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

CLEARVIEW WEALTH MANAGEMENT

The Clarion

COVER STORY

Tax Efficiency

What it means, why it counts.

A little phrase that may mean a big difference. When you read about investing and other financial topics, you occasionally see the phrase "tax efficiency" or a reference to a "tax-sensitive" way of investing. What does that really mean?

The after-tax return vs. the pre-tax return. Everyone wants their investment portfolio to perform well. But it is your after-tax return that really matters. If your portfolio earns you double-digit returns, those returns really aren't so great if you end up losing 20% or 30% of them to taxes. In periods when the return on your investments is low, tax efficiency takes on even greater importance.

"How tax-efficient is your portfolio? It's an excellent questions, one you should consider."

Tax-sensitive tactics. Some methods have emerged that are designed to improve after-tax returns. Money managers commonly consider these strategies when determining whether assets in an investor's account should be bought or sold.

Holding onto assets. One possible method for realizing greater tax efficiency is simply to minimize buying and selling to reduce capital gains taxes. The idea is to pursue long-term gains, instead of seeking short-term gains through a series of steady transactions.

Tax-loss harvesting. This means selling certain securities at a loss to counterbalance capital gains. In this scenario, the capital losses you incur are applied against your capital gains to lower your personal tax liability. Basically, you're making lemonade out of the lemons in your portfolio.

Assigning investments selectively to tax-deferred and taxable accounts. Here's a rather basic tactic intended to work over the long run: tax-efficient investments are placed in taxable accounts, and less tax-efficient investments are held in tax-advantaged accounts. Of course, if you have 100% of your investment money in tax-deferred accounts such as 401(k)s or IRAs, then this isn't a consideration.

How tax-efficient is your portfolio? It's an excellent question, one you should consider. But this brief article shouldn't be interpreted as tax or investment advice. If you'd like to find out more about specific investment products and tax-sensitive ways to invest please contact us at (866) 557-1031 to help you explore your options today. What you learn could be eye-opening.

Save the Date - Annual Client Appreciation Events

October 22, 2008 – Seattle, Washington
October 23, 2008 – Portland, Oregon

Please join us this October to honor our clients with an evening of mingling, education, fine dining and entertainment hosted by a number of sponsor companies. More details coming soon.

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 April, May and June.

Earl & Isabel Beegle

Marshall & Barbara Bennett

Jim Buntin

Durgam & Subha Chakrapani

Bill & Patti Hulvershorn

Daphne Lee Larson

Kathy Lindeke

Sue Lowery

Sathya & Radhika Narayanan

David & Arlene Rand

Rick VanAuken & Christine Nygaard

Calvin & Marge Wang

Financial Services

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

Changes at ClearView

Bob Cannon, President/CEO

In our last issue we announced the termination of our Tenant-in-Common 1031 Exchange Seminar Series effective June 2008. From December 2002 through June 2008 we presented 6-10 seminars per month in 15 different cities and 5 states. After conducting 500+ TIC seminars, it is now time for a break. We still have a high degree of client interest in the Tenant-in-Common investment as the primary alternative to personally managed investment property. We are not stopping the seminars due to a lack of client interest; we still have a range of 10 to 30 people attending our seminars. Frankly, I personally need a break from the hectic schedule maintained over the last several years. Of course, we will continue to periodically present informative and educational seminars on wealth creation and management in the future just as we have been doing since we started ClearView over 20 years ago. Look for a new seminar series from us next year focused on wealth preservation and estate planning.

> "We encourage you to visit our new website at **www.cvwm.com** and give us your feedback."

Pacific West Securities has approved the "Beta Version" of our new website. We encourage you to visit our site at www.cvwm.com and then give us your feedback. In August and September we will continue to build and test the site and plan to launch the "finished" version of the site in October. Your feedback is critical to help us ensure the website is user friendly, educational, informative and provides our clients with the level of service and support they expect from us. We will always seek ways to improve the website and make it a better tool for our clients and potential clients who visit the site to learn about our services and investment opportunities.

Since we will not be doing seminars, the new website will become an integral tool for our clients and friends to send us referrals. The vast majority of our future business will come from new investments by existing clients and from referrals by clients and friends of the firm. If you know people you feel would benefit from our investment products, strategies and client service, we would truly appreciate your referral. I assure you we will take very good care of every client referred to us.

