CLARION [Klar'i-on] *adj.* brilliantly clear; loud and clear
(A clarion call to action)

CLEARVIEW WEALTH MANAGEMENT

The Clarion

COVER STORY

Is This a Good Time to Invest?
An Answer To One Of Our Most Frequent Questions

Asking questions is always a good thing. We certainly get a lot of them from our clients and prospective clients. Here is our answer to this one. It is always a good time to invest. Ah, if only we could leave the answer at that! Unfortunately, it's not that simple.

Above all, you need good information, a solid decision making process and a well thought-out plan. First, you have to have money to invest. Therefore, you have to save money. As they say, it takes money to make money. You need insight, good information and good timing certainly helps, too. You must have a plan – a long-term financial roadmap that guides your investments and helps you distinguish between those investments that just sound good and those that actually help you achieve your long-term goals. You have to learn not to buy into greed nor sell due to fear. As the song says, "You gotta' know when to hold'em, know when to fold'em, know when to walk away and know when to run."

> "It still holds true that man is most uniquely human when he turns obstacles into opportunities."
>
> \- Eric Hoffer

Some people have decided this is a bad time to sell their rental property. They are concerned most that the value has dropped and they will not get out of the property what they think it is worth. Others believe that if they are going to sell over the next three or four years, now is the best time to sell while they can still get a good portion of the value their property enjoyed 2-3 years ago. They believe they should sell now or be prepared to hold onto their rentals for another 6-8 years until the market readjusts and past property values can be regained.

Everyone is different. We all have our own investment time horizons, levels of risk tolerance, goals, fears and sense of timing. We all receive and filter our information differently. We have our own sense of urgency, need for success and vision of what financial independence really means to us. We all have our own sense of reality.

So, the answer begs the question, "How can it always be a good time to invest?" The answer is that it is always a good time to invest somewhere in something; you just have to know where and when. First, develop a long-term investment plan that incorporates your wealth goals, matches your risk tolerance and works within your investment horizon. Next, consider how and from what source you'll gather information that is timely, accurate and gives you the data you need to make good decisions. Evaluate each investment option to ensure it meets your long-term goals and compliments your investment portfolio; contributing to the breadth and depth of your other non-correlated assets.

Choices, options, access to alternative investments and professional advice are next. There is a never-ending myriad of investments available to select from, but only a few that are truly suitable for you, your goals and your portfolio. At ClearView, we have access to a wide variety of alternative investments through our Broker/Dealer, Pacific West Securities, Inc., enabling us to tailor unique investment portfolios for each individual clients. Our goal is to build a suitable and flexible life-long investment plan that will meet each client's long-term objectives.

If you do it right, you can always find good investments to choose from that are suitable for inclusion in your long-term, financial plan. Give us call to discuss the options we have available for your review and consideration.

Client Corner

ClearView Wealth Management provides a broad array of financial services to individuals, families and businesses focusing on three key areas: Asset Allocation, Financial and Estate Planning and Tax Advantaged Investments.

We would like to congratulate the following new and returning clients who invested in one or more products in January, February and March.

Scott & Karen Baker

Maria Bonilla

Jim & Joan Buntin

Leslie Cannon

Patti & Bill Hulvershorn

Jason & Ellen Mochizuki

Sathya & Radhika Narayanan

Ted & Yvonne Neal

Jim & Diane Pillow

David & Arlene Rand

Carol Sanford

Scott Schoeller

Rick VanAuken & Christine Nygaard

Judith Wolhaupter Hayes

Financial Services

- Tenant-in-Common Real Estate
- Natural Gas & Oil Investments
- Managed Equities
- Equipment Leasing
- Managed Futures
- Annuities and Mutual Funds
- Real Estate Funds
- Cash Management Funds

Investing in Challenging Times

The True Value of a Diversified Portfolio

Bob Cannon, President/CEO

Strange times are these. A recession looms, the deficit grows, the oversupply of money continues to devalue the dollar, banks are in crisis, we are about to have a change in the White House and the price of oil seems to hit a new high on a daily basis. Nobody has a crystal ball and no one can consistently and accurately predict the future. But it is times like these when investors who have developed a long-range plan to broadly allocate their assets across a non-correlated portfolio of income generating investments are rewarded for their efforts. Any decent investment portfolio can make money and be profitable when the market is on a bull run, inflation and interest rates are low and the GNP grows at a healthy rate. It is times like these when you can tell if you truly have designed a portfolio to give you both the return of your money as well as the return on your money. It is times like these, when the absolute return and fixed income portion of the portfolios are generating cash every month, that we realize the true value of a diversified and non-correlated portfolio.

