



## Quantum Financial Planning Services, Inc.



January/2012

Dear Eric,

Greetings from Quantum! We hope you and your loved ones enjoyed a wonderful Christmas season, and that this New Year finds you in good health and high spirits.

**A Quick Reminder:** Please keep an eye out for a newsletter we will be snail-mailing out in late January. While our e-newsletters focus on providing economic and market resources with a little Quantum news mixed in, the purpose of our annual newsletter will be to share what Quantum has been up to during the past year. We want to give you a chance to learn more about our staff members and our families.

### U.S. STOCKS HELD UP RELATIVELY WELL IN 2011

**It was a weak year for equities, but foreign markets had it worse.**

*Presented by Quantum Financial Planning  
Houston Scrudder, CFP®, John Nord, CFP®, Eric Christiansen, CFP®, and John James, CFP®, CDFIA™*

**2011 had a definite downside.** Statistically, 2011 may end up being characterized as the year stocks stood still: the S&P 500 lost .003%, its smallest year-over-year change of any kind since 1947. Yet it was hardly a placid year; every week seemed to feature big rallies and selloffs, and seemingly every time we checked in on a financial website or TV program, some new anxiety had emerged. 1

If it wasn't the debt crisis in the European Union, it was legislators on Capitol Hill. If it wasn't the housing market, it was the job market (and in truth, the two were inescapably linked). Investors were jittery, and as emotions affect stocks as much as earnings and fundamental indicators, the great broad index of the American stock market wound up generating a less than thrilling return.

**However, there was also an upside.** Is the glass half-empty or half-full at this point? That's a good question. Bulls were heartened by the way U.S. stocks held up in 2011. Comparatively speaking, the rest of the world may be marveling at how well we did:

- DJIA: +5.53%
- S&P 500: -0.003% (+2.11% with dividends)

1212 N. Washington St. Ste. 220  
Spokane, WA 99201  
Phone: (509) 328-6653  
Fax: (509) 328-1469  
[www.quantumplanning.com](http://www.quantumplanning.com)



#### In This Issue

[U.S. Stocks Held Up Relatively Well in 2011](#)

[Social Security Tools Can Help Maximize Benefits](#)

[Changes in IRA & 401\(K\)s for 2012](#)

[Staff Spotlight: Micah Coski](#)

**[Staff Spotlight:](#)**  
**Micah Coski**

- NASDAQ: -1.80%
- Russell 2000: -5.45%<sup>1,2,3</sup>

Now look at how these foreign indices fared in 2011, according to performance data from the *Wall Street Journal's* website:

- DAX (Germany): -14.7%
- CAC 40 (France): -17.0%
- Bovespa (Brazil): -18.1%
- All Ordinaries (Australia): -15.2%
- Shanghai Composite (China): -21.7%
- Hang Seng (Hong Kong): -20.0%
- Nikkei 225: -17.3%<sup>4</sup>

The DJIA was a member of the "fortunate five," one of just five consequential benchmarks around the world that managed a 2011 advance. The others? Indonesia's Jakarta Composite (+3.2%), Malaysia's Kuala Lumpur Composite (+0.8%), the Manila Composite in the Philippines (+4.1%) and Venezuela's Caracas General (+79.1% in a nation where inflation is running at 26%).<sup>4,5</sup>

So the evidence points to a degree of decoupling taking place last year. Stateside, investors may have been distracted and troubled by news about EU debt and a slowdown in manufacturing in the Asia-Pacific region, but there was still some residual confidence, which was bolstered in the fourth quarter by some positive news about consumer spending and retail sales, a declining jobless rate, a bit of life in what had seemed a moribund real estate market, and banks being more open to commercial loans.<sup>6</sup>

**Will our relative good fortune continue?** In 2012, will Wall Street pay more attention to domestic indicators and earnings than the headaches plaguing other economies?

We are all interconnected, of course; financially, the world is a small place. It is very possible that the big market swings characteristic of 2011 will repeat in 2012; currently, few things move the market up or down like news from the EU. However, with many of the EU economies veering toward recession and emerging markets cooling down, a U.S. economy that might realize but a small percentage of growth may start to look very strong indeed to the rest of the world, and that offers hope that our financial markets may perform better next year than some analysts expect.