I extend a warm and heart felt thank you to all of you that have sent us referrals in the past. We truly appreciate your support. Thank you in advance for the referrals you will send us in the future. Your support is critical to our mutual long term success!

Bob Cannon

Equipment Leasing

How many companies can you identify that can operate without equipment? The answer may help explain why equipment leasing is a huge business in the United States and around the world.

Leasing offers businesses an alternative to purchasing hard assets, especially items that are extremely expensive, such as airplanes or railroad cars, or those that many become obsolete within a relatively short period, such as medical equipment or office equipment.

As an investor, you have the opportunity through a direct participation program (DPP) to put money into the equipment that is being leased and benefit from the steady income the leases generate. Direct participation in a leasing program may also be a good fit if you have a portfolio of more traditional investments because leases tend to react differently than stocks and bonds to changes in the economy and can help insulate you from market fluctuations.

The terms of a leasing deal are spelled out in a contract signed by the equipment provider, called the lessor, and the equipment user, called the lessee. The contract generally provides that the leased item will be returned in good condition. Then the lessor either sells it or re-leases it to a different lessee. Some contracts, though, give the lessee an option to purchase the equipment, usually when the lease ends, or to renew at a favorable rate.

Companies lease equipment instead of buying it for several reasons. Capital intensive industries – airlines, utilities, railroads, transit authorities, factories, shipping and healthcare facilities – may find that purchase prices are prohibitive even though they need the equipment. Or they may own some of the equipment they need and lease the rest to conserve cash.

Leasing also gives a company greater flexibility in meeting its capital commitments in times when it’s difficult to forecast business volume. And, unlike bank loans, lease obligations don’t appear as debt on a company’s financial statements. That can be helpful as major debt can make a company less attractive to investors.

When a DPP sponsor forms an equipment leasing company, it issues an investment policy statement, or prospectus, that details the business plan, including the types and categories of equipment the company plans to lease. The document also describes the equipment assets and business plans of the sponsor’s earlier leasing programs. Prior experience is one of the key criteria you can use to evaluate an investment in a new leasing program.

As the leasing company begins operations, it pools investments from hundreds or thousands of participants and uses the money to buy the equipment it will lease. When you invest, you generally don’t know in advance exactly what equipment the company will be offering. But most equipment leasing DPPs invest in a wide range of equipment types to achieve the greatest possible diversification and limit the risk of concentrating in a limited number of sectors or industries.

One of the appeals of a direct leasing program is that you and other participants collect a steady stream of rental income from the leased equipment.

CONTINUED ON PAGE 5

The Reality of Investing During Retirement

As retirees live longer, their portfolios need to be stronger

Decades ago, the "typical" retiree left work for good between age 60-65 and typically passed away at about 70-75. Retirement lasted 10-12 years for many Americans. Now the picture has changed: some of us will spend 30, 40, perhaps even 50 years in retirement. (Imagine retiring at 55 and living to be 105…it is possible.) We may live much longer than our parents, and if we do, we will need a lot more money.

A slight shift in outlook. Years ago, retirees were urged to invest conservatively – often, very conservatively. The idea was to build up your savings and net worth aggressively across two or three decades, and then adopt a risk-averse investment strategy for the "golden years." But the reality of a 20- or 30-year retirement has changed that mentality.

The new presumption is that today's retirees should never retire from accumulating wealth. Most Americans will not walk away from their careers with assets equivalent to 20 or 30 years worth of income. If you have $3 million in assets today, you may think you'll have $100,000 a year to live on for 30 years. Sounds great, right? But that may not be enough. Questions of liquidity and taxes aside, what about the runaway costs of healthcare and eldercare? What about the effect of inflation across 30 years – do you remember what a gallon of gas or milk cost 30 years ago?

A new reality. You're now seeing people in their sixties with the kind of portfolios that people used to have in their forties – portfolios with stocks, mutual funds, and other investments with appreciable risk.

CONTINUED ON PAGE 7

ESTATE PLANNING

Advanced Estate Planning

You are financially independent and you know it. Now what?

