



McGEE FINANCIAL

Strategies

An Independent Registered Investment Advisor

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Q1 Events Planned

- **Jan. 6:** Vancouver Rotary Speech Royal Oaks Country Club
8917 NE 4th Plain Rd., Vancouver, WA
- **Jan. 25:** Client economic conference call with Milton Ezrati, Partner, Sr. Economist & Market Strategist at Lord, Abbett & Co.
- **April 16:** Shred Day. Free to clients. Bring a Friend. Services provided by Cintas Document Management

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Happy Holidays! Year-end Wrap Up

In spirit of the holidays and the end of the year, we wish you good cheer and a bright future in the coming year. This special year-end newsletter is our way of saying thank you for being part of the McGee Financial family and to share with you a quick overview of 2010 and a hint at what next year may bring.

With the dramatic events that have taken place in the world of finance, we understand how important the numbers are to our clients. They're very important to us too, but not as important as you are.

We've helped navigate through some turbulent and challenging economic times in 2010, and as we've demonstrated in the past, the bigger the challenge, the more satisfaction we find in coming up with solutions.

While we've worked hard, we still found ways to give back to the community, and we picked up some welcome awards along the way. We also took time to have some fun. You can read about our participation in the annual Pendleton Round-Up and see photos of the event with Jennifer Currin Gutridge, CFP®, and 1991 Round-Up Queen, on page 4.

Now it's time to look forward and to remind you that year-end tax planning is always an important part of your financial strategy.

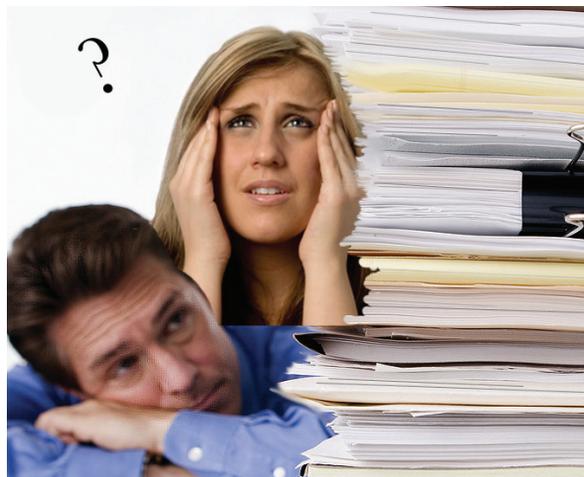
Any year you have a new administration, it can be a dramatic year for planning. But this year, 2010, has been particularly tricky due to some expiring tax provisions, a legislative agenda wrapped around midterm elections, and the level of inaction by Congress. Estate and financial planners have been advising clients amid a lot of uncertainties considering what might happen next year to both income and estate tax laws.

The dynamic political environment and continuing volatile economy are making future planning even more complex. We'd like to offer a few ideas.



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Keeping Your Records Straight: What to Keep and Why



People often ask, “What do I do with all these papers? What do I keep and what can I pitch?” Year-end is a good time to make sure your essential documents are organized. The process of filing your tax returns will be far smoother if you can simply pull out a few files and have instant access to information about your income sources, expenses, and investment records.

Continued on page 2.



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Keeping Your Records Straight: What to Keep and Why

Continued from the front page.

Here's a quick list to follow: Everyone should have these basic documents available.

Income sources:

- W-2's
- 1099 and K-1's
- Bank statements
- Brokerage statements

General Expenses:

- Sales slips and receipts
- Invoices
- Cancelled checks
- Charitable contribution letters or receipts

Property Records:

- Closing statements
- Purchase and sales invoices
- Proof of payment such as wire transfer or cashier's check
- Insurance and property tax records
- Improvement expense receipts

Investment Records:

- Mutual fund and brokerage statements
- Form(s) 1099, 2439, and K-1

Additional documents might include those related costs and expenses for your home business, square footage dedicated to your work space and storage, and any employee expenses.

You'll also want to have records of any income from IRA's and 401(k)s. Some people have made costly mistakes by miscalculating their Required Minimum Distribution (RMD) or forgetting to take it before April 1st following their 70^{1/2} birthday. Penalties for under withdrawing can be as high as 50%.

