



JFS INSIGHTS

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Performance Reports Get a Facelift

Over the years, we have received valuable feedback from our clients regarding our performance reports. Thanks to advances in technology from our service providers, we are able to improve the layout and design of our performance reports while incorporating some of our clients' best suggestions. The new performance reports will be implemented March 31, 2012.

Changes will include net cumulative contributions versus account value and household level reporting. Several features remain the same, including standard benchmarks.

With the next standard mailing, we will send additional details along with an explanation page to help you read and understand your report. In addition, we will be providing an online demonstration of the new report format and will address anticipated questions and concerns at that time. Details regarding the demonstration will be emailed to clients and posted on our website by March 15.



Is It Time to Refinance?

With mortgage rates at an all-time low, many borrowers are considering refinancing their homes. Most people refinance to save money. Depending on your situation, a refinance can save money in two ways – lower payments or lower interest rates. Although the rates sound great, lenders have tightened up the approval process, making it more difficult to get a loan.

Bankrate.com suggests asking yourself these six questions before a refinance.

1. Do I have equity in my home? Homeowners need to have at least 20% equity in their home to qualify for a new loan without paying private mortgage insurance (PMI). Some people opt to bring cash to the settlement in order to pay down their loan balance to qualify.

2. Do I have good enough credit? Credit scores play a big

role in securing a good mortgage rate. In fact, you'll need a good credit score to qualify for any type of mortgage at all.

3. What are my financial goals? Many homeowners refinance to lower their monthly payments. Others choose a shorter-term loan with higher monthly payments, so the overall interest paid is reduced. But, owning your home sooner should not outweigh other financial goals, such as saving for retirement, paying off high-interest debt, or saving for college. Another consideration is whether or not you want to retire without a mortgage.

4. How long do I plan to stay in the home? Remember, refinancing is much the same process as when you obtained your original mortgage. There will be similar settlement fees: application fee, loan origination fee, appraisal fee, etc. In

considering a refinance, the savings should outweigh these expenses, so calculate the breakeven point. If the breakeven point is 15 months and you plan to stay another five years or longer, then it's probably worth it. However, if you plan to move in two years, you may want to reconsider refinancing.

5. What are the terms of my current loan? Borrowers with adjustable-rate mortgages or interest-only loans should consider the potential benefit of switching to a fixed-rate loan. Consider any other restrictions on your loan, such as an early payment penalty. If you have had your current mortgage a long time, more of your payment applies to principal. By refinancing, you will restart the amortization process and most of your monthly payment will be credited to interest again

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Market Comments

The final quarter of 2011 ended on a positive note, and although the gains did not erase the losses of the year overall, the results and the various reports coming in for 2012 lead us to guarded optimism. Indexes we compare our portfolios to show the fourth quarter and year end returns as follows: S&P 500, 11.81% and 2.11%; Russell 2000, 15.47% and (4.18%); and MSCI-EAFE, 3.28% and (11.83%). The Barclays Capital Aggregate Bond index was up 1.12% for

the quarter and 7.85% for 2011.

Many causes for concern remain in the economies of the world: U.S. growth as measured by the Gross Domestic Product (GDP) was adjusted downward to 1.8% for Q3, anemic at best; the Eurozone is facing a likely recession due to the debt problems of a number of its members; and the slower than normal recoveries in developed markets are hindering growth in emerging markets. Resolution of the problem of

balancing the need to reduce debt levels yet continue to meet entitlement spending and critical defense and infrastructure spending and maintain an appropriate level of social services and benefits plagues most developed countries. Where does one find the delicate balance between finding a way to increase revenues without causing the economy to contract? Where do economic necessity and political reality meet and find a compromise?

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"It's not your salary that makes you rich; it's your spending habits."

- Charles A. Jaffe

Changes to Cost Basis Reporting

Pursuant to recent changes in securities regulations, beginning with 1099s issued for the 2011 tax year, cost basis information for some securities will begin to be included on the forms.

While brokerage firms could elect to include cost basis for a number of different types of securities, JFS has elected to include only the cost basis currently required by law. This means, cost basis for "covered" securities will be on 1099s for accounts managed by JFS. A covered security may include any stock or ETF that was

purchased in 2011.

Additional enhancements to cost basis reporting will continue to be phased in as required. Accordingly, investors

should carefully review any cost basis information reported on their 1099s and forward any questions to either their financial advisor or custodian.