Think you're all set? If you've made wise decisions with your money, set aside plenty and feel like you're ready to retire…you're one step ahead of many Americans. If you've planned your estate (arranged how your money and assets will transfer after your lifetime), then you're even further ahead. But have you considered everything?

Reducing taxes…The transfer of assets can trigger different types of taxes: income tax, estate tax, capital gains tax, generation-skipping transfer tax and gift tax. Have you considered how these taxes could affect the amount you'll leave behind for loved ones? It's wise to keep up with estate tax laws, because they constantly change. The following are just a few examples of things you ought to consider…

Unified Credit…Estates that exceed a certain value (exclusion amount) may be subject to the Federal Estate Tax. But have you heard of the unified credit against estate tax? Basically, this means you can leave an amount that does not exceed the exclusion amount (currently $1 Million) to anyone you choose…federal estate tax free. If you are married, you can leave an unlimited amount to your spouse, tax-free. But…are you using the unified credit to your advantage?

For married couples, a little reorganization can help you attain the utmost value for this credit. Also worth considering could be a credit shelter trust, which can help maximize the value of the unified credit.

Gifting…For those with taxable estates, gifting can be an important tool. While many choose to transfer estates after their death, consider transferring assets while you are alive. Did you know that married couples can gift an unlimited amount to one another, gift tax-free, as provided by the unlimited marital deduction provision in

CONTINUED ON PAGE 8

Congratulations to Kathy Lindeke for Completing her Series 7 License

Kathy Lindeke

Please join us in congratulating Kathy Lindeke for completing her Series 7 securities license in July. This is the general securities license that provides an individual with the qualifications necessary to sell any security.

Kathy joined ClearView Wealth Management five years ago as the Business Manager after working for seventeen years as the Controller for a mid-size law firm. She is responsible for overseeing ClearView's daily operations, financial reporting and business analysis. She also holds series 6, 22, 63 and 65 securities licenses through Pacific West Securities, Inc. and is currently registered to practice in thirteen states.

Kathy earned a Bachelor of Arts in Business Administration from the University of Washington and her MBA from City University. She is a Seattle native and enjoys camping and cooking. She lives in Sammamish, Washington with her husband Jeff and their daughter.

PRODUCT FOCUS - EQUIPMENT LEASING (CONTINUED)

In most cases you also realize additional income from re-leasing or selling the equipment at the end of the lease term.

In addition, you can take advantage of accelerated depreciations and the tax benefit it provides. Usually, you can write off your share of the cost of the equipment at a relatively fast rate, offsetting income you receive in the early years of the program and reducing your tax bill.

That situation changes, however, as the leases mature and the equipment is sold. While you continue to collect income, an increasingly larger percentage of that income is taxed at your regular rate.

A diversified leasing program can be an attractive long-term investment, though it may also expose you to certain investment risks. On the plus side, the fact that the program is not traded can help insulate your portfolio from market volatility. When lessees make regular payments, the leases provide a steady stream of income. And because hard assets are involved, if a lessee doesn't pay, the equipment can be reclaimed and then re-leased or sold.

On the risk side, there are costs involved in terminating leases and retrieving hard assets that can disrupt and reduce cash flow. That may be especially true in the case of lessee bankruptcy. Further, it may be difficult to re-lease or sell retrieved equipment, especially if it is outdated or has been misused.

Equipment leasing can serve as a hedge against both inflation and recession. In inflationary periods, the hard assets from expiring leases may be resold at a higher price and exceed expected yields. During recessions, companies typically defer new equipment purchases in favor of holding onto leased equipment, so lease renewals may increase.

In addition, when interest rates are low, equipment leasing programs may be an attractive substitute for fixed-income securities – though they are likely to be significantly more difficult to liquidate than bonds or other interest-bearing investments.

To learn more about equipment leasing programs we have available through our broker/dealer, Pacific West Securities, please contact us at (866) 557-1031.

Quarterly Economic Update for 2Q 2008

The quarter in brief. It was an odd and volatile quarter for the investor, and a trying one for the American economy. The economic troubles from the first quarter continued: record-shattering oil and gasoline prices, falling real estate prices, and a credit crisis that wouldn't cease. Were we seeing the depths of a recession? Would we see an upturn from here? The Dow barely averted a bear market as the quarter drew to a close; in May and June, some economic indicators began to subtly improve.

