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Carson's Corner

Fall 2009

"All that money can't buy and death can't take away."

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True Wealth

Family Index Stress TestSM

By Ron Carson

At Carson Wealth Management Group, we spent 2008 and 2009 protecting your wealth. Countless others lost trillions in the market meltdown. We developed something called the Family Index Stress TestSM.

At Carson Wealth, we believe buy, hold, and hope is not an investment strategy.

The Family Index Stress TestSM is an exclusive tool that analyzes an existing portfolio in seven potential economic scenarios.

We can then identify where the portfolio may be vulnerable and make adjustments that make sense.

We believe the Family Index Stress TestSM will give your friends and neighbors a better handle on their money. Call your wealth advisor and let them know who would be a good fit. We would be happy to give them a complimentary Family Index Stress TestSM.

What will the future bring?

✓ **HIGH INFLATION**
✓ **STRONG EXPANSION**
✓ **WEAK DOLLAR**
✓ **UNPRECEDENTED DEFLATION**
✓ **TOUGH RECESSION**
✓ **STRONG DOLLAR**
✓ **CATASTROPHIC GLOBAL EVENT**



LEARNING FROM THE PAST

By Matt Vrzal

Do you remember as a child having a water balloon fight in your backyard? You would sprint to the faucet and fill the balloon, tie it off, and let it rip. Do you also remember what happened when you got a little over zealous and filled the balloon too full? All of your efforts were gone in a single pop. Sound familiar?

It is a juvenile comparison, but it is a valid one. Free and easy lending, complex derivative investment vehicles, and businesses operating on an inconceivable amount of leverage, are just a few of the reasons our balloons were too full and popped.

We have gone through an unprecedented chain of events starting September 15, 2008 when Lehman, after many attempts by the government to stabilize the financial giant, declared bankruptcy and sent shockwaves through the global economy. The S&P 500 on September 15, 2008 was a robust 1192.70 and seven short months later we were at an all time low. Before you could blink an eye, we have hundreds of billions in bailouts, hundreds of bank closings, government involvement in the banking system and the auto industry, skyrocketing unemployment, trillions of dollars in debt, a recession of monumental proportions, retirement accounts with half their value, and actual retirement dates pushed back years to recover what was lost. Kind of makes you wish you turned the faucet off sooner.

The big question is have we learned from our mistakes...that all depends on who you ask. Banks trying to bolster their books are making it much more difficult to get a loan. The auto industry has been forced to rethink the way they do business. And the federal government still has a hand in everything.

That's why you need your wealth advisor now more than ever. When the markets are running well everyone's a genius. You find the true value of your advisor when things are running poorly. Ask your current advisor how they manage downside risk or if they have a sell discipline. At Carson Wealth Management Group, we



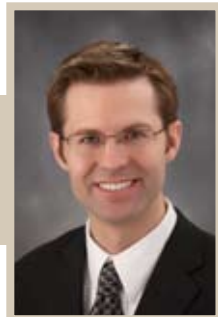
follow our investment process and execute our sell discipline as our analysis dictates. That allows us to make sure our clients not only participate in the positive moves in the market, but also provide protection from downside risk. Who do you know that could benefit from a portfolio stress test? Have them call us today.

Carson's Notes



The Omaha Food Bank awarded Carson Wealth Management Group a certificate of appreciation for its volunteer efforts. Our team has logged 200 volunteer hours on the Fresh Truck and delivered 42,739 pieces of fresh fruit.

It's the largest peacetime airlift in the world and Ron Carson is a part of it. Ron will donate his time and his plane to help transport Special Olympic athletes to the Summer 2010 National Games in Lincoln, Nebraska.



And our own Phil McBride is giving back to the community one teenager at a time. Phil donates his time as a mentor through TeamMates—the program started by Tom and Nancy Osborne.

CASH FOR CLUNKERS! By Steve Wilbur

The government allocated 4 billion dollars for this part of their stimulus package. They started with 1 billion and the consumer used it within 4 days. Congress authorized another 2 billion and the consumer seized the opportunity. They left a billion on the table for other uses or for a future program.

Cash for Clunkers was a pretty successful program or was it? It helped the dealers get people in the door. It helped struggling manufacturers in the short run. It helped the consumer start spending again. It did get a lot of people into new cars who either might



not have been able to afford them or were putting off buying to a later date.

