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# Miller Insights

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## Change

If there's one thing in life that is constant, it's change. Change in our families. Change in our employment. Change in the world economies and markets. The old saying about the weather in Utah, holds true for many other facets of our lives, "If you don't like the weather today, just stick around because it will change tomorrow." This seems particularly true about our weather this spring.

As with all other areas of change, the best way to approach it is by first understanding and then planning and adjusting as best we can. This holds true in family life, employment, financial, or market/economic change. And since we are financial advisors, I will address the market and economic changes. Let's first start by discussing some of the economic and market changes

we have experienced lately that are currently driving the markets.

You can't pick up a paper or turn on the television lately without hearing about the issues in Europe. Like the United States back at the end of 2008, Europe is experiencing its own set of problems. The euro currency, much like the dollar back in 2008 when our crisis began, has dropped significantly and there are concerns about the ability of euro to survive, or at least survive as it currently exists. As a result, the Federal Reserve may end up keeping the interest rates lower, longer, thus further stimulating borrowing and business growth.

The unemployment report out Friday June 4, caused concern about the potential growth and recovery of the United States economy. The



*Rick Miller*

market expected that there would have been more private sector jobs created than actually occurred. Most of the growth was in the government sector and particularly related to the census. But through it all, we are seeing growth. Since the beginning of 2010, the number of jobs created in government and the private sector has been above zero, with May coming in at 431,000. [United States Department of Labor, Bureau of Statistics, released Friday, June 4, 2010] All of last year, we were losing jobs each month. We are also seeing the number of new



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*“Has your retirement date changed since 2007? Are there immediate cash needs that you need to be planning for? Are you saving enough for your retirement? Has your risk tolerance changed since 2007? All of these and other questions will help you determine if your risk tolerance and liquidity model is appropriate for your situation.”*

job postings increase.

China is another area of change and a region being watched. Some worry that China's economy may be overheated, in a bubble, and headed for a correction. Their Gross Domestic Product (GDP) has grown an average of 10% annually for the last 20 years.

*[Wikipedia, "Economy of the People's Republic of China"]* Some believe their housing market is at a peak and that the cost of land and the average salary of their workers are in oversupply. Still others maintain that there is not a housing bubble and that since only 5% of their population own homes, there is much room for growth. The government is taking measures to slow down their growth and seem to have recognized the potential issues that could result.

I'll stop there, although there are other events we could certainly add to the list. All of these current events point to change. So with this change, what are some guiding principals that can help you, and us, as we

manage through turbulent times.

The first, is to revisit your goals. Has your retirement date changed since 2007? Are there immediate cash needs that you need to plan for? Are you saving enough for your retirement? Has your risk tolerance changed since 2007? All of these and other questions will help you determine if your risk tolerance available cash is appropriate for your situation. Having the correct mix of stocks, bonds, and cash, helps you weather the ups and downs of the market.

Based on the answers to these questions, you may want to make some adjustments, some changes. Perhaps you have become more fearful of the market and need to add more fixed income to your portfolio. Maybe you believe that since the market is still off it's high that now is a good time to add more equities to your portfolio. Perhaps you need to look at your current spending and make room for more saving.

But with all this talk of change, there are still some things that haven't changed. In order for you to retire with enough to live comfortably, you need to save. In my opinion to realize the market upside, you need to be "invested" in the market when corrections are over and we enter a new bull market. Diversification still produces better long-term results and helps smooth out the volatility. And last, but certainly not least, working closely with your financial advisor can help you maneuver through the storm and keep you headed in the right direction.

We continue to watch the trends in the economy and markets daily to understand their potential impact on your investments. As we communicate with you, it's important, more than ever, for us to understand your goals and current situation. We will continue to make this a normal part of our conversations.

Thanks for your confidence and loyalty. We sincerely enjoy working with you. Please call us anytime with questions or other needs.