Recipient's Name and Address		Payer's Name and Address	
DANA JONES JOHN JONES C/O SAMPLE GLOBAL ENTERPRISE 3RD FLOOR, SUITE 1800 1234 MAIN STREET ANYTOWN, US 12345 Taxpayer ID Number: ****-**-0000 Account Number: 1111-9999		CHARLES SCHWAB & CO., INC. 211 MAIN STREET SAN FRANCISCO, CA 94105 Telephone No: (800) 435-4000 Federal ID Number: 94-1737782	
Proceeds From Broker Transactions—2011 Form 1099-B			
Department of the Treasury—Internal Revenue Service Copy B for Recipient (OMB No. 1545-0715)			
COST BASIS METHOD: Mutual Funds: Average; All Other Investments: First In First Out (FIFO)			
8-Type of gain or loss: Short-term			
1a-Date of acquisition			
2-Sales price of stocks, bonds, etc. (less commissions and options premiums)			
3-Cost or other basis			
4-Federal income tax withheld			
5-Wash sale loss disallowed			
6-If this box is checked, boxes 1b, 3, 5 and 8 may be blank			
9-Description	CUSIP Number	Quantity **	
123 CORPORATION	00108XXXX	100.00	
			01/12/11 \$ 6,172.55 \$ 5,172.55
			04/26/11 \$ 24,890.20 \$ 14,890.20
123 CORPORATION	00108XXXX	400.00	
			08/22/11 \$ 12,215.67 \$ 215.67
			12/26/11 \$ 1,215.67 \$ 215.67
Security Subtotal			\$ 30,862.75 \$ 19,862.75
MORTGAGE BACKED SECURITY	90000XXXX	40,000.00	
			01/02/11 \$ 1,215.67 \$ 215.67
			03/25/11 \$ 1,215.67 \$ 215.67
Security Subtotal			\$ 2,431.34 \$ 431.34
Total Short-Term Sales Price from Broker Transaction			\$ 30,078.42 \$ 20,079.42

Banks vs. Credit Unions

The 2008 financial crisis and its aftermath have forced new rules and expenses on banks. While some of those rules, such as bans on high overdraft fees and limitations on interchange fees, are good for consumers, they resulted in a decline in revenues, forcing banks to build new revenue streams. On September 29, 2011, Bank of America announced a \$5 monthly debit card fee. By November 1, Bank of America was so heavily criticized, it abandoned the plan. On November 8, CNN Money reported that 40,000 people joined credit unions during the "Move Your Money" and "Bank Transfer Day" movements held November 6.

Consumers are growing weary of banks and their steady onslaught of fee increases, so they are looking for alternatives. Some are turning toward credit unions, which is a cooperative financial institution that is owned and controlled by its members (customers) and is a nonprofit operation. Although a credit union is required by law to define its field of membership,

that field can be broad, including an employer, church, school, community or employee group. The vast majority of consumers, especially in large communities and cities, have an opportunity to join a credit union. You can find a credit union near you at the Credit Union National Association website, creditunion.coop.

Credit unions are offering more and more services that are found at traditional banks but with a community oriented slant. They often are able to offer higher interest rates on CDs and savings accounts and checking accounts with less fees. They are able to offer competitive rates on various loans and credit cards. Although credit unions are limited to the number of branches available, many offer a wide ATM network and online banking.

While banks are insured by the Federal Deposit Insurance Corp. (FDIC), credit unions are insured by the National Credit Union Administration (NCUA), which mirrors bank

deposit insurance. Credit union members elect a board of directors from the membership in democratic fashion. Banks, however, are run by a group of investors, and the primary purpose is to make money for the investors and stockholders.

Whichever you choose, make sure to do the research, weighing the pros and cons to make a smart decision regarding your money, and to be sure you're getting the most out of your banking institution.

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Is It Time to Refinance

and not to building equity.

6. Do I have a second mortgage or line of credit? Borrowers with a second mortgage will face additional complexity when refinancing. The lender in the second position must agree to stay in second position, which the lender may or may not be willing to do.



Market Comments, continued

We see reason for optimism in several areas. Despite the downward adjustment to GDP for Q3, which was caused largely by consumers spending less for services, indicators are pointing to improvements in Q4 and 2012. In December, the unemployment rate dropped for the fourth straight month to 8.5%, the lowest level since February 2009. In December, 200,000 net new jobs were added, while for the year 1.6 million jobs were added to the U.S. economy. The Institute for Supply Management reported that the U.S. manufacturing and service sectors continued to expand last month with both sectors up from the November readings. The Conference Board and University of Michigan consumer confidence indexes both rose substantially in December, beating the expectations of economists. Finally, the U.S. housing market appears to be slowly regaining some momentum: construction spending beat analyst expectations by increasing 1.2% in November; home sale contracts reached a 19 month peak in November for a 5.9% annual gain. J.P. Morgan statistics show that the cost of owning a home now is significantly less than renting, which should encourage qualified borrowers to consider purchases. Home prices did continue to decline slightly and mortgage

rates remain in record low territory. At this point even small increases in new home construction will lead to greater job growth, as construction employment has remained depressed. Greater job growth, of course, will lead to higher spending and thus more job creation as demand increases.