I believe in the short run "cash for clunkers" worked, but the government can only stimulate for so long before it has to stop. This administration has done something very similar to the last. Let's toss money at the consumer and see what they do with it. Time will tell whether they have done the right thing, but more importantly, will our future leaders learn from past leaders mistakes.

State of the Union

By Jon Foster

As we head towards the season of Thanksgiving, we all have much to be thankful for. The past two years have been tumultuous financial times, and we are so grateful that you have honored the Carson Wealth Management Group with your trust and loyalty. We are equally thankful to our entire staff, through whose vigilance, we have been able to protect those hard-earned assets you have entrusted to us. We are also proud to announce that our work and fanatical commitment to client service has been recognized by our industry as well. Once again, Barron's has named Ron Carson and Carson Wealth to its list of the **Top 100 Independent Advisors**, ranking us **#4 in the nation** for 2009. In addition, **Registered Rep** magazine, named Ron and the team **#1 in the nation** for 2009.



Thanks to kind words from you, our clients, 2009 has been a year of unprecedented growth for Carson Wealth Management. Our professional staff has grown as well, ensuring that all clients will receive the same level of exceptional personal service they have come to expect from our firm.

Webster's defines "Hubris" as "exaggerated pride or self-confidence." In our industry, hubris is the Achilles heel of money managers. We remain mindful that we are not smarter than "The Market". Our job is simply to interpret our clients' tolerance for risk and the market's presentation of risk vs. opportunity for reward. Our investment policy is our best interpretation of the optimal balance of these factors, delivered to you on a personalized basis.

Finally, I would like to end with a quote from that noted investment genius, Will Rogers, who stated: **"I am more concerned about the return of my capital than the return on my capital."** We agree.

Personal Notes



Ron Carson

The Carson family had a great summer. Grant has passed me up with a size 15 1/2 shoe. He is by far the tallest in the 8th grade. Chelsie is having a great year leading her nationally ranked volleyball team at Kearney. Maddie is excited being a senior. Boy they grow up so fast! And we can't forget the newest addition to our family. We are having a ball with Bailey.



Jonathan Foster

The fall is a bittersweet time for the Foster family. With two college-age sons, Michael and Charlie, it feels like Laurie and I have just gotten used to having our two "know-it-alls" back at home, and suddenly they are off again! I hope they appreciate these college years, because the real world awaits! Elizabeth, our youngest, started high school this year, and we wonder how everything is going by so fast. My best wishes to you all and your families.



Jason Comes

It's always fun letting you know all the things my family has been doing. First of all, I want to "Thank you" for taking an interest in my family when we have our annual meetings. There is never a dull moment at our house with a two-year old boy (Nico). He loves to climb on the kitchen table and eat everyone else's food. He also loves to badger and hit his older sister (Gianna) who is four now.

GiGi just started pre-school in September and absolutely loves it (Thank God). She also loves to be just like her older sisters Adrianna and Serena who are very busy with school, dance, and soccer. Melissa is still at West and oversees the entire corporation (the Comes family activity schedule). As a family, we traveled to Lake Poinsett (North of Sioux Falls) to attend the Comes reunion. It was wonderful to see all my aunts, uncles, and cousins, some I haven't seen in a long time. I hope this finds your family healthy and happy and look forward to seeing you in the next year.

Bubble Yum

By Phil McBride

We have all grown up liking bubbles. Whether it was blowing bubbles with your Bubblicious gum or having bubbles in the bath, we just can't get enough of them. The same is true in the financial world. Investors like to follow the herd into these financial bubbles because it seems like everyone is making money at it and doing so quickly. The problem with any easy money bubble is that they will eventually burst and with no advance warning (tech bubble crash in 2000 and real estate bubble crash in 2007).

So how do you prevent becoming infatuated with bubbles? You need to have a disciplined plan that you have created with your wealth advisor that clearly marks your goals and strategies. For example, by having your family index number (which is the rate of return needed to achieve your financial goals) you are less likely to be part of the "greed" bubble because you know if you stick to the plan, there is a much better chance of attaining your goals. If you tie your goals and dreams to a bubble, chances are you will be around to watch it burst!



Personal Notes



Kendall Hahn

It has been a busy summer at the Hahn household. As some of you may know I have four year old identical twin boys, Tyler and Seth. The advantage of having twin boys is there is no need for an exercise program anymore! They have certainly kept me very busy with swimming, playing in the park, wrestling around, and many other activities. The most recent adventure has been the beginning of pre-school and all seems to be going well. I look forward to many more adventures in the future with my boys and I hope you experience your own adventures with your families as well.