Domestic economic health. In April, the markets performed extraordinarily well. The S&P 500 had its best month in nearly 4½ years, and the S&P 500, NASDAQ and Dow Jones Industrial Average gained between 4.5-6% for the month. On April 30, the Federal Reserve made its seventh interest rate cut since September, bringing the federal funds rate down to 2.0%. Stock markets in Europe and Asia posted great gains (the Nikkei 225 shot up 11%, India's Sensex 30 11%, and the Hang Seng 13%) as oil and gas prices set or flirted with records. But the consumer was feeling squeezed: oil prices rose 12% for the month, retail gas prices began to spike, and mortgage rates climbed back over 6%.

Quote for the quarter.

"Shut out all of your past except that which will help you weather your tomorrows."

– Sir William Osler

In May, the Dow lost 1.4% worth of ground while the S&P 500 and the NASDAQ respectively gained 1% and 4.5%. The dollar began to recover from its fall and winter depths, and the Fed hinted that its rate-cutting measures were coming to a halt. On the commodities front, oil futures peaked on May 22 at a new record of $135.09 a barrel on the NYMEX; oil prices gained 13% during May. Precious metals had a down month, and many agricultural futures fell sharply. Bits of good news began to emerge in the housing sector: new home construction and housing starts increased. The first wave of economic stimulus checks sent disposable incomes up by 5.7% in May (the biggest one-month increase since 1975) and overall income up 1.9%. Overseas, Asia's stock markets fell 0.3% and Europe's stock markets 2.8%, in a month in which most of the world's central banks considered how to battle rising inflation.

You've probably heard that this June was the worst June for the Dow since 1930. Oil prices ended June at precisely $140 per barrel, having already flirted with the $143 mark. America's housing market showed signs of increased sales activity, if not quite recovery. The Fed left interest rates unchanged at 2% and released the final 1Q GDP calculation: 1.0%. Fed chairman Ben Bernanke said interest rates were "well positioned" and spoke of the Fed's commitment to a "strong and stable" dollar. In fact, during the second quarter, the dollar gained 0.3% against the euro and 6.5% against the yen.

Major indexes. The bull run of April gave way to the swoon of June – as the quarter ended, investors hoped for pleasant surprises in the upcoming earnings season and a 3Q rebound. Energy stocks performed extraordinarily well in the second quarter; financial stocks didn't. Note the small gain for the NASDAQ.

Global economic health. Policymakers worldwide had one eye on the U.S. markets, the other on the inflationary pressures within their own economies. The European Central Bank has long had a 2% target for inflation, so May's 3.7% reading and June's 4.0% reading were cause for worry. In Asia, inflation pressure remained much greater: by June, the latest figures had inflation running at 7.7% in China and 1.5% in Japan (the highest inflation rate in a decade). The inflation rate was 8.9% in Thailand (nearly quadruple what it had been at the start of the year), 11% in Indonesia, 6.5% in Vietnam and 5.5% in South Korea.

The European Commission reduced its growth forecast for the EU to 2.0% in 2008 and 1.8% for 2009 (compared to 2.8% in 2007). The EC also projected 6.8% unemployment and 3.6% inflation for 2008 (a 50% rise over 2007's 2.4% inflation.) Also,

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the Bank of Japan cut its growth forecast for the next 12 months from 2.1% to 1.5%.

World financial markets. In Europe, the quarterly losses were mild; in Asia, they were more significant. If you think what American investors went through in this quarter was rough, you can always look at China: the Shanghai Composite index fell 21% in 2Q 2008. The Hang Seng (Hong Kong) was down 3.3% for the quarter, and India's Sensex posted a 14% decline. The bright lights here were Japan's Nikkei 225 (up 7.6% in the second quarter after an 18% loss in the first quarter), Canada's TSX (up 8.4% in 2Q), and the MSCI Latin American Emerging Markets index (up 10% for the quarter). As for Europe, the DAX fell 1.8% for the quarter, the FTSE 100 dropped 1.3%, and the CAC 40 in France declined 5.8%.