"Two of the main reasons we chose to affiliate with Pacific West Securities as our Broker/Dealer are the availability of and due diligence behind the broadly diversified group of investments they have to offer to our clients."

Two of the main reasons we chose to affiliate with Pacific West Securities (PWS) as our Broker/Dealer are the availability of and due diligence behind the broadly diversified group of investments they have to offer to our clients. From traditional stocks, bonds and mutual funds to syndicated real estate, a number of energy programs, equipment leasing, separate accounts, fixed income products, life insurance and a variety of other investment options, our clients are able to choose the investments most suitable for them. All clients are different and each requires an investment portfolio designed to suit their unique needs and goals. PWS provides us the mix of products we need to build each client's diversified, non-correlated investment program to help retain assets, generate capital appreciation and long-term tax advantaged income. We believe thoughtful and careful portfolio design will enable our clients to harvest cash each month in times like these and re-invest cash each month at times when they do not need the income.

If you have more money to invest but you feel uncertain or uneasy as to where to invest, consider a fixed-income product designed to protect your principal and generate monthly income. Remember, cash is king. You are ahead of the game anytime you can invest to create monthly cash flow and preserve the principal.

Bob Cannon

ClearView Seminars

We have decided to take a break from doing the TIC/1031 Exchange seminars. We have been doing these programs without interruption since December 2002 several times per month in more than 20 cities in three states. For 20 years, ClearView has been conducting seminars on a variety of topics and we will continue to offer our free financial education programs to our clients and prospective clients in the future. We are currently developing a new seminar designed specifically to address the long-term financial and estate planning needs of high net worth individuals and families. We plan to present this program to the public in 2009.

Additionally, we will continue to offer our quarterly Advanced Planning Workshops partnered along with our sponsor and investment companies whose products we feel are suitable for our clients. As always, we will invite clients, their qualified friends and family members and our prospective clients to these programs throughout the year.

ClearView Relocates to New Chicago Office

We have moved our downtown Chicago office to a more central location to better serve our clients. Please note our new address below. The phone number remains the same: (312) 423-6789 or (866) 557-1031. We look forward to meeting with you soon at our new office!

ClearView Wealth Management
222 South Riverside Plaza, 29th Floor
Chicago, IL 60606

ESTATE PLANNING

The Value of Life Insurance Trusts

An Estate Planning Option More Families Ought To Know About

You may think of life insurance in very simple terms: you buy a policy so that your loved ones will have some financial assistance when you die. But if you have assets of $1 million or more, you should view life insurance as a tool – kind of a Swiss army knife, in fact. Life insurance has many potential uses in estate planning, and a life insurance trust can certainly help a family.

What does a life insurance trust do? It enables you and your family to do three things in particular. One, it provides you, your spouse and your heirs with life insurance coverage after it is implemented. Two, it allows a trustee to distribute death benefits from a life insurance policy as that trustee sees fit. Three, it gives you the chance to reduce your estate taxes.

When you create a life insurance trust, you are creating an entity (the trust) to buy life insurance policies for you and your loved ones. You don't own the policies, the trust does. So the insurance proceeds go into the trust when someone passes away. Because the trust owns the insurance policies instead of a person, the insurance proceeds aren't subject to probate, income taxes or estate taxes. The trustee can distribute those proceeds to one or more parties as stipulated in the language of the trust. Also, if your estate ends up really large, the trust can buy additional life insurance to provide additional cash to pay additional estate taxes.

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Tenant-in-Common Property and the Tight Capital Market

David L. Rumsey, Esq.

When the sub-prime lending problems caused ratings agencies to downgrade residential mortgage backed securities, a similar effect extended to conduit loans, and more specifically, to the commercial mortgage backed securities (CMBS) lenders. As a result, the nearly $300 Billion Dollar CMBS lending market just disappeared overnight. And until this year, CMBS lending was the primary source of financing for the new securitized, tenant-in-common (TIC) industry.

One of the consequences of this dry-up of capital in the commercial real estate lending market is that those real estate investors who haven't been involved in the TIC market before are now looking to the existing TIC property deals to acquire a quick replacement property for their 1031 exchange. Why? Because the existing TIC financing is already in place. Hey? Wasn't that the major benefit for which the TIC industry began in the first place? To get a quick closing on set terms within the strict 1031 guidelines? Yes, it was! And as a result, we're seeing TIC inventories in some quarters drying up a little faster than what would normally be expected because of this new dynamic.

