



Solutions Centered Wealth Management

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THE MARKETS

Stocks clawed their way back this week from near bear-market territory amid optimism that European leaders are making progress in containing the region's sovereign debt crisis and as better-than-expected U.S. economic data added to evidence that the United States is maintaining its expansion.

Returns through 10/7/2011	1 Week	YTD	1-Year	3-Year	5-Year
Dow Jones Industrials	1.84	- 2.13	4.11	8.67	1.43
NASDAQ Composite	2.65	- 6.54	4.01	12.21	1.51
Russell 2000	1.90	- 15.44	- 2.88	7.00	- 1.03
S & P 500	2.21	- 6.66	1.81	7.46	- 0.96
MSCI EAFE NR USD	2.01	- 13.27	- 10.47	2.39	- 3.20

Source: Morningstar.com. * Past performance is no guarantee of future results. Indexes are unmanaged and cannot be invested into directly. Three and five-year returns are annualized. The S&P, excluding "1 Week" returns, is a reflection of return to an investor, by reinvesting dividends after the deduction of withholding tax.

Two bank failures last week – There were two bank failures last week according to information available on the FDIC website. Sun Security Bank, Ellington, MO with approximately \$355.9 million in total assets and \$290.4 million in total deposits was closed. Great Southern Bank, Springfield, MO has agreed to assume all deposits. The RiverBank, Wyoming, MN with approximately \$417.4 million in total assets and \$379.3 million in total deposits was closed. Central Bank, Stillwater, MN has agreed to assume all deposits. 76 banks have failed so far in 2011. The FDIC website listed 157 bank failures in 2010, 140 in 2009, 26 in 2008, 3 in 2007, zero in 2006 and 2005.

U.S. employers add more jobs than expected – The U.S. Department of Labor reported that employers added more jobs than expected in September and that job gains were revised up for the prior two months. The news eased some concern over the possibility of renewed recession, although the pace of job growth is still too slow to push down the unemployment rate, which held at 9.1%. Payrolls rose by 103,000.

Other U.S. data also positive – Other encouraging U.S. economic news helped bolster investor sentiment this week. U.S. manufacturing unexpectedly accelerated in September, and service sector activity and same-store sales results from retailers topped expectations.

Apple's shares hold steady after Jobs' death; iPhone 4S debut – Apple's shares held steady following the death of Steve Jobs, Apple's chairman and cofounder. Jobs had battled pancreatic cancer and stepped down as chief executive in August. His death came two days after Apple debuted its iPhone 4S. The long awaited device will use two antennas to improve call quality and a processor that is seven times faster than the chip in the previous iPhone.

Friendly's files for Chapter 11 – Hurt by a weak economy and rising commodity costs, the Friendly's restaurant chain filed for Chapter 11 bankruptcy protection.

Sprint to offer iPhone – Sprint Nextel struck a deal to offer Apple's iPhone, joining rivals AT&T and Verizon. Sprint had been struggling to compete with those rivals, who were able to lure potential customers with the offer of the iPhone.

Japan's Tankan shows manufacturers' sentiment still weak – The Bank of Japan's quarterly Tankan index of sentiment at large manufacturers rose to 2 in September from - 9 in June. The reading shows that sentiment is worse than it was before the March earthquake, a signal that concern over a weakening global demand will restrain the nation's recovery.

Moody's downgrades U.K. and Portuguese banks – Moody's Investors Service cut the senior debt and deposit ratings of 12 British lenders, noting that the government would be less likely to provide support for the banks in the event of failure. The Bank of England, the Financial Services Authority, and the Treasury have said that in the future banks that fail should not expect a taxpayer-funded bailout. Lloyds TSB Bank, Santander UK, and Co-operative Bank had their ratings lowered one step while Royal Bank of Scotland and Nationwide Building Society were cut two levels. Moody's also lowered its standalone ratings for six Portuguese banks, citing lower asset quality, increased risk from Portuguese sovereign debt holdings, and funding strains.

ECB resumes bond purchases – The European Central Bank resumed covered bond purchases and reintroduced year-long loans for banks. The central bank, however, did not cut interest rates, keeping its benchmark at 1.5% at its meeting this week. The ECB did acknowledge that the downside risks to the economy have intensified. Meanwhile the European Commission has been pushing for a coordinated capital injection for banks to shield them from the fallout of a potential Greek debt default.

