

PROFESSIONAL FINANCIAL SERVICES, INC.

"DESIGNING AND PROTECTING WEALTH"

ONE PLAN AT A TIME

ROBERT E. TUCKER
PRESIDENT
Tel (703) 391-0299
Fax (703) 391-0277

10913 LAWYERS ROAD
RESTON, VIRGINIA 20191
e-mail: bobtucker@pfsinc.info
website: www.pfsinc1.com

August 25, 2011

Mr. Robert E. Tucker
10913 Lawyers Road
Reston, VA 20191

Dear Bob:

It has been an interesting summer. The congressional debacle over the debt ceiling came to a temporary conclusion. Global and domestic stock markets reacted to a variety of economic problems, and the Dow, S&P and NASDAQ have plummeted over a three week period and continue to be volatile. To be sure, market ups and market downs are inevitable, but the chaotic peaks and valleys of the last few days along with all the economic commentary create understandable questions and concerns.

Some of the key questions are: What should I do? Should I move to cash? Should I simply wait it out? Should I use downturns as an opportunity to invest while prices are lower?

The fact is that if I could guarantee I have the right answers, I could make a fortune. Well, neither I nor the scores of pundits can provide that assurance.

Here is what I believe. History shows that in the macro view most everything is cyclical. Ups, followed by downs, followed by ups, followed by downs, etc. Yet, clearly, one must always be mindful of the notion that "past performance does not guarantee future results". However, notwithstanding massive changes in economics, technology, world events, and everything else, history does have a way of repeating itself.

Remember the early 1980's. Incredibly high interest rates and a sluggish economy under President Carter followed by a return to growth and normalcy during the Reagan years. My first home loans were a first trust at 15 1/8% and a 10 1/6% second trust. My current loan is 4.25%.

We agonized through significant declines in 2000 – 2002, rebounded with substantial market growth from 2003 – 2008, were slammed in 2008 – March of 2009, had spectacular growth from 2009 – mid-2011, and now we are all seeing volatility once again. Wow! If we could only know the precise timing to get out and the precise times to get back in the markets!

A REGISTERED INVESTMENT ADVISOR

Securities Transactions Offered Through

H. Beck, Inc., Member FINRA/SIPC, 11140 Rockville Pike, 4th Floor, Rockville, Maryland 20852, (301) 468-0100
Robert E. Tucker is a registered representative of H. Beck, Inc., which is unaffiliated with Professional Financial Services, Inc.

August 25, 2011
Page Two

Perhaps the very most important question each of us needs to answer for ourselves is “do we have enough cash and liquid assets to weather an economic storm?”

If the answer to the question is “yes”, then it may be useful to take comfort in a historical perspective.

As I reflect on the recent past, I believe there has been a validation of what I (and many of my financial services brethren) espouse as useful and wise strategies. They have stood the test of time, and frankly, they continue to be good ideas in both good and bad markets.

Simply put:

- In general, debt is our enemy.
- Cash (in a shoebox or otherwise) equal to three to six months of net after tax income provides significant real and emotional security.
- Down markets often represent some of the very best buying opportunities (aka buy low, sell high).
- Regularly investing each month is highly desirable.
- Super low interest rates offer the opportunity for refinancing real estate and locking in lower costs to servicing debt.
- Diversification of investments to include choices that are not stocks and bonds will almost certainly result in less overall volatility.
- Investment selection should match your risk tolerance.

And all too often, the obvious escapes us. Understandably, we get so focused on the value of our accounts that we forget to pay attention to other vital parts of our overall financial health:

- Do we have the right amount of life insurance for the protection of those we love?
- If the value of our assets goes down AND we become incapacitated – accident or illness – do we have enough disability insurance? How about long term care costs?
- Are our legal documents in order and do they reflect our current thinking and the dynamics that exist within our families? Does our distribution plan (how and when our assets are given to our survivors) really make sense?
- Have we done effective tax planning and employed the best tax strategies for our situation?

August 25, 2011
Page Three

Every two years we evaluate and vote on many of our potential leaders. Perhaps we should consider "voting" on our own planning and strategies at least that often.

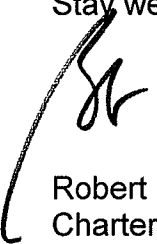
Here are some facts. Several of my clients have died in the last two and a half years. There has been a divorce or two. Several more got married. Some babies were born. Some clients lost their jobs. Others got new jobs. A few retired. There have been some operations: cancer, knee replacement, tumors removed, and broken bones. Believe me, there is a world of difference in the impact of these types of events experienced by those that have planned and implemented the right strategies versus those who have not.

If nothing else, life is a constant process of change. Some things you control, some you do not. What too many fail to focus upon is that life's changes often spawn the need for planning changes.

So, here is the bottom line. Do not get overwrought with swings in the market. There will always be peaks and valleys. Just focus on the things you control and know that one of them is to determine whether or not your current planning really is current.

It is a certainty that we are here to help you understand and evaluate. All you need to do is ask – unless, of course, we ask you first.

Stay well.



Robert E. Tucker, CLU
Chartered Financial Consultant

d dm