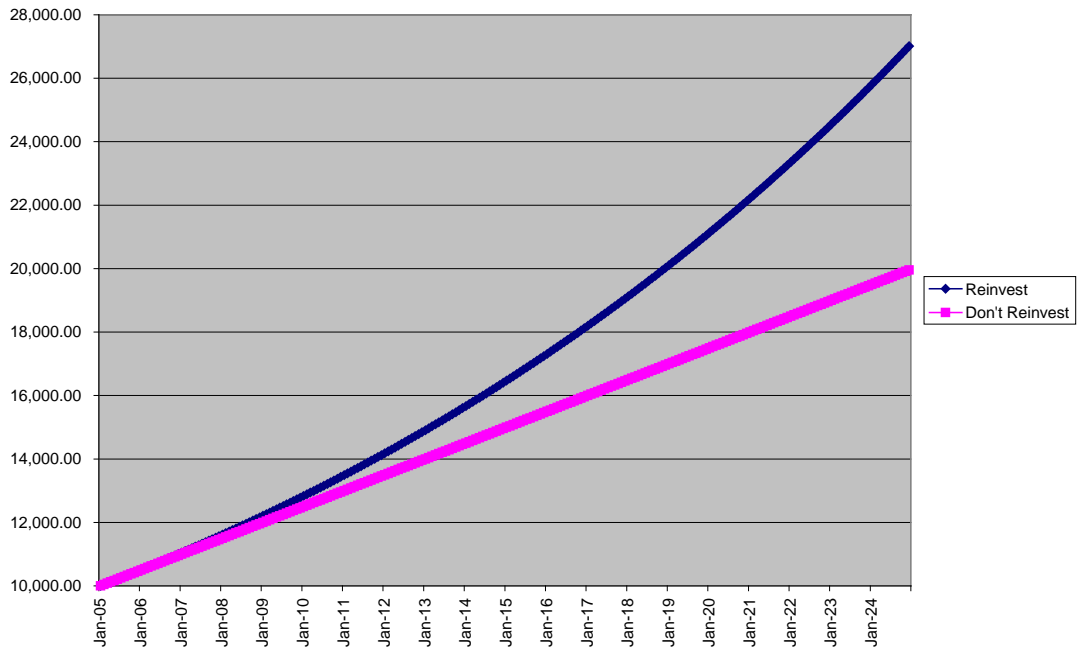
## Reinvestment

While it is something that is not often thought about, it is important to be sure that money gained from investments is being put to work in a way that fits the needs of the investor.

There are different ways in which investments add value to a portfolio:

1. Investments face value increases and decreases. When an increase occurs the investment is worth more and therefore has added value.
2. Some investments pay dividends. Dividends may be paid in cash or stock.
3. Some investments pay interest. Interest is paid to the investor in cash.

In the event an increase in value occurs, or the investor receives a dividend in the form of more shares of the same investment, the increased value to the portfolio is already



Reinvestment chart assumes two \$10,000 portfolios earning 5% annual yields. This example is for illustration purposes only and does not represent an actual investment offered through Miller Financial Inc. nor does Miller Financial guarantee any specific returns on investments.

The above graphic was designed using calculations of interest and reinvestment done by Tyrel King for Miller Financial Inc.

in the market and a decision of what to do with extra cash is not necessary. However; in the case that the investor is receiving dividends or interest paid in cash, it is important that a plan is in place so that this added value can be put to the best use.

Reinvesting interest and dividends has the potential to accelerate the growth of a portfolio much the same way as compounding interest in a savings account. If the cash paid to an investor remains unused it will not have the potential to grow. If that cash were to be

invested it has the potential to grow, as the funds are reinvested again it could continue an accelerating cycle of growth as investors work toward their goals.

Above is a graph which illustrates reinvesting. This graph assumes two investments of \$10,000 which receives a 5% annual yield over the course of 20 years, one of which reinvests the interest while the other receives cash without reinvesting.

In some cases investors may have

the objective of creating income from their investments in which case the interest and dividends that are paid as cash would be a part of that income. Because investment objectives vary from one individual to the next it is important to seek advice from an investment advisor and discuss whether or not to reinvest and, if so, how to do so.

Tyrel King

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## Our Advisors: Rick Miller

Rick Miller is the "Face" of Miller Financial, starting with the company at 12 years old "emptying trash cans" for his dad.

Rick graduated from Brighton High School in 1990 and from there began his studies at The University of Utah.

In 1991 he left for a 2 year LDS mission in the Czech Republic. Upon completing this mission Rick returned to his studies and in 1994 began his work with Miller Financial as an investment advisor and registered representative, his

economics degree from the U of U greatly assisting his work.

Rick and his wife Tammy live in Salt Lake with their 3 children.

Rick enjoys living in the Salt Lake valley where he can participate in many of his favorite things including skiing both downhill and cross country, golfing, and biking. During the summer off hours you will most likely find him out for a ride on his bike, including a 206 mile race from Logan, UT to Jackson Hole, WY



*Rick Miller*

which he participates in each September.

Rick is always anxious and ready to help and has more than 15 years experience ready to put to work for you.

### *About Miller Financial, INC.*

As financial advisors, Miller Financial brings a strong family dimension to their work. They're in business to advise physicians and small business owners; they create trust through impeccable service and unbiased advice.

Miller Financial offers you a diverse range of

investment choices and coordinated financial services specific to your life and priorities. They plan from a big-picture standpoint, with wealth accumulation a primary goal, they simultaneously map out methods of risk management and tax-advantaged investing, to help accelerate personal wealth and

preserve your estate.

Skilled financial advisors can help you take advantage of the velocity of money, so you can accomplish numerous things at the same time. That's what Miller Financial does. By focusing on appropriate asset allocation, they use strategies to help you accelerate your wealth.