This Publication Brought To You Courtesy Of:

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CLIENT BULLETIN

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➢ *Account View Update*

The system that many of you use to access account information online has undergone a significant upgrade. On September 9th, you will receive an e-mail directly from LPL Financial that will walk you through a one-time verification process to log in to the new Account View system. You will need to enter your social security number and one of your LPL account numbers. New features include compatibility with Mac products and the ability to see account information from your mobile phone or tablet. Just go to the app store, type in LPL and the app should show up. Please contact us if you have any problems or questions about logging into the new system.

➢ *New Fed Head*

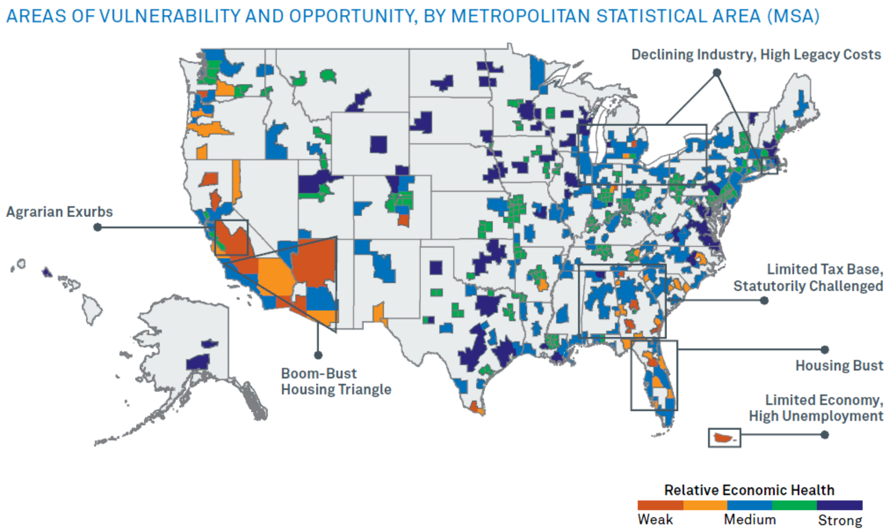
The chairmanship of the Federal Reserve banking system (the Fed) is supposed to be an apolitical, independent position, but you couldn't tell that by watching the decidedly political battle going on between Washington fixtures Janet Yellen and Larry Summers to take over for Ben Bernanke. By focusing on the personalities involved we are missing a chance at a much more important national dialogue about what Federal Reserve **policies** should be. This misguided focus most likely came about thanks to events in the late '70's/early '80's when President Nixon appointee Arthur Burns, allegedly under heavy political pressure, ran an inflationary policy that resulted in disastrous stagflation.

➢ *Paul to the Rescue*

Paul Volker was appointed Fed chairman in 1979 to fix the mistakes of his predecessor. The 6'6", cigar-chomping Volker was the right man for the job as he implemented policies to break the back of inflation and get the country on the right track. The result was that the Federal Reserve board chairman position was elevated to a level that it was never meant to have – as central to the economic decision-making process. The chairmanship of the Federal Reserve Board should not be a topic of dinner-table conversation in America nor should the Fed be relied upon to save or prop up our economy. It's not in their job description.

➢ *Detroit Dominos?*

Was Detroit's bankruptcy filing a canary in a coal mine when it comes to municipal finances? Most likely not. Detroit has some very unique political, demographic and financial issues that brought them to the point of bankruptcy. That's not to say that other municipal finances are healthy – long term they have huge pension and healthcare challenges. But at least temporarily, city and states finances are improving due to increased tax revenues. The key from an investment standpoint is knowing where the potential weak spots and opportunities lie. The chart below shows areas of relative strength and weakness across the U.S. All of this argues for professional management when it comes to purchasing municipal bonds. Detroit's financial woes were well-known in the investment community and top-grade municipal bond funds had minimal to no exposure to bonds issued by Detroit.



➢ *Interesting Times*

The fall of 2013 will likely prove to be a pivotal time for fiscal and monetary policy in the United States. Three large issues loom on the horizon. The implementation of President Obama's signature legislation, the Affordable Care Act, is set to proceed with significant questions unanswered. Congress will have its hands full trying to negotiate another increase in the debt ceiling, continue to fund the government for the fiscal year 2014 and deal with another round of sequestration cuts on October 1. Finally, the Federal Reserve should begin scaling back its unprecedented program of Quantitative Easing (bond buying).

➢ *Deficit News*

The most underreported story out of Washington is that the federal budget deficit is shrinking faster than either political party expected. In the first 10 months of fiscal year 2013, the federal government spent $2.9 trillion and took in $2.3 trillion for a deficit of $607 billion. That sounds terrible to you and me, but in Washington it is a reason to celebrate – it is the smallest deficit in 5 years. An improved economy, stronger labor markets, sequestration spending cuts and recent changes to tax rates along with some one-time items all played a role. Washington can't use this temporary, short-term trend as an excuse to skip making the difficult long-term reforms needed. We are still headed for the fiscal equivalent of a Thelma & Louise ending without fundamental spending & tax reform.

**The information contained in this newsletter is of a general nature and is not intended to be a substitute for specific individualized tax advice. It should not be acted upon in your specific situation without further details and/or professional assistance. Investing involves risk including the potential loss of principal. No strategy or product can assure success or protect against loss. Past performance is no guarantee of future results.*