The rules can be confusing. Some qualified plans will allow certain participants to defer beginning their RMDs until they retire, even if they are older than 70^{1/2}. Qualified plan participants should check with employers to determine whether they are eligible for this deferral.

How Long Should You Keep Your Records?

You must keep your tax records until the period of limitations for the return runs out. That's the time in which you can amend your tax return to claim a credit or a refund. It's also the period when the IRS can assess additional tax.

Keep documents relating to property records until the period of limitations expires for the year in which you disposed of the property. These records include any depreciation, amortization or depletion deduction. Keep anything that supports the calculations for gain or loss when you sell or transfer the property.

Here's a list of records and how long they should be kept:

- Failing to file a return – keep support records indefinitely.
- Failing to report income that exceeds more than 25% of the income shown on your return – six years.
- Owing additional tax but none of the above conditions apply – three years.
- Filing a claim for a refund/credit after filing your return – three years from the filing date or two years from date tax paid – whichever is later.
- Filing a claim for worthless securities or bad debt deduction – seven years.

- Keep all employment tax record for at least four years after the date that the tax becomes due or is paid – whichever is later.

Even if none of these situations apply, it's advisable to keep copies of your filed tax returns so you can refer to them when preparing future tax returns or amending older ones. You may also need older tax returns if you challenge your Social Security records.



Keep or Shred?

If you received property in a nontaxable exchange, your basis in that property is the same as the basis of the property you sold, increased by any money you paid. You must keep the records on both properties until the period of limitations expires for the year in which you dispose of the new property in a taxable disposition.

A good guideline is to keep all tax records for at least seven years. Consider scanning these documents, saving them electronically to a disk and storing them securely.

It can be fun and emotionally cleansing to burn or shred all the extraneous notes and scribbles that really don't relate to taxes. We'll celebrate a free "shred day" Saturday, April 16th. Bring a friend.

Happy Holidays! Year-end Wrap Up

Continued from the front page.

As the heat of the mid-term election year cools into the winter, tax policy will become clearer. You can only imagine the educational sessions your financial planners have attended to stay abreast of economics and government policy that affect your future. Planning is always about cash flow and tax.

We encourage you to refresh your planning this coming year.

As we move into 2011, the McGee Financial team remains committed to your personal success and quality of life, and in helping enhance your prosperity, regardless of what phase you are in. We're proud to share our

experience in financial planning, wealth management, insight and understanding to help you continue to realize your dreams. Your passions are our passions.

Giving Back: We're All in This Together

It seems that we've been even more involved in giving back this year. The McGee team feels strongly about volunteering and charitable giving to support causes in our community. We are committed to helping those in need and over the years have made philanthropy a tradition. We also honor clients who share our values.

Once individuals and families feel they've achieved financial and emotional independence, they often want to share some of

We agree with all those definitions, only it isn't necessary to try and measure up to the world's concept of a "philanthropist." That title often conjures up images of those whose names appear on shiny new wings of art museums or hospitals. But anyone who gives to others in need—whether for food or shelter, education or information, respect or love — is a philanthropist.

Our friend, Victoria Trabosh, introduced us to the Itafari Foundation, whose vision it

"I don't think you ever stop giving. I really don't. I think it's an on-going process. And it's not just about being able to write a check. It's being able to touch somebody's life."

— Oprah Winfrey

their good fortune with causes that speak to their hearts. (The Pacific Northwest has a particularly strong tradition of sharing with others.)

Why do we give? Psychologists have argued that the main motivation is self-interest and self-preservation. But the simple fact remains; giving our money to others makes us feel good. It allows us to feel that we are giving back to society, especially

is that every Rwandan has the opportunity to dream of a better life. Itafari Foundation is proof that a small organization can have a tremendous impact. For details, visit their website at: www.itafari.org

We've given our money and our time, but by using Cafegive.com for our office purchases, travel and online shopping we make our dollars go even further.

Cafegive's model helps advertising money go to our charities of choice. It's the same dollar, it's just working much harder. Check out this wonderful website and join us in adding one more way to give back. www.cafegive.com

There are many ways we can all help others, even for those operating on a tight budget. Donating canned goods to a food

bank to help needy families in our community is a simple philanthropic act with direct benefits. The Toys for Tots fundraiser is another. Simply put, if we are driven to give our time, talent and/or treasure to those we can help, or to make a positive change to our society, we are philanthropists.