BOE expands bond-buying program – The Bank of England this week expanded its bond-buying program for the first time in two years. The bank raised the ceiling for so-called quantitative easing to £275 billion from £200 billion in an effort to stop the euro region debt crisis from pushing the U.K. economy back into recession.



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Dexia to split up – Franco-Belgian bank Dexia announced a planned breakup to protect its Belgian depositors and its municipal-lending business in France. France and Belgium are trying to split up, bank's assets in a manner designed to avoid injecting more capital. Trading in Dexia's shares was suspended on Thursday as governments and the bank's management scrambled to figure out what to do with the lender. The bank is said to have heavy exposure to Greek and Italian debt, a factor that has made other financial institution wary of lending to it.

The week ahead

- Alcoa kicks-off the unofficial start of fourth-quarter earnings Tuesday, October 11.
- Japan releases reports on machinery orders Tuesday, October 11.
- Eurostat releases report on euro-zone production Wednesday, October 12.
- The Thomson Reuters/University of Michigan releases consumer confidence sentiment survey Friday, October 14.
- Eurostat releases report on inflation Friday, October 14.

WEEKLY FOCUS

Budget estate planning. Does it really save you money? It can be painful to pay for estate planning. Attorneys usually charge a lot. The benefits of a good estate plan are delayed, and you don't live to see them carried out anyway. Who wants to spend big bucks on a plan when times are so tough and the federal estate tax is in flux? Fewer and fewer Americans, only 35% had a will in 2009, and only about half had any estate-planning documents at all; a will, a trust or a financial or medical power of attorney, according to a survey by Lawyers.com, a drop from previous years.

In theory, you could use books or software and websites that spew out documents for free or for a fraction of what lawyers charge. There's a decent argument that doing something on the cheap is better than doing nothing. But the difference could be that you only avoid signing the check and your heirs end up footing the bill for poor or no planning. If you die without a will, intestate, state law will determine how most of your belongings are distributed, and it may not be in the manner you'd want. If you're a single or surviving parent who dies without a will, the court will decide who should raise your minor children. Before you're wheeled into the operating room, it's better to have a signed living-will and medical power-of-attorney forms -- even if you haven't consulted an attorney.

The trouble with do-it-yourself planning, however, is that even if your situation seems simple, there are many oddball situations a layman wouldn't think of that can go wrong, especially with a will. These mistakes can end up costing heirs a lot more than was saved in legal fees.

Not every will written without an attorney leads to a horror story and even some written by attorneys go awry. However, owning a home, being married, re-married or having children complicates estate planning and increases the risk of mistakes. With the federal estate tax scheduled to come back next year for those who leave behind more than \$1 million, minimizing Uncle Sam's estate tax bite could also be a concern.

As an alternative, find an attorney who will prepare documents for you cost efficiently. Give us a call to set a complimentary appointment to discuss your estate planning strategy. We can also offer you the names of several qualified attorneys to prepare or update your estate planning legal documents.

Sources: *The Wall Street Journal*; The Associated Press Newswire, The Wall Street Journal Online; Bloomberg News; *Financial Times*, *Investor's Business Daily*. This material does not constitute tax, legal or accounting advice and neither Pinnacor Financial Group, Inc. nor Cambridge offers such specific tax advice. The Standard & Poor's 500 (S&P 500) is an unmanaged group of securities considered to be representative of the stock market in general. The Dow Jones Industrial Average is a price-weighted index of 30 actively traded blue-chip stocks. NASDAQ Composite Index is an unmanaged, market-weighted index of all over-the-counter common stocks traded on the National Association of Securities Dealers Automated Quotation System. The Morgan Stanley Capital International Europe, Australia and Far East Index (MSCI EAFE Index) is a widely recognized benchmark of non-U.S. stock markets. It is an unmanaged index composed of a sample of companies representative of the market structure of 20 European and Pacific Basin countries and includes reinvestment of all dividends. Diversification does not guarantee against market declines or portfolio losses. You cannot invest directly in an index.