



The Life Financial Group, Inc.

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Wealth Management from a Biblical World View since 1978

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Thirty + Years of Recent History and Lessons to be Learned

A few years ago, we celebrated the company's 30th anniversary. While I recognize that the past few years have been difficult for everyone-especially those preparing for retirement this is exactly the environment we at The LIFE Group have invested in since I founded the company in 1978. A wise man once said there's nothing new under the sun. It's interesting that the more things change the more they stay the same.



- **In 1978** the country was in a recession. We were experiencing a period of stagflation and interest rates were 11.75%, eventually topping out at 21%.¹ This was unprecedented!
- **In 1983**, we had our 5th anniversary and the U.S. was in a deep recession. We had negative worldwide GDP growth in 1982, similar to what recently happened in 2008. Oil prices were collapsing, which had a big impact on the western states, and the auto industry downturn was causing layoffs in the Midwest.²
- **In 1988**, on our 10th anniversary, the DJIA was recovering from a 45% decline in the prior year. The DJIA declined nearly 23% on a single day in October 1987. This never happened before – it was a scary time for all.³
- **In 1993**, we had our 15th anniversary. The Resolution Trust Corporation (RTC), similar to U.S. Treasury Department Troubled Asset Relief Program (TARP) was in place to bail out the savings and loan industry. In 1990 and 1991, the DJIA declined 21%. A record number of Savings and Loans were bailed out – 747 in one year!⁴ Unheard of before.
- **In 1998**, we had our 20th anniversary. Russia defaulted on its debt and a number of developing countries were borrowing from the International Monetary Fund to survive the crisis.⁵ The credit markets were locked up and bond prices were declining. Long-term Capital Management, a hedge fund, was taken over by a number of banks and investment banks, under the direction of the New York Federal Reserve Bank.

¹ <http://research.stlouisfed.org/fred2/data/PRIME.txt> and <http://www.answers.com/topic/1978>

² http://www.nationmaster.com/graph/eco_gdp-economy-gdp&date=1983 & http://findarticles.com/p/articles/mi_m4456/is_2001_June/ai_78133208/

³ http://en.wikipedia.org/wiki/Black_Monday_%281987%29

⁴ <http://gdc.gale.com/archivesunbound/archives-unbound-the-savings-and-loan-crisis-loss-of-public-trust-and-the-federal-bailout-1989-1993/>

⁵ http://www.nationmaster.com/graph/eco_eco_ove-economy-overview

- **In 2003**, we celebrated our 25th anniversary. The NASDAQ continued its decline after the technology stock bubble burst in 2000.⁶ The DJIA declined 30% in 2001 in response to the 9/11 terrorist attack on the U.S. Everyone was asking, “What was next?”
- **In 2008** and we celebrated our 30th anniversary. We experienced a major credit crisis worldwide and the DJIA has declined over 45% since October 2007.⁷ The U.S. Treasury has initiated a \$700 billion rescue package to assist the banking and insurance industry.
- **In 2010** some have become fearful of the future and are stock piling water, food, guns and bullets. Even for the more level headed emotion is ruling the day and worry and fear occasionally lead to extremes. Some trusted conservative TV commentators say the sky is falling, quick buy gold and take cover. This is pure foolishness! Unfortunately we will never return to the Gold Standard, the politicians will not allow it. They will lose power and ability to manipulate or manage the economy if gold becomes the standard. I do believe gold will likely increase in value for a little while. However you will likely see a significant drop in price when confidence returns and Federal spending is brought under control. The key to buying gold, silver and other commodities is to know when to sell! It is never a buy and hold investment. For those who bought gold and silver back in 1980 it took nearly 30 years to break even from what they paid. Don't let that happen to you.
- **In the years ahead** – We are maintaining a cautious but balanced approach to investing. We cannot worry about what we cannot control or change. We will not get caught up with the paranoia and fear of those profiting from the sale of Gold and the latest and greatest new trend. We know that politicians come and go and economies go in cycles. We also know that the Lord is coming soon and He is still in control.

So, what can we learn from the last 30 years?

- First, an historical perspective is valuable in light of the current investment environment.
- Second, in spite of all the problems over the last 30 years, America has grown and prospered and so have our clients.
- Third, we are in the business of looking for investment opportunities that exist beyond the difficulties and emotions of the day. Our Managed Portfolios contain gold, oil & gas, real estate along with various equities and government and corporate debt (bonds).
- A doctor is always his worst patient because of emotion. Those who try to invest on their own usually get tripped up due to this same emotion. For over 30 years we have helped our clients build their portfolios and prepare for retirement. We have protected them from costly mistakes and helped keep them on track.

Remember, we can all look forward to a bright future, especially if you know the Savior. I am reminded of the verse found in Job 19:25-27. Take a moment and look it up.

Jesus is quoted in Matthew 6:25 saying “Do not worry...who of you by worrying can add a signal hour to his life?” We value and protect the wealth God has provided but keep our trust in God not our money. We trust you will have an enjoyable Christmas and a rewarding New Year.

Sincerely, Roy Russell and staff of The LIFE Financial Group, Inc.

⁶ http://www.gold-eagle.com/editorials_03/wallybently022703.html

⁷ <http://www.answers.com/topic/financial-crisis-of-2007-2008>