



JFS INSIGHTS

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JFS NEWS



New Hires: Welcome to Sarah Amey, CFP®, who joined the Asset Management Department as an advisor in May

and will be working in the Pittsburgh office. Currently, she is actively assisting lead advisors with asset management and financial planning for existing and prospective clients.

Most recently, Sarah worked as a portfolio administrator at BNY Mellon Wealth Management, Harrisburg. She is a member of the Financial Planning Association. She earned a bachelor's degree in business administration with a major in finance from Shippensburg University of Pennsylvania and earned the CERTIFIED FINANCIAL

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Thank you to all of our clients for allowing JFS Wealth Advisors to serve your financial needs. We appreciate the opportunity.



Are Women Ready for Retirement?

The National Center for Women and Retirement Research (NCWRR) report that nine out of ten women will be responsible for their own finances at some point in their lives. However, only 15% of the women who are married or living with a significant other assume responsibility for their retirement planning.

A 2010 report from the U.S. Congress Joint Economic Committee stated that Social Security represents two-thirds of income for women 65 and older. The NCWRR also reports that almost 90% of the elderly living in poverty are female.

For a variety of reasons, women are often at a greater risk than men at achieving a secure retirement.

Women typically live longer than men, so the task of managing retirement funds so that she does not outlive them is increasingly becoming a woman's issue. The life expectancy for women in the U.S. today is 81 years, and only 76 years for men. A repercussion from living longer is that, more than likely, women will require more in the way of health care.

The gender gap is persistent and well-documented. According to the 2009 Shriver Report, *A Woman's Nation Changes Everything*, for the first time, half of the U.S. workers are women. The typical full-time, full-year woman worker brings home 77 cents on the dollar, compared to her male colleagues. In addition to making less money, women often have their careers interrupted to care

for children or elderly parents - an average of 12 years. This reduction of time spent in the workforce results in a reduction in retirement plan balances, Social Security and pension benefits.

The Women's Institute for a Secure Retirement (www.wiserwomen.org) suggests five things women should do to prepare for retirement.

1. **Understand your finances and take charge of your retirement.** If you are married, become an economic partner with your spouse. Sit down and discuss your future and make sure you are both provided for. If you are single, you need to plan for yourself and not depend on someone else to solve the problem for you.
2. **Learn how much you will need for a comfortable**

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Market Comments

The world equity markets were extremely volatile during the second quarter of 2011, but benchmark returns year to date as of June 30 were little changed from March 31. Indexes we compare our portfolios to show the most recent quarter and 12 month returns as follows: S&P500, 0.10% and 30.69%; Russell 2000, -1.61% and 37.4%; and MSCI-EAFE, 1.83% and 30.92%. For the quarter, the Barclays Capital Aggregate Bond index was up 2.29% while the 12 month

return was 3.90%.

Events noted in the first quarter continued to drive the volatility we are experiencing: Middle East turmoil; European sovereign debt worries over Greece, Portugal, and Ireland; and the aftereffects of the Japanese tsunami. Added to this has been concern over the U.S. debt ceiling and higher oil prices; continued low job growth and high unemployment; and a slowdown in Gross Domestic Product growth.

Markets were set for a down quarter, but turned around strongly in the final week of June and provided the best one week returns we have seen in two years. A combination of events seems to have contributed to the turnaround. Greece voted for austerity measures and the EU is providing a substantial loan to assist them. Oil prices started to come down and an agreement was made to release oil

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Student Loans See Some Improvements



According to *The New York Times*, in 2010, student loan debt outpaced credit card debt for the first time. Graduates who took out loans left college with an average of \$24,000 of debt.

Buried within the landmark health care reform law of 2010 was an overhaul of the federal student loan program. The law ends the Federal Family Education Loan Program (FFELP) and requires all institutions to switch to the federal Direct Loan Program (DL). The switch generates roughly \$61 billion in savings, and these savings will be used to fund other education initiatives contained in the law such as an increase in available Pell Grant money.

The biggest change is in the way student loans are made and administered. Under the old rules, private banks did the lending, with loans guaranteed by the federal government. The student had to pick and choose among private lenders. Now, the government itself will originate student loans.

Loans will generally look the same to students with no difference in terms, fees, or interest rates, but the process should be simpler. Students can apply for loans by completing the Free Application for Federal Student Aid (FAFSA). The information on the FAFSA is transmitted to the schools that are listed on the application. Each school will work in conjunction with private companies approved by the government to disperse loan funds. This ends the process of the federal government giving subsidies to private banks to provide federally insured loans. For additional information you may visit <https://studentloans.gov>.

