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## PROMISES, EXPECTATIONS AND REALITIES

By Loren Kayfetz, President, CERTIFIED FINANCIAL PLANNER®

Recently, my wife Pat and I were talking about the obesity crisis that is enveloping the developed world and all of the associated ills as a result of it. She remarked that this was likely the result of the fact that we are the only species that can choose to continue to eat and eat. I thought about this for a while and decided that we are also the only species that can live both in the past, present and future all at once. While this is a wonderful and special trait, it often causes us to misinterpret what is going on around us.



Politicians, employers, family members and friends all make promises. Personal Financial Consultants has made them too. Those promises are to do the best job they know how to do and be the most caring and helpful that they can.

We all know about politicians... if anything, they have a worse confidence score than used vacuum cleaner salespeople! Employers, well, they are doing for themselves and you. More complex of course is family and friends. My friend and new associate, Brad Klontz, PhD, knows all about that and will be chiming in with his own thoughts in future newsletters.

What we have promised to do is to help you organize your finances, allocate your portfolios with the most reasonable approach to risk and reward for your situation, and continue to help you meet and succeed in all of your future financial goals and objectives.

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## THE DOLLAR IS FALLING SO IT MUST BE TIME TO PANIC, RIGHT? OR IS IT?

By Nicole Hanson, Senior Managing Advisor/CERTIFIED FINANCIAL PLANNER®

A quick keyword search of the value of the dollar brings up many negative headlines: “The shrinking dollar, how far will it fall?” or “The Weak-Dollar Threat to Prosperity” or “The U.S. Dollar is Done.” There is much discussion about how far the dollar has fallen and speculation about how much further it could fall-many of these seem to presume that the following idea is a given: strong dollar = good, weak dollar = bad. But very few actually further the discussion to what a weakening dollar actually means and why it is “bad.” In actuality, it’s not so simple: there is a range of advantages and disadvantages which come along with a weak dollar, which will then reverse when the dollar strengthens.

Our perception that the dollar losing value is a negative event may be just that: how we Americans and those in other countries perceive the US as stable and desirable destination for investment. We don’t like the idea of our reputation being tarnished and certainly this is a valid point in that investor sentiment certainly can affect the value of any investment. We human beings don’t like the sound of being termed “weak” when being compared to others so it’s easy to think of it in negative terms when the way we measure the value of the dollar is in relation to the currencies in other countries. Yet, this relative value is not actually meaningful in terms of our country’s health and wealth; what really matters is growth in Gross Domestic Product (GDP) which is the total goods and services we produce as a country.

Consider the following examples of the impact of change in the value of the dollar: when the dollar loses strength, US goods become cheaper in the countries importing our products; this in turn leads to an increase in the sale of US goods to other countries (and thus narrows our trade deficit.) Additionally, US consumers are more incentivized to buy domestic goods so sales within our country increase.

Certainly if one travels to a country where the local currency is strong relative to the dollar, it will make for a more expensive trip but this is hardly a broad measure of how most Americans are affected.

Another argument to why the weak dollar is a negative is that when the dollar is weak, the products in countries whose currencies are stronger relative to it become more expensive to us. While this is true in the case of American as consumers of foreign products, the impact is different for those same Americans who have investments in countries and companies outside of the US. Resource-rich economies like Brazil and Argentina will benefit in the higher prices they’ll receive for their agricultural, mining and other heavily exported products, therefore buoying the values of those overseas holdings.

Because oil is priced in US Dollars, when the dollar weakens, the price of oil strengthens. No one likes to pay more at the pump, but again, as investors, we’re benefitted, because investments in oil companies and oil exporting countries are buoyed by higher oil prices.

So, rather than thinking of the dollar in an absolute state, realize it’s all relative, and with a strong dollar or a weak one, there are simply different sets of advantages and disadvantages. Next time you see one of those negative headlines, remember there’s always a flip-side to the doom and gloom portrayed in them.



## GROWING OUR BROOD

By Loren Kayfetz, President, CERTIFIED FINANCIAL PLANNER®

Personal Financial continues to adjust to our clients needs and to changes in our staff's lives. We are excited about the arrival of Ashlyn Elizabeth Hadley on September 27. At last report, Erin, her husband Chris and the baby were all doing fine. We miss Erin as she takes a maternity leave and hope to have her back sooner rather than later.