Commodities markets. Oil prices gained 39.9% in the second quarter. As the quarter ended, oil prices were up 45.9% for the year. The amazement doesn't stop there. Look at the rest of these quarterly gains: heating oil, 37%; gasoline futures, 33.9%; diesel, 31.4%; corn, 24.5%; oats, 27.4%; soybean oil, 26.5%; soybeans and soybean meal, 32.1% and 33.6%; cocoa, 36%. Coal topped them all, with a 69.6% gain for the quarter (at the end of 2Q 2008, Central Appalachian Coal futures were up 143.4% for the year). Precious metals eked out gains, even with the dollar showing renewed strength in May and June. Gold prices had gained 9.7% on the New York Mercantile Exchange for the first quarter; for the second quarter, they rose 0.3%. Silver went up 0.1%, copper 1.7%, platinum 1.3% and palladium 2.4%.

Housing & interest rates. There were some positive signs here. New home construction rose 8.2% in April (the biggest jump in two years), with building permits up 4.9%. The pace of new home sales also rose by 3.3% in April. Existing home sales rose 2% in May, with the inventory of unsold homes shrinking by 1.4% (although the median resale price 6.3% lower than in May 2007). The National Association of Realtors' Pending Home Sales Index (the number of home sale contracts signed) rose by 6.3% in April. However, May 2008 foreclosure filings were up 48% from May 2007 totals (according to RealtyTrac). Housing starts fell 3.3% in May; building permits also declined.

While average interest rates on 30-year FRMs had finished the 1Q of 2008 at 5.85%, the downward trend was reversed by quarter's end. By the last week in June, 30-year FRMs were averaging 6.45%, with 15-year FRMs averaging 6.04%, 5-year ARMs averaging 5.99%, and 1-year ARMs averaging 5.27%.

Second quarter outlook. Are things stabilizing, as certain manufacturing, retail and housing indicators have hinted? Possibly. The pessimists are looking at the stock market, inflation and oil prices and seeing 1980 again. But it is not 1980, it is 2008, and the American economy really looks pretty good right now in comparison to those times. The economy is much healthier today than it was then: GDP is still in the plus column, we have 4% inflation instead of 14%, and 5.5% unemployment instead of 10%. In short, this is not time to panic. Economists knew this year would pose some challenges for America and for the investor; the wisdom is in riding them out, and in taking advantage of the market rebound to come.

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.

THE REALITY OF INVESTING DURING RETIREMENT

(CONTINUED FROM PAGE 4)

Sometimes they have to invest this way because they haven't accumulated sufficient wealth for retirement. Or, they are simply being pragmatic about their long-term need to sustain wealth and keep their retirement assets growing.

What kinds of investments should you retire with? The answer to that question can only be determined after you carefully consider some variables, such as the age at which you retire, the assets you have saved up, the lifestyle you want to enjoy, family and health considerations, and how comfortable you are with certain types of investments. Most people underestimate their retirement income needs. We encourage you to contact us at (866) 557-1031 for a complimentary consultation regarding retirement planning before you make a decision to revise your investment portfolio.

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WEALTH MANAGEMENT

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ADVANCED ESTATE PLANNING
(CONTINUED FROM PAGE 4)

the federal gift tax law? They can also gift a certain amount, gift tax-free, to anyone of their choosing each year. (Currently this amount is $12,000.) This annual benefit expires if you do not use it in the current year.

There are other ways of tax-free gifting, too…including tuition paid directly to an educational institution or amounts paid to an approved non-profit institution. By taking advantage of these and other gifting options, you could potentially increase the value of what you're giving while decreasing your taxable estate.

Trusts…A well-written trust could help your heirs to avoid the probate process, thereby potentially saving them money. Did you know that your heirs may need to file a petition to probate your estate…even if you have a will? However, if a living trust has been prepared and funded properly, your heirs could avoid probate.

You may also want to consider a dynasty trust, which is a long-term trust created to benefit future generations. Dynasty trusts can have huge tax-saving potential (in the long run).

Other areas to consider…Have you thought about charitable remainder trusts? Life insurance replacement? Business succession? Investigating these topics may reveal ways to save taxes and retain more of your hard-earned wealth.

If you haven't yet looked into any of the items we've mentioned here, it's probably in your best interest to contact us at (866) 557-1031 about advanced estate planning. It can definitely and positively impact your financial legacy.