Repayment terms for students will eventually improve. For loans generated after July 1, 2014, monthly loan payments will not be allowed to exceed 10% of a borrower's monthly discretionary income. In addition, remaining loan balances after 20 years will be forgiven, an improvement on the old rule's 25 year period. For students who become public servants (teachers, nurses, nonprofit employees,

or full time members of the military) the maximum repayment period is reduced to 10 years. To find out more information about the Income-Based Repayment (IBR) Program, visit www.ibrinfo.org. These provisions are not retroactive and do not apply to private alternative bank loans.

Many banks continue to offer Private Alternative Education Loans. Some families go this route to help bridge the gap when federal loans do not provide enough money. However, these loans tend to cost more, although they are less expensive than credit card debt.

In recent years, merit aid has been making a comeback as colleges (especially private ones) use favorable merit aid packages to attract certain students to their campuses, regardless of their financial need. However, the availability of merit aid tends to fluctuate from year to year as colleges decide how much of their endowments to spend, as well as which specific academic and extracurricular programs

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Are Women Ready for Retirement, continued

retirement. Review your sources of income like Society Security, workplace retirement plans, and IRAs and compare them to your projected expenses. Other factors include how long you will be retired, investment rates of return, and inflation.

3. **Take advantage of workplace retirement benefits.** Make maximum contributions to the plans and make sure you take full advantage of any company match that is available.
4. **Educate yourself.** You don't have to be a Wall Street ex-

pert. You can learn enough to make intelligent choices or at least understand the advice of experts.

5. **Make a conscious effort to take charge of your retirement.** Don't leave your retirement to chance or your spouse.

Regardless of gender, age or income, it is important for everyone to consider their own future financial health and well-being and take the steps necessary to ensure financial security today and tomorrow.

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IRS Raises Mileage Rates

For July 1 - December 31, the IRS increased the amount you can deduct for unreimbursed mileage expenses in recognition of the recent gasoline price increases. If you itemize deductions on your federal return, the mileage rate for business purposes is 55.5 cents, up from 51 cents, and for medical and moving expenses, it is 23.5 cents, up from 19 cents. Rates for charitable work remains stuck at 14 cents a mile.

Keep a log of the miles and record the destination, miles and purpose of the trip.

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"Money is only a tool. It will take you wherever you wish, but it will not replace you as the driver."

- Ayn Rand

Market Comments, continued

from the world strategic reserves to offset the reduced production in the Middle East. It became clear that the world as we know it would continue even with the end of QE2, the Federal Reserve's bond buying program. In addition, the Chicago PMI (Purchasing Managers Index) and ISM (Institute for Supply Management) Index both beat expectations. These indexes measure both manufacturing and non-manufacturing activity, and the higher readings indicate increased economic activity. Additionally, the Prices Paid Index fell from 76.5 to 68 and was below expectations, indicating inflationary pressures are starting to fade. While we do seem to have hit a soft patch in the second quarter, these readings give us hope that it will be short lived.

Many clients ask how the equity markets can continue to go up when economic activity seems so muted and when the world often seems to be in turmoil. Some things to think about when pondering this seeming dichotomy: (1) The U.S. economy is the one we are most familiar with, and it is logical to think that if our economy is performing in a mediocre fashion then our stock market should be, too. The stock market, however, invests in companies and not the economy.

Because so many of our great companies are global, they are earning profits from overseas, as well as the U.S. (2) The world political and economic situations are frightening. Again, we are buying companies and not countries. Profits are made through sales to willing buyers, and there are

of 14.2. This would say that the companies of the world are undervalued by 22% on an average basis. This is but one reason we believe equity prices have room to grow. Over time, we should see price increases due to both increased profits and a return to a more normal multiple as investors

Index returns for periods ending June 30, 2011

		3 Months	1 Year	3 Years	5 Years
100% Stocks		0.4%	32.5%	2.7%	2.9%
100% Bonds		2.3%	3.9%	6.5%	6.5%
Stocks	Bonds				
75%	25%	0.9%	25.4%	3.6%	3.8%
60%	40%	1.2%	21.1%	4.2%	4.4%
50%	50%	1.3%	18.2%	4.6%	4.7%
40%	60%	1.5%	15.4%	4.9%	5.1%
25%	75%	1.8%	11.1%	5.5%	5.6%

The table summarizes returns from stocks and bonds by various asset allocations. Stocks include 1/4 allocated each to large growth and value; 1/12 allocated to each small growth and value; and 1/3 allocated to foreign. Returns for 3 and 5 years are annualized. Past performance is not indicative of future results.

many in developing countries who now have the means to be purchasers and not just producers of cheap goods. (3) The fear many investors express by not buying equities due to economic and political concerns has held the world stock markets back. If we look at the All Cap World Index (ACWI), the forward price earnings multiple is 11.6 compared to the ten year average

regain their confidence.