Your approach to sharing depends on your objectives. Some choose to build a living legacy that they can see others enjoy while the donor is still alive, while others may name multiple charities as benefactors in their wills. There's a range of solutions that we can help you tailor into your charitable giving plans.

In our experience, joy in giving comes from a feeling that we are making a difference. Below are just some of the organizations McGee Financial has the pleasure of supporting. Please visit their websites to learn more.

- Cafegive.com www.cafegive.com
- Children's Heart Foundation www.childrensheartfoundation.org
- Itafari www.itafari.org
- Metropolitan Family Services www.metfamily.org
- Oregon Community Foundation www.oregoncf.org
- Oregon Public Broadcasting www.opb.org
- Portland Impact www.impactnw.org
- Portland Rose Festival Foundation www.rosefestival.org
- Social Venture Partners Portland www.svpportland.org
- William Temple House www.williamtemple.org
- YWCA www.ywca-pdx.org

Our clients in Spokane are giving back both locally and internationally.

Healing Hearts Northwest/UJAMAA Medical Connections is a group of healthcare professionals who collaborate with international communities in need to provide healthcare service, education and training

www.healingheartsnorthwest.com

Step Up Spokane is a non-profit community initiative that's collaboratively led by local health organizations.

It's mission is to improve the health of the community and help connect those who share struggles and successes of staying fit and healthy

http://stepupspokane.org/site/about_us



when we can see positive changes around us. Various online dictionaries define philanthropy as: goodwill to fellowmen; active effort to promote human welfare; a desire to help mankind that may be motivated by a sense of civic duty, or simple compassion for those in need, as in supporting socially useful purposes. Another term used was "philanthropist."

“Let ‘Er Buck!”

We Saddle Up for the Pendleton Round-Up

Wow, what a fabulous experience to share the excitement of Pendleton Round-Up’s week-long 100-year celebration!

Our own Jennifer Currin Gutridge, CFP®, and 1991 Round-Up Queen, has deep ties to eastern Oregon and the Round-Up event. Jennifer and other former Round-Up court members had a very busy week attending many events including riding in the Round-Up parade.

In the book, “Let ‘er Buck! A history of the Pendleton Round-Up,” they write, “Success bred success and the Round-Up has stayed in high gear.”

It’s the amazing community participation and volunteers that make the event a winner. It is estimated that around 100,000 people attended this year.

McGee Financial made this year’s Round-Up an opportunity to celebrate with clients and friends living east of the Cascades, although a few made the journey from a greater distance to Pendleton for the week.

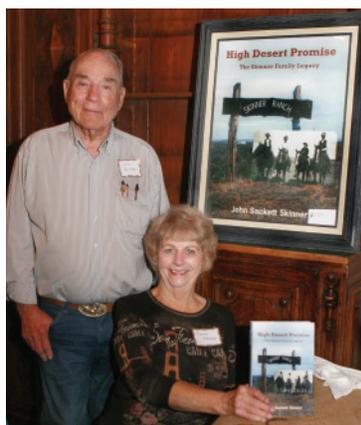
Here are some of our favorite photos of the Round-Up and the Hamley’s party. Enjoy.

A green-horn witnessing the event for the first time will discover that it’s not just about the cowboys. Indian participation is an equal part of the event with Happy Canyon, the Indian Village, and beautiful horses and costumes of the Westward Ho Parade.

The Pendleton Round-Up honors the culture of the ranchers, cowboys, and Indians.



Jennifer Currin Gutridge, 1991 Pendleton Round-Up Queen, rides in the Westward Ho parade with Princesses Lois Ward and Tonya Hauser Johnson, all wearing their 1991 split-leather outfits



John & Carole Skinner shared their family book, “High Desert Promise, The Skinner Family Legacy”

McGee Financial Grand prize drawing winner Andrea Waldrop with Jennifer.



Happy Canyon Princess – The active Native-American presence has kept the Round-Up distinctive. The Indian village at the Round-Up is the largest encampment on the professional rodeo circuit.



Photo by Linette Dobbins catches bull rider being thrown into the air.



Tom Currin, 2010 Inductee to Pendleton Round-up & Happy Canyon Hall of Fame (volunteer category)



Should you collect Social Security early?