At the same time, Nicole is rapidly approaching the birth of her first child. That "project" is scheduled for February, and both she and her husband Jeff are preparing for the changes in their lives. Again, Nicole will be out of the office for some period of time, though she seems to stress that, as the Terminator said, "I'll be back!"

Finally, we have two new staff members: Adam Stolarsky joined us October 1 as our Client Service Specialist. His undergraduate and graduate studies included Electrical Engineering and Computer Sciences, and his work

background includes almost a decade in data systems work with UBS Financial Services, Inc. He will become a familiar voice to you as well, as he assumes more day to day duties making sure that your information and reports are seamlessly available.



Brad Klontz, PhD, also joined us on October 1, as an associate planner. He will continue his work as a psychologist while he transitions to the delivery of financial planning services, first on a part time basis. Brad brings a wealth of experience to this field, having been featured on Oprah, 20/20, interviewed for the Wall Street Journal, the New York Times, and being the author of numerous books on money psychology. Brad lives in Kauai, along with his wife, who is also a licensed clinical psychologist. He will spend approximately a week a month in California, and will begin participating in some of our meetings with you.

Along with Will Davis and Pat Pannell, we continue to provide a full house of financial service professionals to meet all of your needs. Please check in with us at Personal Financial at any time by e-mail or phone.



Be Free

Before you panic and wonder how this will all shake out as far as services, let me fill you in on our additions. Starting with us as a Client Service Specialist in April, Stefanie Corrales now has rapidly advanced to become our Business Manager. Her background is in community banking, and she has strong organizational and financial service experience. She had already taken over much of the day to day transactions, paperwork and service duties from Erin, Nicole and me, so there is no disruption in vital work flow for you.

## Promises, Expectations and Realities (continued from pg. 1)

Confidence in us financial types is at a low point, too. You have misgivings about your needs being met. You are concerned that banks, investment firms, hedge funds, governments, and employers are all out to destroy your hard earned nest egg and make it impossible for you to ever reach your goals. And you think that changing or making changes in the face of immediate adversity will somehow make things better.

You have expectations. Some of them are right and some may not be well thought out. For instance, not all actions by politicians and bankers are for the worst. Markets are not rigged. You cannot expect a free market economy to be predictable. All kinds of movements up and down are being driven both by fear and greed, and yet have little to do with the ultimate value of most market assets.

The reality is difficult to deal with. We know. We understand and we sympathize. Almost all tragic investment mistakes are made in a moment of either great excitement or utter despair. We want to help you to defy those momentary urges in order to make it possible to live the lives you and your family want to live.

The ultimate outcome of your financial lives will not be made in today's headlines. It will be made year by year and over a longer period of time. Personal Financial wants to be your rock and your guide. Please keep that in mind and always stay in touch with us. Thank you for your continued journey with us.

## PERSONAL FINANCIAL HAS A BLOG!

We are excited to announce that Personal Financial has a new blog! Get all your client updates, thoughts about what's happening in the market, and general news and events of the happenings at Personal Financial by visiting our blog spot.

To view our blog, go to the PersonalFinancial.com website. In the bottom left corner of the home page you will find a link to our blog. Enjoy updated news and events!

Be Confident

Wednesday, June 30, 2010

**Reflections on Uncertain Times and the Certainty of Logic**

Every day, new sets of issues pop into our consciousness and cause us, in many cases, to lose sight of logical progressions in life. The happiest moments for me come when I hear about the personal joys and family stories that people have in their lives. It is truly what I work for, and I would say the same holds true for the rest of our team, as well. Life does change unexpectedly, though, as "A Brother's prognosis puts life in focus" (<http://www.marketwatch.com/story/a-brothers-prognosis-puts-life-in-focus-2010-06-24>) illustrates. When we cannot maintain a reasonable balance between worry about now and worry about the future, our senses become flooded with dread or fear. Gold is high, but interest rates are low. Does that mean inflation or deflation? Debts are high, but consumers and governments seem to be coming to the conclusion that these issues must be dealt with. Real estate is going to recover or continue to drop for some time?

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**Personal FINANCIAL**

About Us

LOREN KAYFETZ, MSFS, CFP, CLU, ChFC

Since 1985, we have been

WE ARE LOOKING FOR PEOPLE  
JUST LIKE YOU!

THE GREATEST COMPLIMENT TO US  
IS A REFERRAL.

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