Autumn 2012

Harvest Magazine

a quarterly journal on true wealth building and sharing
published by The Joseph Group Capital Management

From Success to Significance
Parker MacDonell...Banker and Balladeer

In this Issue:

- *Winter Wealth Summit to Feature Dean Niewolny*
- The Joseph Group *Earns Conway Center and "Fast 50" Awards*
- *Greg Lashutka Helps* The Joseph Group *Celebrate Columbus' 200 Years*
- *Markets and the Presidential Election*
- *Dialogue with American Century®*
- *Social Security: Will I Get Any Benefits?*
- *Retirement Planning*

The Joseph Group
CAPITAL MANAGEMENT

The Joseph Group has a simple but powerful mission: **to understand and encourage our clients' cherished dreams and provide outstanding investment management and advisory services that help them fulfill those dreams.**

Combined client assets under our management/advice now exceed $300 million.

Clients include *individuals, families, professionals* and *businesses*. Accounts include trusts, brokerage accounts, IRA rollovers, and company retirement plans. We request minimum assets of $500,000 from new clients.

We receive no commissions but are compensated on a fee only basis, calculated as a flat percentage of an account's assets.

For a copy of our registration with the Securities and Exchange Commission, or to learn more about our firm, please contact us.

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Dear Clients and Friends :

Thank goodness Election Day is behind us! Whether you are pleased or disappointed with the results, there is much work to do in rebuilding America.

How do we do that? By rebuilding ourselves. It's never too late to work on ourselves – striving to become the best version of ourselves – the version God intended us to be. America will realize it's greatness again when each of us realizes the greatness God has placed within us. Not the greatness of fame or material wealth, but the greatness of our dreams, our faith, our courage and our compassion.

Parker MacDonell is pursuing that kind of greatness. A gifted husband, father, businessman and musician, we're struck by how he uses his business skills and musical gifts to bless others. We're so pleased to be featuring Parker in this last of a series of cover stories on individuals who have transitioned their lives from success to significance.

Kudos and thanks to Greg Lashutka who was a hit at our last Wealth Summit. And mark your calendar for Saturday morning January 19th when our next Wealth Summit will feature former Wells Fargo executive Dean Niewolny, now CEO of an organization called Halftime Ministries. *Read about him in this issue of* Harvest Magazine *and make your reservation now – it's a Summit you and your friends won't want to miss.*

But there's more. We introduce Dave Suchland to you, a new Client Advisor who will join our team in January. In our Giving Back section we introduce a hidden jewel here in central Ohio, the Grange Insurance Audubon Center, part of the Scioto Audubon Metro Park. We brag a bit about Joseph Group *namesake Joe Palmer (our dad) who recently was given a lifetime achievement award by his alma mater, the OSU School of Social Work. And we share some recognition our company received recently: the Support of Family Businesses Award from the Conway Family Business Center and our fifth consecutive "Fast 50" Award from Business First. These recognitions are a testament to our wonderful clients – so a shout out to all of you whose dreams and goals have come to mean so much to all of us on* The Joseph Group *team. And of course, we also provide our regular investment and financial planning articles.*

As we move into this beautiful season of giving, know how thankful we are for each one of you.

In faith and hope,

Mark Palmer

Mark J. Palmer

Matt Palmer

Matt D. Palmer

From Success to Significance

Editor's Note: With this issue of Harvest, *we conclude our 2012 cover story theme, From Success to Significance, which has shared powerful stories of clients who have made the transition from a successful first career to a more personally-fulfilling second career. This fall issue introduces you to Parker MacDonell, a former banking executive who now runs his own consulting and private equity firm (Invergary Partners), while also pursuing his passion as a singer songwriter. An outstanding husband, dad, friend and businessman, Parker is a member of* The Joseph Group's *Advisory Board. Matt Palmer interviewed Parker recently to learn more about Parker's earlier life and to explore the recent transition he's made in his career. Enjoy.*

Parker MacDonell…Banker and Balladeer

Parker, tell us about your childhood and your beginning interest in music.

