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Quarterly Update
January 2009

CYCLE OF MARKET EMOTIONS

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CFP®

We understand that these are stressful times, with the economy in a recession and markets down dramatically. Workers are worried about job security, and those in retirement or close to retirement are fearful about their financial security. People do not know what the future holds for them. Many families have cut back on their spending and no one likes the fact that their home values have dropped. There haven't been many positives in the economy in the last six months; however, I feel this will improve in 2009. Historically, the market has followed a cycle. I strongly believe the cycle will change and begin to work its way upward.

The government has already taken significant action by keeping credit flowing, providing business bailouts and lowering prime lending rates. In addition, mortgage rates have moved to historic lows, retirees do not have to take out their required minimum distributions for 2009, and we are enjoying reduced prices in the stores and at the gas pumps. President Elect Obama takes office in a few weeks, and is already making tough decisions and showing great leadership. He has surrounded himself with many qualified people, and has been talking about rebate checks, lowering tax rates, creating millions of jobs in 2009, and a huge stimulus package. Stimulus packages have worked well in the past and we should see their effect during 2009, along with an improvement in the markets.

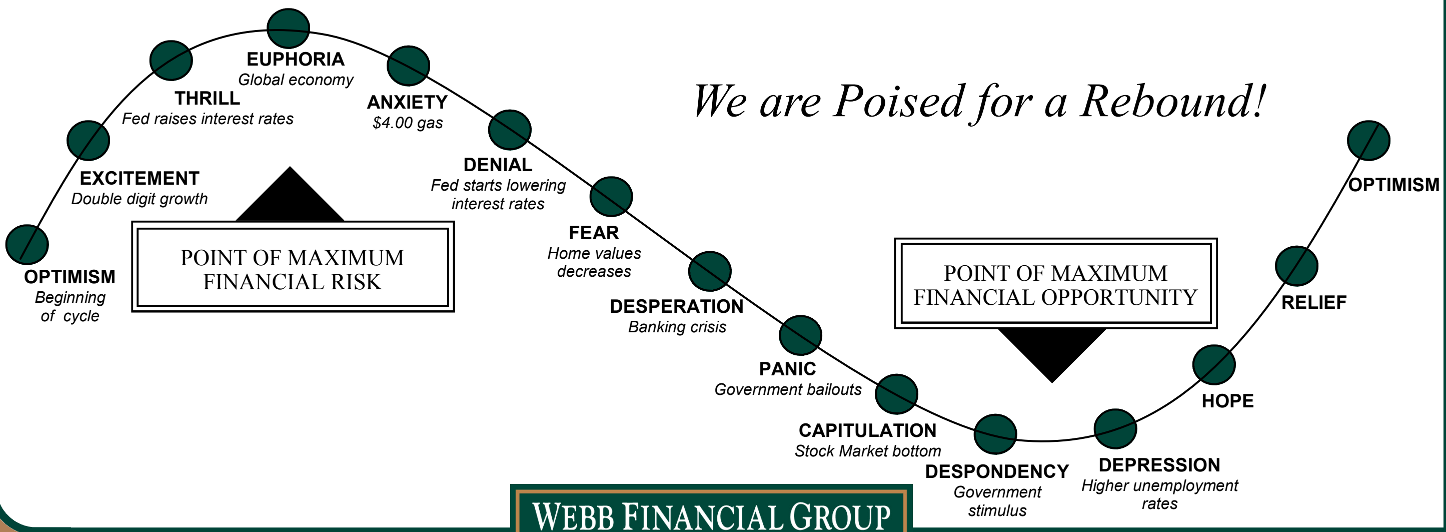
We have seen the fear, panic and capitulation phases of the cycle in previous markets. The events surrounding them are always different. The fear and panic are temporary, however it is tough to watch account values decline. Many experts believe that we have seen the bottom of the markets and I agree with them. This is the point of maximum financial opportunity and we are poised for a rebound. 2009 will be a year of change. Although many people don't believe it, I feel we will see hope, relief and optimism this year. This will bring stability to the markets and to our lives.