With that said, should we expect the TIC market to disappear within a few months as well? Not likely. Already TIC sponsors are looking for other sources of funds including Freddie Mac financing through lenders such as Wachovia Bank, etc., insurance companies and other balance sheet lenders, and carry-back financing from large institutional sellers such as pension funds, etc. But with the cap rate UN-compressing, values lowering, spreads tightening, and lending requirements becoming more stringent, we can expect to see much more emphasis placed on due diligence and quality underwriting as it should have been in the first place.

Several chief acquisitions officers in the TIC industry, as well as legal counsel operating in this market, have told us that they've been held to much higher standards by what few banks they can find who are even interested in talking to them. And they're held to a much lower number of total TIC investors in any given deal. Where one could find up to 35 investors allowed in a TIC deal just a few months ago, now we're seeing limits of as few as six (6) to nine (9) TIC investors allowed by either Freddie Mac, or the bank, or both. This naturally raises the minimum buy-in levels on a TIC deal thus lowering the overall deal size out of necessity.

Additionally, the Baby Boomer generation is still there, still the largest and fastest-maturing and wealthiest demographic class in the country. It still has a huge need for the benefits offered by the TIC industry. And the Echo Boomer generation is right behind them. So, the demand for TIC deals is assumed to continue strong into the foreseeable future.

With all that we've seen so far, what can we expect in the coming months? How long can this go on? Well, Jones Lang LaSalle suggested recently that we've seen a 75 basis point slide upward in the cap rates generally in the last few months (i.e., lowering real estate values) and we can expect that to continue for a few more months. In short, expect the capital markets to begin to recover towards the end of the year or in 2009. This report seemed to be corroborated recently as we traveled on a due diligence trip meeting with various leading TIC sponsors located primarily on the West Coast. All expect the capital markets to rebound. Several let on that

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commercial lending is happening, but that it's only with the select few of the banks' best borrowers.

We're still seeing new TIC deals come out on the market with beginning cash flow rates as high as 7.0% and minimum buy-in levels as low as $100,000. And while as a rule, we're seeing the returns go down while the minimum investments go up, we're also seeing a higher number of value-added deals projecting lower cash flow and substantially higher yields generated by the opportunities that a changing market like this can offer.

With all that said, we don't need to feel overwhelmed during market trends such as these. The markets correct themselves by definition. Our job is to study, watch and learn so that we can prepare and benefit our own clients and families in the investments that we participate in. And we'll do it the old fashioned way, by working with those broker-dealers, registered representatives, investment advisors and other professionals that apply aged-old, tried and true practices of sound underwriting and investing strategies.

RETIREMENT

Automatic Rebalancing – What it is, Why it Matters

Why Automatic Asset Reallocation May Help Your Portfolio

If you participate in at 401(k) plan, or if you have a variable annuity, an ETF, or an IRA mutual fund, you may have an option to automatically and periodically have your assets "rebalanced." In fact, a 2007 survey by Hewitt & Associates found that 42% of large employers offered this option. Why might this be important?

An automatic check-up for your portfolio. Here's why. When you first contributed to that retirement plan, ETF, IRA or variable annuity, there was a specific asset allocation in mind. Your assets were fractionally allocated across different investments – a certain percentage in this class, a certain percentage in that class, and so on. You did this in a way that suited your tolerance for risk.

But over time, those percentages subtly change. Some investments outperform others, and as a result, the asset allocation may stray from the targets you once set.

Automatic rebalancing may remedy this.

A way to keep you on track. How does it work? Well, just as an example, let's say you have assets initially allocated in a typical 60/40 ratio: 60% in stocks, 40% in non-stock market investments. If stocks do poorly and, say, bonds do well, that 60/40 balance may approach 50/50. You now have a greater percentage of your invested assets than you initially wanted in a certain investment sector.

Now you may be thinking, "if that investment sector is doing well, what's the problem?" The problem is that you are drifting away from the guideposts you started investing with. If more and more of your assets end up in one investment class, your portfolio becomes less and less diverse and more heavily weighted in one category. So your risk exposure may increase, or conversely, your portfolio assets may not be poised to earn a large enough return to meet your goals.

The age-old idea behind automatic reallocation. Five words really sum it up: "buy low and sell high." In the rebalancing process, some of the assets within an overachieving investment category are sold off and a bit more of the assets in an underachieving investment category are bought in order to regain the original asset allocation. This is the other important effect of automatic rebalancing.

Should you opt for automatic rebalancing? If you want a better understanding of the potential benefits of automatic asset reallocation, or if you just have questions about your retirement plan or investments, please contact us at (866) 557-1031. What you learn may help you in the years ahead.