Consider this:

Most people have little understanding of Social Security. A lack of knowledge about “the rules” can compromise a planning strategy - possibly leading to acceptance of retirement benefits upon eligibility. Informed workers, however, may be able to collect additional income.

Dennis Day and his wife, Mary, want to retire in three years. Dennis is 62 and Mary is 59. They earn \$200,000 and \$50,000, respectively. Prior to completing their financial planning, they planned to take Social Security benefits when Dennis turned 62. Their financial adviser cautioned them.

Because Dennis would still be working, all or part of his benefits would be penalized. The 2010 Social Security Administration earnings threshold is \$14,160 annually. Taking payments early also would impact Mary’s retirement income benefits and survivor benefits.

Their adviser looked at different scenarios for Dennis - taking Social Security early at age 62, at full retirement age of 66, or waiting until age 70. Dennis is in good health and expects to live a long life. Mary’s benefits also were calculated for various ages. In the end, a “hybrid approach” seemed best. Mary will collect her benefits at 62 and spousal benefits after age 66. Dennis decided to wait and collect at 66.

Workers thinking about taking Social Security early – and beat the rush of millions of baby boomers ready to retire – consider the following:

If I collect Social Security benefits at 62, can I adjust the benefits when I reach full retirement age?

No. The reduction is permanent. Benefits may increase along with inflation – historically, it’s been estimated at approximately 2 percent per year.

What happens to my payments if I collect a Social Security check and continue to work beyond my full retirement age?

The Social Security Administration recalculates benefits each year someone continues to work. The calculation is based on a person’s “best 35 years.” If someone is making more money, benefits will rise.



Do I get the payments listed on my Social Security statement?

Not necessarily. The statement is only an estimate and uses average earnings that were reported to the SSA. Some women have found that their records were not correct because name changes were not reflected. An employee’s name and Social Security number reported on a W-2 must match the information contained in the SSA’s records. Information can be changed if proof is provided.

Visit www.ssa.gov/employer/ssnv.htm for more information.

Can I change my mind after I’ve started collecting my benefits?

You can file a “Request for Withdrawal of Application” form.

The SSA will review the request, which, if granted, will require you to repay the SSA all of the payments you and other parties collected. You’ll then need to re-file.

This opportunity may be short-lived. “Social Security has sent a proposed regulation to (the Office of Management and Budget) for review that would establish a 12-month time limit for the withdrawal of a retirement benefit application. The proposed regulation would also permit only one withdrawal per lifetime,” said Mark Lassiter of the SSA.

This may be important because paying back the SSA is without interest, and there can be a significant advantage to taking benefits at full retirement age rather than age 62. That is because benefits increase approximately 7% per year between ages 62 and 65 and approximately 8% between ages 65 and 70.

A “do-over” has become a viable financial planning strategy. Information was included in the Social Security handbook. A recipient needed only to file IRS form 521 and pay the benefits back in full - no

interest, no penalty and no adjustment for inflation. Social Security was designed as a lifetime income source.

Before making a final decision on benefits, consult your financial adviser and review all options.



Team Spirit: A Tradition of Service



Left to Right: Linette Dobbins, Penny Burgess, Jennifer Currin Guttridge, Joan Lintz, and Judith A. McGee.

Linette Dobbins, CFP®, serves on several advisory committees for Raymond James Financial Services, Inc.; Women's Advisory Council, RIA Compliance committee, RJFS compliance and technology committees.

She is a Director of the Portland Rose Festival Foundation and was recently appointed to the Investment Committee. This year she was on the Rose Parade, coronation and auction committees. Linette and her husband, Steve, enjoy their mini farm in Aurora raising Appaloosa horses. She has four adult children and three grandchildren.

Penny Burgess, CFA, Executive Vice President and Lead Portfolio Manager graduated from Oregon State University with a BS in Finance. She's an avid Beaver fan – win or lose. After graduation from OSU, she joined Columbia Management and worked with their founders. In her role as portfolio analyst and manager, she traveled the world (Europe, Asia, Latin America) visiting with the senior management teams of leading multi-national companies.

Penny always said she wanted to marry Rich – she did. Husband, Rich, and Penny love hiking and sailing and all outdoor activities. Gardening holds a special interest for her.

Jennifer Currin Guttridge, CFP®, serves on the Boards of Directors of YWCA of Greater Portland, and the Financial Planning Association (FPA) of Oregon & SW Washington.