I grew up in Lima, Ohio. My father and grandfather were community bankers there and my mother was an arts advocate. Like a lot of children of the 1950s, I saw the Beatles on the Ed Sullivan Show and immediately started playing air guitar with my mom's tennis racquet in front of her full-length mirror! I started my formal interest in music in fifth grade by taking up the trombone and shortly thereafter joined the Lima Rotary Boys' Choir. The summer after ninth grade, I asked my parents for permission to spend my lawn mowing money on a guitar. My mom thought I was interested in a folk guitar but I'd forgotten to tell her that I was going to buy a bass guitar. When she came into the living room and heard me trying to play "Communication Breakdown" by Led Zeppelin on my newly-acquired Sears Airline bass guitar, she resolved to get me a folk guitar for Christmas. I learned to play that by using a James Taylor songbook and soon discarded the bass guitar for the Martin acoustic guitar that I still play today, forty years later.

MacDonell Family Christmas circa 1958.

You went to Dartmouth undergrad and Yale for graduate school. What were your interests and career plans at that time?

I started out as an English major at Dartmouth. One of my classmates asked me to write music for an animated film he was making called "The Premier of Platypus Duck." One night as I was writing music for the film, it came to me that music was my calling so I switched my major to music the next morning, much to what I'm sure was the dismay of my parents! After graduation I went to Los Angeles to pursue music, and after nine years I decided to follow my father and grandfather in the banking business. That led me to the Yale School of Management for a master's degree in management.

Tell us some of the highlights about your nine years in music.

I moved to San Diego and met a fellow songwriter who was in his senior year at UCSD. We had a band together and wrote a lot of songs; he's still a good friend to this day. His older brother was a booking agent at the William Morris Agency and got us the gig of performing on stage with both Chuck Berry and Bo Diddley whenever they played in California. Though their '50s rock sound was nothing like our '70s acoustic guitar singing and songwriting, we learned a lot from watching how they worked. In 1983, I tired of playing the clubs in Los Angeles and decided to go on the road

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to play the college student union circuit. At the same time I decided to start a small record company solely for the purpose of creating a record to sell at college concerts. I made a second record in 1985 just before I went back to Yale for graduate school. I'm proud that I supported myself solely by playing music for nine years, though in retrospect I could not have supported a family, too!

Chuck Berry performance at San Diego Sports Arena, 1978. Parker accompanies on the right.

Share a bit of your banking career – where did you work and what did you enjoy about those years?

After graduating from the Yale School of Management in 1987, I joined Bank One in Columbus. The bank had a training program for MBA graduates to become bank presidents. My plan was to train there then work for my father at his bank in Lima. One day he called to say that his bank had been sold and the highest bidder was Bank One! So I stayed with Bank One for fifteen years and even got to work for Bank One in Lima alongside a lot of my dad's former colleagues. (He retired soon after the bank was sold, before I transferred there.) I had a combination of roles in the front line. My favorite job was leading community bank markets across Ohio, including the Lima market. I left Bank One in 2002 to return to my community banking roots. I opened up the Columbus market for an Akron-based community bank called CFBank.

You transitioned not too long ago to establish Invergarry Partners and have revitalized your music career. What motivated those decisions and what are you enjoying about them?

In 2010, I decided banking was no longer the industry for me. The recession hit hard and banking was at the eye of the storm. What I'd liked best about my time at CFBank was becoming a trusted advisor to our client business owners, so I created Invergarry Partners to advise business owners on financing issues. I help startup businesses by creating a capital access plan and then helping them find funding, and I help more established businesses with their banking relationships.

In the summer of 2011, the first band that I'd joined had its first reunion in 34 years. It was a magical experience and I decided to go back to Los Angeles in February of 2012 to make a third "album" with my old musical friends accompanying me. I released the CD in August 2012 and have enjoyed getting back into the saddle as a songwriter and recording artist - I especially like the songwriting aspect.