*Houston Scudder, CFP®, John Nord, CFP®, Eric Christiansen, CFP®, or John James, CFP®, CDFATM may be reached at 509-328-6653 or more information can be found at [www.quantumplanning.com](http://www.quantumplanning.com).*

This material was prepared by MarketingLibrary.Net Inc., and does not necessarily represent the views of the presenting party, nor their affiliates. Marketing Library.Net Inc. is not affiliated with any broker or brokerage firm that may be providing this information to you. All information is believed to be from reliable sources; however we make no representation as to its completeness or accuracy. Please note - investing involves risk, and past performance is no guarantee of future results. The publisher is not engaged in rendering legal, accounting or other professional services. If assistance is needed, the reader is advised to engage the services of a competent professional. This information should not be construed as investment, tax or legal advice and may not be relied on for the purpose of avoiding any Federal tax penalty. This is not a solicitation or a recommendation to purchase or sell any investment or insurance product or service, and should not be relied upon as such. All indices are unmanaged and are not illustrative of any particular investment.

Citations.

1 - [blogs.wsj.com/marketbeat/2011/12/30/for-the-sp-500-2011-bascially-never-happened/](http://blogs.wsj.com/marketbeat/2011/12/30/for-the-sp-500-2011-bascially-never-happened/) [12/30/11]

2 - [blogs.wsj.com/marketbeat/2011/12/30/data-points-u-s-markets-71/](http://blogs.wsj.com/marketbeat/2011/12/30/data-points-u-s-markets-71/) [12/30/11]

3 - [www.cnbc.com/id/45824871](http://www.cnbc.com/id/45824871) [12/30/11]

4 - [online.wsj.com/mdc/public/page/2\\_3022-inttstkidx.html](http://online.wsj.com/mdc/public/page/2_3022-inttstkidx.html) [12/30/11]

5 - [www.cnbc.com/id/45807143](http://www.cnbc.com/id/45807143) [12/28/11]

6 - [money.msn.com/market-news/post.aspx?post=7a929e98-4d99-44cb-98c9-a0ef1c3151c4](http://money.msn.com/market-news/post.aspx?post=7a929e98-4d99-44cb-98c9-a0ef1c3151c4) [12/30/11]



Micah Coski has been working fulltime at Quantum since 2003. However, he began gaining experience here as a part-time employee much earlier than that. He completed administrative tasks after school during his senior year of high school and during breaks while he was at college. He enjoyed being able to work alongside his dad, Mark Coski, who was also working here at that time.

Micah is now our Asset Monitoring Administrator and is responsible for keeping all our client accounts up to date in our database. He also prepares asset monitoring reports and year-end B&D tax summary reports.

Micah was born and raised here in Spokane. After graduating from high school, he moved to Cannon Beach, OR to attend Ecola Bible College. It was there that he met Lydia, whom he eventually married after moving back to Spokane. While Micah returned to Quantum, Lydia began massage therapy school and is now a licensed practitioner. They have two children; their oldest is two and a half years old and the other just turned one!

In his free time, Micah enjoys spending time with his extended family members who live in the area, in

## Social Security Tools Can Help Maximize Benefits

There are many elements that factor into the decision of when to claim your Social Security Benefits, and until recently, there have been few resources to help individuals understand their options plainly.

This article introduces a new calculator from AARP that you can use to help make the decision less daunting. The free tool is individualized, and its results are comprehensive. For instance, it provides estimates for both monthly and annual income to be received, as well as the percentage of basic living expenses it will cover at any age, among many other things. To view the full review of this calculator, visit [our Facebook page](#). You do not need to have a Facebook account to view our page.

## Changes In IRA & 401(K)s For 2012

### A recap of contribution limit and phase-out adjustments.

*Presented by Quantum Financial Planning*

*Houston Scrudder, CFP®, John Nord, CFP®, Eric Christiansen, CFP®, and John James, CFP®, CIFA™*

The IRS has announced cost-of-living adjustments to IRAs and employer-sponsored retirement plans for 2012, so here is what you need to know about the newly altered contribution limits and phase-outs for these plans.