As always, we encourage you to continue in your recommended asset allocation unless something significant has changed in your life. Please don't hesitate to call us with your concerns and to continue planning for your future. You continue to be our number one priority, and we remain committed to helping you meet your goals. §

Student Loans See Some Improvements, continued

they want to target.

The reality is that parents should not rely too heavily on financial aid. Although aid can certainly help cover a child's college costs, student loans make up the largest percentage of the typical aid package, not grants and scholarships. As a general rule of thumb, plan on student loans covering up to 50% of college expenses. Very few students re-

ceive enough scholarships and grants (including state and federal need-based and non-need-based aid) money to cover all college costs. Of the students enrolled full time at four year colleges in the 2007-08 school year, only 0.3% received enough money to cover the full cost of attendance, according to Mark Kantrowitz, author of *Secrets to Winning a Scholarship* and pub-

lisher of Fastweb.com, a free scholarship matching website.

All students are expected to contribute something to their education. After a FASFA is completed, a formula is applied to determine this figure, known as the expected family contribution (EFC). The EFC remains constant, no matter which college the student attends. §

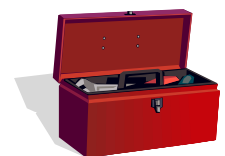
\$3 Trillion

Nearly 10 million Americans who take time off to provide care for their aging parents will lose this amount of wages, pension and Social Security benefits.

Source: MetLife Mature Market Institute

We strive to provide exceptional service. If you are pleased with the services you receive, the highest compliment you can give is a referral to your friends and family members.

Please contact our office directly if there is any change in your financial condition or investment objectives.



TOOLBOX

What is Sovereign Debt?

Bonds issued by a national government in a foreign currency, in order to finance the issuing country's growth. Sovereign debt is generally a riskier investment when it comes from a developing country and a safer investment when it comes from a developed country. An unfavorable change in exchange rates and an overly optimistic valuation of the payback from the projects that the debt is used to finance can make it difficult for countries to repay sovereign debt. The only recourse for the lender is to renegotiate the terms of the loan - it cannot seize the government's assets.

JFS WEALTH ADVISORS

1479 N. Hermitage Road
Hermitage, PA 16148

Phone: 724-962-3200
Fax: 724-962-4611
E-mail: info@jfswa.com



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JFS Small Group Seminars

September - Maximizing Retirement Income

Ron Wyatt will discuss different principles on making sure your retirement savings last through your lifetime.

This dinner seminar will be held September 14 at the Grand Concourse, Pittsburgh, and September 15 at Avalon Golf & Country Club at Buhl Park.

October - Medicare Planning

Just in time for open enrollment, we're pleased to bring Valda Braziel, benefit consultant with Highmark, to provide insight and education about the complex world of Medicare coverage. The dinner seminar will be October 6 at Avalon Golf & Country Club at Buhl Park.

November - Long-term Care Planning

Tom Lilly, president of Futurecare Associates, will present material to help you understand long-term care insurance and how it fits within your overall Financial Goal Plan. Futurecare is an independent insurance brokerage firm with expertise in long-term care planning.

Advisors will extend invitations to clients that they feel will benefit most from the topic. If you have a specific interest in any of these topics, please let your advisor know so that we are

sure to include you. In addition, you are welcome to bring a guest who would find the information helpful. We also welcome suggestions for future topics, so we can continue to provide meaningful seminars. §

JFS News, continued

PLANNER™ certification in 2010. She lives in Moon Township with her husband, Clinton, and two sons.

George Christoff has partnered with JFS as a senior tax and financial planning consultant.

The Farrell native holds a bachelor's degree in business administration majoring in accounting from Youngstown (OH) State University. Starting as a sole proprietor in 1962, he merged his accounting practice into a number of firms with the successor currently being Hill, Barth & King. Since retiring in 2000, he has actively continued consulting with long-term clients, attorneys, and tax practice firms. He is a life member of the Pennsylvania Institute of Certified Public Accountants and the American Institute of Certified Public Accountants.

He served as the auditor for the Farrell Area School District for 38 years and the City of Farrell for 30 years. Currently, George serves as the treasurer for the Buhl Farm Park Trustees and Buhl Farm Park Corporation and is a member of the finance committee for Oakwood Cemetery Association. He will be inducted into the Farrell High School Alumni Hall of Fame in October.

He and his wife, Carol, live in Hermitage. They have two children and three grandchildren. §

