate Tax begins with estates over \$1 million.
2. A self-directed custodian allows you to transfer your 401(k), 403(b), 457 deferred comp or any existing IRA out of the stock market/mutual funds and invest in real estate, gold, silver or any inflations sensitive investment.
3. You can transfer your traditional IRA to a Roth IRA in 2010 and spread the tax liability over two years.
4. IRA contribution limits are \$5K under age 50 and \$6K over age 50.
5. A non-working spouse can contribute to an IRA as in #4.
6. You can contribute to an IRA even if you belong to a company-sponsored plan as long as your income is under \$109,000. Phased out if over.
7. You may qualify for a Retirement Savings tax credit if you are over 18, contribute to an IRA and not claimed as a dependent on another return.

Financial Professionals Are Leaving the Industry en Masse

Do you know someone who has lost their financial representative? Invite them to one of our educational meetings so they can learn about AMBAR, our philosophy and the depth of knowledge in areas in which other firms have limited experience. Be sure to call for reservations as seating is limited. (888) 721-1031. Thank you!

Our Newest Employee

Who is that somewhat new voice you hear when you call AMBAR? Paula Halford worked at AMBAR for several months in 2008 before Bank of America made her a great offer. When the position of office manager and client services opened at AMBAR, we were able to entice her to return. Paula has many years as a manager of a CPA office, and we're fortunate to have her back!

FEBRUARY SCHEDULE

- TOPIC: 2010 TAX UPDATE AND CHANGES**
This is the year that Estate Tax disappears. Learn new dependent exemptions, estimated tax withholding changes, the new Schedule L Standard Deductions and much more.
- SPEAKER:** Barry LeMay, President, *AMBAR Financial Group*
DATE: Thursday, February 18
TIME: 9:30 a.m. — Brunch OR 12 Noon — Lunch
- TOPIC: APARTMENTS — GLITTER AMONG THE SPOILS**
One of the few real estate classes with extremely optimistic projections for the next several years. A company with a sterling track record that buys and rehabs properties. Great in today's market! Current income projections of 6-8% a year.
- SPEAKER:** John Freeborn, *RK Properties*
DATE: Wednesday, February 24
TIME: 9:30 a.m. — Brunch OR 12 Noon — Lunch

MARCH SCHEDULE

- TOPIC: OIL AND GAS FOR TAX SHELTER**
The only tax shelter that has survived tax rulings, tax changes, and Democratic and Republican administrations. Similar to buying at the bottom of a stock market cycle, you should be investing in drilling programs now, while oil and gas prices are low.
- SPEAKER:** Christopher Spence, *Bradford Energy*
DATE: Tuesday, March 9
TIME: 9:30 a.m. — Brunch OR 12 Noon — Lunch
- TOPIC: REPLACING A TIC SPONSOR**
A refreshing tale of "rising from the ruins." Hear the story of a company that turns non-performing properties into performing ones. Includes a discussion of the move from TIC structure to a DST for tax-deferred exchanges.
- SPEAKER:** Dan Baker, *Everest Properties*
DATE: Thursday, March 25
TIME: 9:30 a.m. — Brunch OR 12 Noon — Lunch

APRIL SCHEDULE

- TOPIC: GOLD AND SILVER OUTLOOK FOR 2010**
With the steep escalation of our money supply, portending inflation and a weak U.S. dollar, you must know the basics of the various methods to invest in gold and silver. Come hear our strategy.
- SPEAKER:** Barry LeMay, President, *AMBAR Financial Group*
DATE: Wednesday, April 7
TIME: 9:30 a.m. — Brunch OR 12 Noon — Lunch
- TOPIC: OUTLOOK FOR HEALTHCARE PROPERTIES**
You can't deny the burgeoning demographics of the over-65 population in this country. Their desires and needs are creating a growing demand for many types of healthcare properties.
- SPEAKER:** *Healthcare Trust of America*
DATE: Tuesday, April 20
TIME: 9:30 a.m. — Brunch OR 12 Noon — Lunch

**These seminars fill up very quickly as we have limited seating. So, phone in your reply today!
R.S.V.P. REQUIRED. (888) 721-1031**