Mark Lookabill

The last several months have provided great challenges, both positive and negative. As many of you know I lost my mom to cancer in May. She battled bravely for 3.5 years, and I take a lot of comfort in the courage and attitude that she displayed to myself and the rest of my family during that time period. We will miss her tremendously. On a more positive challenge, I found out the first part of September that I passed my CFP® exam. I could not have done it without my wife Jill, who made sure everything else was taken care of while I was very narrowly focused on my CFP®. The kids are doing well. Lauren's back in school and getting reacquainted after summer vacation -- reacquainted with her old friends at school, as well as some new ones. She really enjoys her teacher. Jack just turned a little over one and spends his days hanging out with mom and exploring everything new. We did take a little family break in August and went to piggy back off a securities conference I was at and spent a few extra days there on family vacation. We celebrated Lauren's third birthday by going to Sea World. Her new best friend is Shamu. Jack just loves birthdays because there's chocolate cake involved. I hope everyone enjoys what's left of 2009.

Carson's Notes



Ron Carson is back in the news. Barron's Magazine and Registered Rep Magazine, in their August issues, named him one of the top independent advisors in America. Ron came in first place with Registered Rep, 4th place with Barron's. Ron says, "I couldn't have done it without the great team I have in place".

Carson Wealth Management Group sponsored the 29th annual Corporate Cup and it was a big success. Ron kicked off the event with a thank you to the more than 10-thousand runners and walkers who took the challenge.



MONEY LESSONS

by Danny Noonan

Teaching your children and grandchildren how to be accountable with money will give them lifelong rewards. It is important to start educating them when they are young. I have listed a few of the most important money lessons. Young people who master these lessons are on the right track towards a bright financial future.

1. Learn about the power of compound interest, which can help multiply the money you save the longer you save it.
2. The easiest way to do that is to make a monthly budget and make sure you follow it. The satisfaction you will get knowing you haven't splurged on anything you can't afford will help keep you on track in the future.
3. Before making a big purchase, do your homework. Buying the cheapest item is not always the most economical choice; you want to make purchases that will last a long time. Replacing a cheap object several times can be more expensive than purchasing a pricier, but better constructed, piece once.

The very best lessons kids can learn are the ones they learn by seeing what their parents do. It's always important to set the best example for your kids.



How Does the Housing Market Look for 2009 and Beyond?

By Tad Singer

The housing market has come back from its ridiculous lows in late 2008, but this just may be the lull before another storm. Starts of new housing units peaked at an annual rate of just over 2.1 million in the first quarter of 2006, buoyed by low mortgage interest rates, expectations of continued rapid increases in home prices, and lax lending standards. By the second quarter of 2008, lower home price increases and tighter lending conditions had combined with a glut of vacant units to cut housing starts by more than half, to an annual rate of barely 1 million. Housing starts fell again in the third quarter of 2008, to an annual rate of less than 900,000. The housing starts for July 2009 had reached a low of 560,000. This is a far cry from where we were just a couple years ago.



So where do we go from here? We are cautious about the future of the real estate market. Interest rates for mortgages will probably go higher in the near term and increased restriction on lending, have made it all but impossible to get a mortgage even if you wanted one. Another concern ahead for 2010 is the enormous amount of commercial loans that are coming due. This will put pressure on banks to refinance properties at depressed prices and most likely ask borrowers to put down additional dollars for properties they already own. So if you are looking at real estate as an investment, or simply to buy a new home, be cautious about what lies ahead.

**Statistic from U.S Dept. of Housing and Urban Development*

Debt: Good vs. Bad

By Dennis McMillan

With all of the news and comments about how our government has taken on unprecedented levels of debt, I thought it might be helpful to focus on how individuals can also fall into debt. Some debt may be unavoidable and in some cases is justified. Unforeseen and uninsured medical bills may create debt. Other reasons people fall into debt are college expenses, starting a business, and purchasing a home. These reasons may be justified since they create opportunities to increase income or wealth in the future. There are also many bad reasons to fall in debt. Here is a list of the bad reasons:



1. Leasing a car: at the end of the lease you pay for all the depreciation plus interest with nothing to show for your investment.
2. Financing a car: think about it. Would you borrow thousands of dollars to invest in something that you know will go down in value by 25% the minute you own it? You end up paying 150%-200% for a car that is worth half (maybe) of the original price when you sell it. We all need basic transportation, but do we need that top end \$50,000 ride?
3. Purse and shoe obsessions (or any other obsessions): those short term highs need to be controlled.
4. Using credit cards: unless the balance is paid each month, using a credit card to pay for things we can't afford is one of the worst decisions we can make. Paying the minimum payment on a credit card increases the cost of the item by 400%-500%. It's hard to get ahead if you pay four to five times what everyone else pays.
5. Giving family and friends a loan or co-signing for a loan: it's a quick way to destroy a relationship. Not only do you lose a friend, you increase your debt.
6. Financing latest gadgets: most electronic gadgets are out of date long before you have them paid for if you borrow to buy.
7. Upgrading: retailers know it's easier to sell someone on upgrading than it is to sell a new item, especially if it can be added to an existing credit line.
8. Expensive hobbies: these can become real money traps.
9. Spiraling debt: a combination of 6 and 7. That new flat screen TV needs a surround sound system and while you're at it, a Blu-ray player.
10. Playing the lottery or gambling: the odds are never in your favor.

A good rule to follow: only borrow money for things that will appreciate in value by more than the principal and interest you pay.

Personal Notes

Phil McBride



This is my favorite time of the year with the Husker and NFL football season in full swing. In fact, this is the time my wife and I usually travel the most, often trying to watch my NFL clients play in a variety of cities. My wife has started another year teaching fourth graders in Papillion-La Vista. When we're not working, my wife and I are checking out the local scenery and of course wearing Nebraska red. Go Huskers!

Dennis McMillan



Fall has arrived and what a great time to live in Nebraska. We are looking forward to a new season for our high school, college (go Huskers) and professional sports teams. It's also time for me to get out my hunting gear and start practicing with my bow as deer season quickly approaches. The big event this fall is a two week safari to South Africa in October. My college roommate is going with me and he wants to dart an elephant and a rhino. The dart puts them to sleep so that he can have his picture taken with them, then the attending veterinarian tags them and gives them a wake up shot. I will be standing way back taking pictures. I'll report back in our next issue. Deb and her mother are going to visit her sister who moved to Puerto Vallarta, Mexico while I am in Africa.

Cristine Minneman



This autumn has shaped up to be a very busy season for our household. In 5th grade, our daughter Gabby has taken on some new activities including volleyball, saxophone in the band, safety patrol, and continues to excel at horseback riding on the weekends. Grant, our 3rd grader, is having the time of his life playing tackle football with fun on both sides of the ball. In October, we look forward to taking Grant to his first NFL game to see the Rams play the Vikings in St. Louis. Preschool is a new adventure for Gracie with favorites like cooking class, play dough, and art. I somehow find time to teach a 4 year-old Sunday school class and, my husband, Trent keeps up with all the sports practices.

Fixed Income and Risk and Opportunities

by Mark Lookabill

If we continue to see volatility within the stock markets, that volatility is shared within the bond market. With volatility, along comes risk and potential reward. When looking at the bond market, I always like to use a pencil as a visual aid. If you hold your pencil horizontally between your thumb and index finger, and then start wiggling it, you'll notice the middle doesn't move a lot, but the tip and the end can move quite a bit. That's a good visual to illustrate how bond prices and yields move inversely. If prices are the tip of the pencil, and the yield is the eraser, you can see that as the price goes up, the yield goes down, and then vice versa. One concern we at

point in the future, interest rates are going to rise or will start rising, and that can have a profound negative effect on the underlying prices of bonds. To that, we are staying generally short in duration and willing to accept a little lower yield to not be impacted by a potential rise in interest rates. Also, because we do not believe we're completely out of the woods, in terms of liquidity and credit issues, we are generally staying higher in the quality of our bond holdings. To that, though, there are opportunities, particularly within fixed income,



Carson Wealth are focused on right now is the potential for increases in interest rates leading to downward pressure on bond prices and particularly those bonds with longer duration. Duration is simply then the amount – it is the most commonly used measure of bond risk and it quantifies the effect of changes in interest rates on the price of a bond or a bond portfolio. The longer the duration, the more volatile the bond price. That is something we are concerned about, as we are in a very low interest rate environment. At some

particularly within municipal bonds, where that market was decimated in 2008. It is our belief we continue to see good opportunities, not only in terms of absolute yield on a tax-free basis, but also long-term potential price appreciation. We are also looking at what I would call quasi-bond type investments, namely preferred stocks and convertible bonds that are not pure bonds, and have an equity component to them, largely because of how they were sold off in 2008 and beginning part of 2009. These assets continue to provide income opportunities and the potential for price appreciation.