Quarterly Economic Update for 1Q 2008

The quarter in brief. Economists and analysts warned us that the opening quarter of 2008 would be rough. They were right. Perseverance was the word for the American investor.

Our stock market performed poorly, but investors in Europe and Asia took the biggest hits. Had the real estate sector hit bottom yet? No one could tell, and nobody was making that kind of pronouncement. Despite a weak dollar and signs of rising inflation, the Federal Reserve cut the key interest rate three times within 1Q 2008, trying to cheer investors contending with a wave of declining indicators, the collapse of Bear Stearns Cos., and a steep Wall Street correction in January. The White House rolled out a rebate plan for the American taxpayer, ostensibly to stimulate consumer spending. If America was not in a recession, it was apparently in something very close to one. A (relatively) flat March for the Dow, NASDAQ and S&P 500 amounted to just a hint of hope for a better quarter ahead.

Domestic economic health. What do you do when indicator after indicator, headline after headline, is negative? If you're the federal government, you get to work on the economy – fast. The response was not fast enough or strong enough in the eyes of some investors, but the White House, the Treasury Department and the Federal Reserve all took some dramatic action in the first quarter.

The Fed cut and cut, bringing the federal funds rate to its lowest level since 2004 (2.25%) with its sixth interest rate cut since September. We saw two radically large 75 basis point cuts during the 1Q, the largest cuts since the mid-1980s: one on January 22, another on March 18, with another half-point drop between them on January 30. The Fed reacted quickly to a January plunge on Wall Street, and also helped JP Morgan Chase buy out Bear Stearns in March while it worked to patch a crisis of confidence, announcing an auction program to loan banks and brokerages as much as $200 billion in Treasuries, in exchange for mortgage-backed securities and bundled mortgage debt.

President Bush signed the Economic Stimulus Act of 2008, which took less than four weeks to go from discussion to bipartisan approval. Treasury Secretary Henry Paulson, the driver behind the 4Q plan to help subprime borrowers freeze the interest rates on their mortgages, grabbed headlines again on March 31 when he proposed a sweeping, multi-year reform of the federal regulation of the financial industry on behalf of the Bush administration. The 218-page reform blueprint proposes increasing the Fed's power, creating one regulatory body to oversee the banking industry, merging the Securities and Exchange Commission and the Commodity Futures Trading Commission, and starting a Mortgage Origination Commission to oversee state mortgage regulations.

In January, the markets shook when the Philadelphia Feds January factory index fell to -20.9, far below the -1.3 economists had forecast. The economy began to shed jobs: 22,000 in January (adjusted north from an earlier estimate of 17,000), and 63,000 in February. The Institute for Supply Management's January service sector index sank to its first reading below 50 in nearly five years, a signal of service sector contraction.

The Fed scaled back its 2008 prospectus for the economy in February, projecting an annual unemployment rate of 5.2-5.3%, 2008 inflation of 2.1-2.4%, and 2008 GDP of 1.3%-2%. Noted economists polled by Bloomberg News arrived at median estimates of 50% odds of a recession, interest rates at 2.5% by June, 0.5% 1Q GDP, 1.0% 2Q GDP and 1.7% total growth for 2008. As for the consumer, he or she was spending less: U.S. consumer spending rose only 0.1% in February, a flashing red indicator that depressed investors worldwide.

Major indexes. It was a miserable first quarter for stocks, a Wall Street swoon featuring by the foundering of Bear Stearns. The FOMC's frantic rate cuts and the Fed's decision to temporarily loan up to $200 billion in Treasuries to struggling banks and brokerages through a new auction program gave investors some hope. While the S&P 500 certainly suffered this quarter, the damage did not match 4Q 1987 (-23.2%) or 3Q 1990 (-14.5%).

Global economic health. If America's economy tanked, Asian economies would ride through the crisis reasonably unaffected – or so a popular theory goes. But in the first quarter, the UN Economic and Social Commission issued a report presenting its view of what would happen

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to Asia's economies with a sustained American recession and a weak dollar. In the Commission's view, India would emerge with the least damage because of its strong manufacturing and service sector, while the economies of Taiwan, Singapore and South Korea would fare the worst because they depend so much on high-technology exports. As for China, its inflation rate reached 8.7% in February (the highest inflation in 12 years), as opposed to a government target of 4.6%. In Japan, the yen hit its highest level against the dollar since 1995, climbing over 20% against the buck since June 2007 – very troubling for an export-reliant economy. But Japan's consumer spending rose 3.6% in January, a gain not seen since May 2004.