She's on the Y's Executive and Finance Committees, and, as FPA's PR Director, she was in charge of Financial Planning week activities in October, which focused on college planning for high school students. Jennifer will coach her 10 year-old daughter, Cydney's basketball team this winter.

Son, Kallen, age 5, is already an athlete. He just finished flag football and is in beginning wrestling.

Joan Lintz, MBA, CFP®, joined us in June 2009 as Associate Financial Planner. She earned her BA at Boise State University with double majors in History and Spanish. Later she received an MBA from U of Portland.

As a life-time Girl Scout volunteer, she's spent a total of 34 years on local, national and international boards of the Girls Scouts. For 19 of those years she had an international appointment with The World Association of Girl Guides and Girl Scouts program center located in Cuernavaca, Mexico.

She was also President of the Columbia River Girl Scout Council. Joan is the mother of two adult children. She and husband, Terry, love to travel, scuba dive, and golf. Joan says Terry is a fantastic cook and has stocked a wonderful wine cellar.

Judith A. McGee, L.H.D., CFP®, CLU, ChFC® was invited to speak in December at the Barron's Winner's Circle, Top Women Advisors Summit in Palm Beach, Florida.

Her presentation focuses on practice management. The Summit brings together the best in the business and is a richly rewarding experience. This is the 4th year Barron's has recognized Judith as one of the Top 100 Women Financial Advisors*. Linette Dobbins accepted Top Women Advisor RJFS award for Judith at the Raymond James Women's Symposium in St. Petersburg, Florida.

Other presentations for 2010 include "2010, The Year of the White Tiger – Dynamic Retirement and Estate Planning" for the Oregon Community Foundation (OCF) Philanthropy Forum presented in Portland,

Eugene and Bend. Judith serves on OCF's Professional Advisory Council.

On November 9th, she presented at the University Club's Women's Dinner, "Politics and Economics, Strange and Necessary Bedfellows". January 6th, Judith will speak at the Greater Clark County Rotary meeting.

Judith shares her private life with her best friend and husband Chuck Defoe and their yellow Lab Molly.

* Top 100 Women – The ranking reflects the volume of assets overseen by the advisors and their teams, revenues generated for the firms, and quality of the advisors' practices.

Useful Websites

(Our clients shared these with us!)

Looking for worldwide vacation rentals? Family vacation deals? Try this site: www.vrbo.com

Are you into scrap-booking? Paper crafts? Check this out: www.paperwishes.com

Want to help your favorite charity while shopping? Order from top brand on-line stores and support your favorite cause. Just start here: www.cafegive.com.

* * *

Comments Welcome!

This newsletter is for you, our clients. We're interested in hearing your comments and invite your ideas for future editions. What topics interest you? What kind of information would be most beneficial to you? Just let us know.

Phone: 503.597.2222 Fax: 503.598.8515
email: news@mcgeenet.com

Q4 2010 Economic and Market Review:

(Opinions of McGee Financial Strategies, Inc.)

Long-Term trends: The global economy is moving at two speeds, with emerging markets growing rapidly and fighting inflation while most developed markets grow slowly, coping with fiscal deficits and lackluster employment.

Long-term favorable trends in the emerging world include growing populations, rising income levels and larger middle classes with desires for “western” lifestyles.

Companies domiciled in emerging markets do take advantage of this extraordinary growth. Global companies with brand identity and entrepreneurial spirit to compete in those markets may share in future potential prosperity. To us, this is an overriding theme.

(International investing involves additional risks such as currency fluctuations, differing financial and accounting standards, and possible political and economic instability. Investing in emerging markets can be riskier than investing in well-established foreign markets. There is no assurance that any of the trends mentioned will continue in the future. Investing involves risk and investors may incur a profit or a loss, including the loss of all principal.)

US Economics – Jobs are the Key

US economic growth remains tepid for the foreseeable future as we await improvement in the labor market. Since the recession “officially” ended in June 2009, the economy has only grown 3%, less than half the post-war average of 6.5%. (Bureau of Labor Statistics). Consumer spending is soft, increasing just 1.6% last year. (Deutsche Bank)

Due to high consumer debt and concerns over the housing and investment markets, we do not believe the consumer will be a large influence in future economic growth until job growth improves. Several indicators are pointing towards an improving jobs market in the near term.