Personal Notes

Danny Noonan



I hope everyone is having a great year so far. Sydney is playing varsity volleyball and Sam is playing eighth grade football. Alec, Maverick, and Branson have started pre-school three times per week. They really enjoy going to school. Julie has been very busy with her medical sales job and I have been working hard to graduate with my MBA in November. Take care.

Michele Schreck



This year has gone way too fast as I am sure many of you will agree. One of the highlights of 2009 was going on a Caribbean cruise in February. Some of you may have taken this same cruise at some time and may remember anchoring up just off Coco Caye. My husband got up early that morning to have coffee on deck while this was going on. He came back to wake me up when the ship was settled and said, "Honey, get up and look out the window! I think we're at Gilligan's Island!!" What a hoot...but it did sort of look like it. We also celebrated the wedding of a niece in April in Omaha and the college graduation of a nephew in Texas in August. Both of my sisters and their families visited Omaha this year as well and my mother and I attended the college graduation in Texas.

Tad Singer



Happy Fall to everyone! Another exciting year at Carson Wealth Management Group and another exciting year in the stock market, I wish they didn't go hand in hand. I spent the summer busy working. Melissa and I had an opportunity to spend this fall in New York with some friends to celebrate her 40th birthday. I hope to see you all at the Holiday Brunch.

TAX-DEFERRED or TAX FREE

(Which one would you want?)

By Jason Comes

Sounds like a trick question, doesn't it? Most of you have never had this opportunity before, because the Roth IRA began in the late '90's. But, starting next year you will hear a whole lot more about one of the best ways to pass your nest egg down to many generations long after you are gone.



You see a person can convert their IRA assets to a Roth IRA asset and pay the taxes in the year in which he or she completed the conversion. You also had to have a maximum amount of income to qualify. But in 2006, Congress passed a bill to take place next year which will allow IRA owners to convert those dollars to their Roth IRA and there are no limitations on how much you make. And here is the kicker; you do NOT have to pay the taxes in the year the conversion was done. Uncle Sam is actually letting you pay half of your taxes in 2011 and the other half in 2012. The one catch is that you want to pay the taxes using cash and not IRA monies.

For retired folks, there are two huge benefits here. Your current IRA demands you start your Required Minimum Distribution (RMD) at age 70 1/2. Therefore many of you who start your RMD find out that it bumps your income to where some or all of your Social Security is taxed now. If you move some of your IRA assets over to a Roth, then you do NOT have to take RMD's from the Roth IRA account, thus reducing your income and possibly not paying more taxes on your Social Security. Secondly, since you do not have to make distributions from the Roth, this allows the account to continue to grow tax-free for not only your lifetime, but your children's lifetime as well. But best of all, if you or they need to make a withdrawal from the Roth IRA account, it is TAX FREE!

Since this is not a one size fits all, we will be visiting with you in the next year to see how this fits into your overall wealth plan. But if you are not working with our tax department, be sure to bring this up with your tax advisor when you are doing your 2009 taxes. Together we will make sure you do not miss out on this once in a lifetime opportunity. Also, mention this to your children. It makes more sense to do this the younger you are.

Personal Notes

Matt Vrzal



The summer really flew by, but this is my favorite time of year. There is a different aura to the fall. I have been spending a lot of time at work and recently started the CFP program. Recently I moved to Omaha from Lincoln. I am really enjoying the city and all it has to offer. My free time has been spent at Husker games coordinating events for the Letter Winners NCLUB and playing a little bit of golf.

Steve Wilbur



Things are good at the Wilbur house! Maya our 1 year old daughter is walking and beginning to talk. Our son Ely is 3 1/2 and is all boy! Stava is still at Boys Town and loves her job. Our French Mastiff Murphy is 5 and still hasn't calmed down! Cloey our Maine Coon and Beau our Persian are still in our life. I am on my last year of being on the city council in Carter Lake so I will have a lot more time soon for my family. I have started studying for my CFP (Certified Financial Planner). Our children are growing up so fast! Both Ely and Maya love the lake so there is no question whose children they are!