**401(k) & IRA yearly contribution limits.** In 2012, these are the annual contribution limits for some popular retirement savings vehicles:

- *401(k)s, 403(b)s, most 457 plans, Thrift Savings Plan (TSP) - \$17,000* with an additional \$5,500 catch-up contribution allowed for those 50 or older. (2012 COLA: \$500.)
- *Traditional & Roth IRAs - \$5,000* with an additional \$1,000 catch-up contribution allowed for those 50 or older. (No 2012 COLA.)
- *Simple IRAs - \$11,500* with an additional \$2,500 catch-up contribution allowed for those 50 or older. (No 2012 COLA.)
- *SEP IRAs - \$50,000* or 25% of an employee's compensation, whichever is lesser. (2012 COLA: \$1,000.)
- *415(b) defined benefit plans* - the limitation on annual benefits under a defined benefit plan is increased to **\$200,000**. (2012 COLA: \$5,000.)<sup>1,2,3,4</sup>

**Traditional IRA phase-outs.** The new MAGI limits affecting deductions for traditional IRA contributions are:

- Singles & heads of household covered by a workplace retirement plan: **\$58,000-68,000**. (2012 COLA: \$2,000.)
- Married filing jointly, with spouse making the IRA contribution covered by a workplace retirement plan: **\$92,000-112,000**. (2012 COLA: \$2,000.)
- Married filing jointly, IRA contributor not covered by a workplace retirement plan but married to someone who is: **\$173,000-183,000**. That MAGI range is for a couple rather than an individual. (2012 COLA: \$4,000.)<sup>1</sup>

**Roth IRA phase-outs.** The MAGI limits affecting deductions for Roth IRA contributions are set as follows for 2012:

- Singles & heads of household covered by a workplace retirement plan: **\$110,000-125,000**. (2012 COLA: \$3,000.)
- Married filing jointly: **\$173,000-183,000**. (2012 COLA: \$4,000.)
- Married filing separately, with the Roth IRA contributor covered by

addition to playing basketball, watching sports, hiking and camping.



a workplace retirement plan: **\$0-10,000**. (No 2012 COLA.)<sup>1</sup>

**Lastly, a couple of notes for employers.** When it comes to defining "key employees" in a top-heavy plan, the determination limit goes up \$5,000 to \$165,000 in 2012. The maximum taxable earnings amount for Social Security increases to \$110,100 from \$106,800 next year.<sup>5</sup>

*Houston Scudder, CFP®, John Nord, CFP®, Eric Christiansen, CFP®, or John James, CFP®, CDFA™ may be reached at 509-328-6653 or more information can be found at [www.quantumplanning.com](http://www.quantumplanning.com).*

This material was prepared by MarketingLibrary.Net Inc., and does not necessarily represent the views of the presenting party, nor their affiliates. All information is believed to be from reliable sources; however we make no representation as to its completeness or accuracy. Please note - investing involves risk, and past performance is no guarantee of future results. The publisher is not engaged in rendering legal, accounting or other professional services. If assistance is needed, the reader is advised to engage the services of a competent professional. This information should not be construed as investment, tax or legal advice and may not be relied on for the purpose of avoiding any Federal tax penalty. This is not a solicitation or a recommendation to purchase or sell any investment or insurance product or service, and should not be relied upon as such. All indices are unmanaged and are not illustrative of any particular investment.

Citations.

1 [www.irs.gov/newsroom/article/0,,id=248482,00.html](http://www.irs.gov/newsroom/article/0,,id=248482,00.html) [10/20/11]

2 [money.usnews.com/money/blogs/planning-to-ire/2011/10/21/401k-and-ira-changes-coming-in-2012](http://money.usnews.com/money/blogs/planning-to-ire/2011/10/21/401k-and-ira-changes-coming-in-2012) [10/21/11]

3 [www.irs.gov/retirement/participant/article/0,,id=211345,00.html](http://www.irs.gov/retirement/participant/article/0,,id=211345,00.html) [10/20/11]

4 [www.irs.gov/retirement/article/0,,id=111419,00.html#12](http://www.irs.gov/retirement/article/0,,id=111419,00.html#12) [10/21/11]

5 [www.lexology.com/library/detail.aspx?g=c951c9-7f27-4a92-93e3-4c0193f51347](http://www.lexology.com/library/detail.aspx?g=c951c9-7f27-4a92-93e3-4c0193f51347) [10/20/11]

A special thanks goes out to all our clients who sent Christmas cards to our office - we cherish every one! Have a blessed 2012!

**Sincerely,**

Eric Christiansen, CFP®  
Quantum Financial Planning

Quantum Financial Planning is a full-service comprehensive financial planning firm. Fee-based advisory services are offered through Quantum Financial Planning Services Inc., a registered investment advisor.  
Securities offered through Securities Service Network, Inc., Member FINRA/SIPC.