How about Europe? Europe's #1 economy, Germany, celebrated a very positive indicator: unemployment fell to a 15½-year low in March, down to 7.8%; consumer confidence and business confidence also rose, suggesting resilience. Meanwhile, the dollar had its worst quarter against the Euro. Eurozone inflation rose to 3.5% in March, compared to 3.3% for February (the inflation target of the European Central Bank has long been 2% or less). A 3.5% inflation reading represents the highest inflation rate for the Eurozone since mid-1992.

World financial markets. If you think it was bad here, consider the headaches of investors in Asia and Europe. The major Asian indexes took a nosedive in the first quarter: The Hang Seng lost close to 18%, the Nikkei 225 fell more than 18%, and Australia's S&P/ASX 200 went down almost 16%. The Shanghai Composite Index dropped 34%; 86% of the stocks in the broad SCI were losers in the first quarter.

And how about the major European indexes in the first quarter? Well, the numbers were similar. The Dax in Germany: -20% for the quarter. The FTSE 100 in London: -13%. The DJ Euro Stoxx 50: - 18%. The CAC 40 in France: -17%.

Commodities markets. The bull run continued into mid-March as we saw $1,000 gold prices and $110 oil prices … and then the bulls ran off a bit of cliff in the wake of the Bear Stearns snafu. On the day the Bear mauled the Street, it also severely wounded the commodities markets: gold fell $58.50 on March 19 to $944.79 and crude fell $4.94 to $104.48. The dollar rallied in late March as well, and there was a movement toward equities. While April might prove to be a challenging month for the commodities markets, the first quarter saw some very pleasant gains: gold up 9.7% and platinum up 33% on the New York Mercantile Exchange, wheat futures up 5% on the Chicago Board of Trade, oil futures up 5.8% on the NYMEX.

Housing & interest rates. Hmm. Existing home sales were up 2.9% in February. Was it a sign of a rebound? Or warmer weather? Or just a statistical aberration? Whatever it was, it was practically the only positive news item from the housing sector. But existing home sale prices were down 8.2% in February from levels a year ago, and foreclosures were up 60% from a year ago. New home sales fell to their lowest level since 1995 in February, from 601,000 in January to 590,000. The median new home price in February was $244,100, up from $225,600 in January but still down 2% from February 2007. Unnervingly, the Census Bureau reported in late January that the national vacancy rate (houses for sale sitting empty) had increased to 2.8% in the fourth quarter, a high unseen in recordkeeping dating back to 1956.

At least mortgage rates were a bit lower … though given the current liquidity-challenged financial climate, the banking industry has not exactly lowered them as much as borrowers would like. Take the 30-year FRM: it closed out the quarter averaging 5.85%, as opposed to 6.17% for the week ending December 27. The average rate on the 15-year FRM descended to 5.34% at the end of the 1Q, from 5.79% in the last survey of 2007.

Second quarter outlook. Hopefully, the worst of 2008 is behind us financially. Will we look back on this quarter a year or two from now and see it as the midpoint of a recession? April has started with a rally. Earnings season is just ahead. Investors want a new quarter with a new outlook, a clean slate. April Fool's Day brought some relatively good news: the Institute for Supply Management's March index of national manufacturing activity came in 48.6 — still below 50, indicating a contraction, but above analysts' expectations. The numbers on construction spending for February also surpassed forecasts. Are we subtly turning a corner? Is there reason for optimism? Stay tuned. Stay invested.

These views are those of Peter Montoya Inc., and not the presenting Representative or the Representative's Broker/ Dealer, and should not be construed as investment advice.

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THE VALUE OF LIFE INSURANCE TRUSTS

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Sometimes these trusts establish investment policies for life insurance proceeds, and even timelines for who receives what when (families may want to delay an heir from legally receiving an inheritance until age 18 or 21, for example).

Why not just have someone else own my insurance policy? That scenario can lead to major financial and familial headaches. If that person dies before you die, the cash value of the policy will be included in their taxable estate. So the heirs (and relatives) of that person will have higher estate taxes to pay as a result. Also, if you do this, you surrender control of your policy; the loved one you trust could end up naming another beneficiary or even cashing your policy out.

A decision for life. Almost all life insurance trusts are irrevocable trusts. That is, they are legally “set in stone” once created, unlike a revocable trust which can be amended or revoked after creation. You can make these trusts revocable, but if you do, you lose the tax benefit: the insurance proceeds will be included in your taxable estate when you die, which could increase the estate tax bill for your heirs. However, some irrevocable life insurance trusts purchase survivorship life insurance in a profit sharing plan to permit the ability to change beneficiaries.

If you’d like to learn more about life insurance trusts or the potentially significant changes in estate taxes over the next few years, please contact us at (866) 557-1031 for more information.