Wells Capital Management’s James Paulsen indicates profit per job has soared by 35-40% in the last year – its greatest annual growth rate in at least 60 years! Corporate profits lead to jobs and we are seeing

additional indicators that may support a change in the jobs market. The Monster Employment Index shows online job opportunities rising, temporary jobs are increasing and the Challenger data shows job cut announcements are back towards normalized levels of 40-50,000/year.



Supporting US growth will likely be the export sector as the weakened dollar makes our goods more competitively priced, and recent government stimulus.

Would you believe that international companies are building new manufacturing sites in the US? BMW has announced a \$750M deal to expand their South Carolina production facility creating 500 new jobs. Toyota and Hyundai have announced similar deals. While the US seems to be muddling through a soft economic patch, it appears to be a normal slowdown within an ongoing recovery.

Economic growth is on the upswing (maybe not as fast as we want): corporate profits are rising, consumers are spending at the margin (think iPhone/iPad) and stocks/bonds/commodities have been recovering.

Positives

- Global growth has returned. Emerging markets seemed to have a sustainable path.
- Interest rates are low. Borrowing costs are accommodative providing you qualify.
- Better than expected corporate profits.
- Merger and Acquisition activity on the rise.
- Businesses, generally flush with cash, are putting money to use. U.S. investment in equipment and software surged in the second quarter.

- Wage pressure is currently low. We suspect inflation will remain benign for the near term but could impact margins by early 2011.
- Consumer debt levels decreasing, savings rate increasing - driving improvement in household liquidity.
- Emerging market consumers are spending more.
- Cash on the sidelines. There is still about \$3.5 trillion in money market accounts compared to \$4 trillion winter of 2008. (Deutsche Bank)

Concerns

- A growing U.S. federal deficit constrains both tax and spending policies, increasing uncertainty for businesses and households. Over the long term, taxes and interest rates threaten to trend higher.
- State budget deficits are an additional concern. Austerity measures coming?
- U.S. interest rates are historical low presenting challenges for fixed income. To offset interest rate risk we add global bonds, floating rate funds, convertible securities and dividend paying equities.
- Competitive global devaluing of currencies is underway to keep exports attractively priced.
- Some sovereign debt has been down graded, i.e. Greece, Spain, Italy. Risk of defaults?
- Velocity rate of money is low; inflation pressures benign due to weak bank lending.

Strategy/Themes:

Our investment committee is looking at quality, valuation, economic trends, political policy (U.S. and world), taxation, and other factors to position or reposition portfolios. Portfolios are structured in a traditional asset allocation sense as well as a tactical component for a portion of the portfolio in order to remain flexible as information unfolds. This strategy should help us avoid areas of the market where we believe risk may be higher or to take advantage of areas where we see opportunity.

The opinions in this newsletter are those of McGee Financial and not those of Raymond James. You should seek advice from a tax and/or legal consultant to see how specific issues may affect your individual situation.



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We gathered at Hamley's Steakhouse for great food and socializing. L to R Linette Dobbins, CFP®, Chuck Defoe, Jennifer Gutridge, CFP®, Judith McGee, CFP®.



l. to r. Amy Nelson, of Hamley's Steakhouse and Judith McGee. Amy hosted McGee Financial with great food and warm hospitality. www.thehamleysteakhouse.com

“Let ‘Er Buck!” The McGee Team Saddles Up for the Pendleton Round-Up

We took a break to enjoy the 100th-year anniversary of the Pendleton Round-Up and had an opportunity to celebrate with clients and friends. It's estimated that around 100,000 people attended the week-long event this year. For details and more photos, see page 4.



The Royal Family

From l. to r. Annie Hisler Weygandt, Jean Lazinka Barbouletos, Kathryn Lazinka Healy Thorne, Hailey Davis, Jennifer Currin Gutridge, Judy Lazinka Currin, Mary Lou Lazinka O'Rourke, Janice Healy Davis, Patti Healy Adair. All nine women are past royalty of the Pendleton Round-Up and descendents of the Lazinka family, pioneer ranchers of Eastern Oregon. The Lazinka story is chronicled in the book: Pendleton Round-Up at 100: Oregon's Legendary Rodeo, by Terry Hill and Michael Bales