back to long-term average returns. Over the 10 years ended in December 2011, however, markets as measured by the S&P 500 were up only 2.9% on an average annual basis. Arguably, the future should hold better returns in order to make the next reversion upwards! Whether the

Index returns for periods ending December 31, 2011

		3 Months	1 Year	3 Years	5 Years
100% Stocks		9.6%	-3.9%	12.7%	-1.4%
100% Bonds		1.1%	7.8%	6.8%	6.5%
Stocks	Bonds				
75%	25%	7.5%	-0.9%	11.2%	0.5%
60%	40%	6.2%	0.8%	10.3%	1.7%
50%	50%	5.4%	2.0%	9.7%	2.5%
40%	60%	4.5%	3.2%	9.2%	3.3%
25%	75%	3.2%	4.9%	8.3%	4.5%

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.

With more tax revenue to governments from the newly employed and smaller costs to support the unemployed, the gap between revenue and expenses will slowly contract. These small steps will potentially lead to a virtuous circle where continued increases in employment lead to greater spending and investing and higher GDP and, ultimately, to a solution to reduce debt and improve both the U.S. and global economies.

Many challenges remain, and, even with increased employment and better housing markets, new ones will surface. The dynamics of the U.S. and global economies are likely to lead to future gains in stock markets. Much discussion has been held about the concept of “reversion to the mean,” and that with the strong stock market gains of the 1980s and 1990s, we had to expect that at some point markets would lose ground in order to revert

increase in market prices comes in 2012 or sometime thereafter, the corporate earnings are at record levels while markets continue to be at very low price earnings multiples and are thus poised for future gains. The challenge is in maintaining our confidence and our asset allocations to be able to make the future market gains our personal gains. Our mantra continues to be that your decision to stay in the market now may be one of the most important you make for your future wealth accumulation.

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.

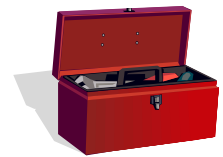
8.5%

The U.S. jobless rate at the end of December 2011. Data surpassed economists' expectations and marks a six-month stretch in which the economy generated 100,000 jobs or more in each month.

Source: New York Times

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 the CNN Effect?

A theory that seeks to explain the effect that 24-hour news networks have on the general political and economic climate. Because media outlets provide ongoing coverage for a particular event or subject matter, the viewers' attention is narrowly focused for potentially prolonged periods of time. The CNN effect can therefore cause individuals and organizations to react more aggressively towards the subject matter being examined. For example, by focusing on natural disasters, news outlets may influence consumers and investors to react drastically to what is unfolding.

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You may want to combine a second mortgage into the new mortgage, especially if there will be additional cost savings.

The important thing is to consider all the alternatives, shop around for the best terms, and speak with a qualified mortgage specialist before doing anything.

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*Relationships Built on
Loyalty and Trust.*



Use your smartphone to scan our QR code to take you directly to our website to learn more.



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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.

The mission of JFS Wealth Advisors is to foster lifetime relationships with individuals, families, and organizations, assisting them with meeting life's challenges and financial goals.

JFS Small Group Seminars

March - Fixed Income Strategies.

Ron Wyatt will discuss different principals regarding fixed income strategies. This seminar will be held in Pittsburgh and Hermitage.

April - Protect Yourself from Identity Theft

According to the Bureau of Justice Statistics, in 2010, 7% of households in the U.S., or about 8.6 million, had at least one member age 12 or older who experienced one or more types of identity theft. In Hermitage, Janice Jasinski of Schroedel, Scullin & Bestic, LLC will present information on how to protect yourself.

September - Medicare Planning

In time for open enrollment, a Highmark benefits representative will provide insight and education about the complex world of Medicare coverage. This seminar will be held in Pittsburgh and Hermitage.

October - Political/Economic Update

JFS will host a noteworthy speaker in Hermitage to provide an update on the political and economic landscape.

November - Educating the Next Generation

At a Hermitage location, Janelle Fumerola will discuss ways we can help our next generation understand the importance of



planning and managing their finances.

Advisors will extend invitations to clients that they feel will benefit most from the topic. If you have a specific interest in a topic, 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.



LEADERCAST®

The choices you make define the leader you become. Each day we make a choice to change the culture of organizations and families and to influence others by meeting the everyday needs of the community. Is it possible to make choices that will impact ourselves, our teams, and even our cities for the better?

Chick-fil-A Leadercast is the can't-miss leadership event on May 4, broadcast live from Atlanta at First Assembly of God, 1455 N. Keel Ridge Road, Hermitage. Speakers for the day include Soledad O'Brien, Tim Tebow, Patrick Lencioni and John Maxwell. The cost is \$79 for a full day of leadership training, continental breakfast, hot lunch and snacks. If you are interested in attending, please contact Erin Steele at 724-962-3200 or esteel@jfswa.com.