Ned Davis Research has found that six months after the market's low within each of the past 10 recessions, the S & P 500 has, on average, rebounded 24%. In one year, the return was 32%. We mention this fact in our last newsletter. Great values are being seen in investment-grade corporate bonds and municipal bonds and we have already seen some recovery in the bond markets in December. The housing markets will begin to improve and if you own a desirable home in a good location, I believe the value of your home will increase over the next five years. Not at the 10% per year we have seen in recent years, however it will increase.

What should we do from here? Keep enough money in cash, money markets and CD's for your short-term needs, as well as a cash reserve. If you're retired, drawing income from your investments, or can't sleep at night because you're worried, you should keep a slightly higher percentage in these fixed investments. Do not keep **too** much money in these investments because these interest rates keep moving lower. Recently, short-term treasuries issued by the government did not pay any return. It's unbelievable someone would make an investment that would give you no rate of return. People continue to buy in the treasury markets at high prices. At some point these trillions of dollars in US Treasuries will start being sold off and the money will flow back into diversified portfolios.

Don't make the mistake and overreact because of all the negative news. If you're a long-term investor it's a great time to invest. The world is on sale and US stocks are trading at comparable prices to 1984. Consistency is the key to long-term performance. People who stay invested during these trying times will be rewarded.

No one will ever forget 2008, the year of the housing crisis, government bailouts and the market down-turn. It has been a life-changing event for everyone. May this coming year bring you good health, happiness and success.



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- **Or write a check payable to JDRF and mail to Webb Financial Group.**

All of us at
Webb Financial Group
wish you a healthy and
prosperous New Year.

Best wishes in 2009!

In compliance with the SEC rules and regulations, we would like to offer you the most recent copy of our ADV II brochure. Please call if you would like a copy.

Webb Financial Group provides comprehensive wealth management solutions to individuals and businesses. For over twenty-seven years, we have helped our clients achieve financial security.

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While growing older just happens, building and preserving funds for retirement takes careful planning, disciplined saving and wise investing.


Gary Webb
RFC®

- **Save tax-deferred first**

Contributing to an employer-sponsored retirement plan, such as a 401k, 403b, 457, or Simple IRA is usually the best first step in retirement planning.
If your employer doesn't offer a retirement plan, consider contributing to a traditional IRA. If you're a business owner or self-employed, you may be eligible for a plan that would allow you to make much larger deductible contributions.

- **Consider tax-free opportunities**

Roth IRA's offer tax-free distributions and no required minimum distributions. Roth IRA's contributions may be limited based on your Adjusted Gross Income (AGI).
If you participate in a 401k or 403b plan and the plan allows it, you may designate some or all of your contributions as Roth contributions. There are no AGI limits on these contributions.

- **Take care when changing jobs**

Retirement distributions made before age 59 ½ are subject to a 10% penalty in addition to regular income tax. Request a direct rollover of your retirement plan assets to either your IRA or your new employer's plan.

Contribution Limits for 2008
Traditional and Roth IRA $5,000 or $6,000 for age 50 and older
401k, 403b and 457 $15,500 or $20,500 for age 50 and older
Simple IRA $10,500 or $13,000 for age 50 and older

You can make 2008 IRA and Roth IRA contributions as late as April 15, 2009

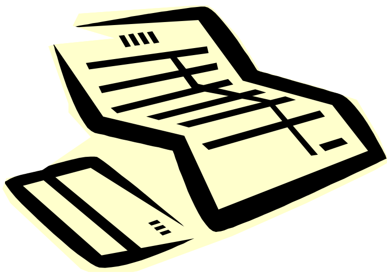
Contribution Limits for 2009
Traditional and Roth IRA $5,000 or $6,000 for age 50 and older
401k, 403b, and 457 $16,500 or $22,000 for age 50 and older
Simple IRA $11,500 or $14,000 for age 50 and older

Schwab Compact Statements

Coming in 2009 for all Schwab accounts

The Schwab Compact Statement delivers account information in an efficient, easy-to-read format.

The streamline design gives you quick and easy access to all of your important account data in just a few pages.



- View changes in your account value quickly and easily
- Assess your income for the month and the year to date
- Review all monthly account activity
- An 11 to 12 page statement condensed down to only 5 pages

If you would like to eliminate paper statements all together contact your advisor to discuss e-delivery options.

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