Last summer my wife, Betsy, and I joined a new church, Broad Street Presbyterian, and the senior pastor invited me to lead the music at our early service. This led to a collaboration in which she would give me an early draft of her sermon on Monday and I would write a song to accompany her sermon and selected Bible verses for the following Sunday services. So that's been a joyful way for me to grow as a writer and a person of faith.

Tell us about your family and how they view this new chapter in your life.

I'd like to think that my family is happy that I am happy with this new chapter of my life. Though I'm working harder than ever at Invergarry Partners, I have a lot more flexibility to spend time with my family. Our daughter is headed to college next fall and I cherish these times

Rendition of Parker MacDonell's family, as it appears on the cover of his new CD, Present Tense.

with her at her school, her equestrian activities and at Blue Jackets games. Our son is a sophomore in high school and I've loved going to his soccer and baseball games, in addition to watching him longboard across Worthington! My wife, Betsy, is my biggest fan and our friends often comment that what they like most about hearing me perform live is to see the smile on her face when I sing.

Thanks Parker, for sharing your life story. We wish you much continued success and significance.

Recent stage performance with Parker on the right.

Upcoming Event

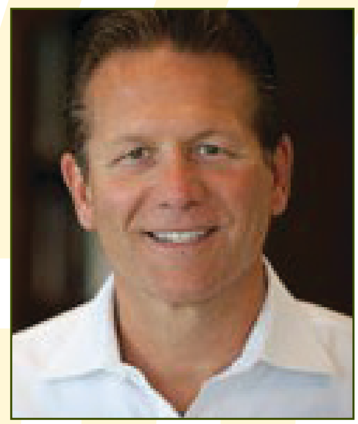
Winter Wealth Summit to Feature Dean Niewolny

Former Wells Fargo Exec to Speak on *Finishing Well: Moving From Success to Significance*

Halftime Ministries (Halftime) CEO, Dean Niewolny, will speak at *The Joseph Group's* winter Wealth Summit, Saturday morning January 19th from 9:00 – 11:00 a.m., at the 4-H Center at OSU; details to follow.

A former college athlete and top executive at Wells Fargo, Dean left the business world in 2010 to head up *Halftime*, a nationally known organization that helps successful people from all walks of life understand, clarify and pursue greater fulfillment and impact in the second halves of their careers. In addition to working with individual clients, *Halftime* now works with the Young Presidents Organization (YPO) and the World Presidents Organization (WPO) to assist their members in transitioning their careers from pure success to true significance.

Dean and his wife, Lisa, were for many years active members of Willow Creek Community Church, led by pastor and author Bill Hybel. Achieving business success was important to Dean, but after trips to Africa Dean and Lisa felt a tug on their own hearts to make a difference for the many orphaned and widowed people living on that continent. Responding to *Halftime's* encouragement in his own life, Dean realized that his passion for serving those in need could be leveraged by helping many successful businesspeople discover and pursue their own hearts' passion for helping others. Accepting the *Halftime* board's invitation to join the organization as CEO, Dean, Lisa and their two children now live in Southlake, Texas.



Dean Niewolny

Joseph Group president Matt Palmer shared, "*Halftime* helps people understand the deep desire they have to make a lasting difference in the lives of others. An outgrowth of that message was our decision this year to focus all four *Harvest Magazine* cover stories on clients that already have made the journey from career success to life significance: John Cook, Jim Foley, Frank Batchelder and Parker MacDonell."

Dean and his colleagues are at the forefront of a movement to bring greater meaning into our careers and lives. So mark your calendar to join us Saturday morning, January 19th, as Dean leads us in a presentation and discussion of "Finishing Well: Moving From Success to Significance." The morning is designed for those of you age 45-75 that want to live your life to the fullest, pursue the greatness you were made for and leave a legacy of lasting impact.

R.S.V.P. by January 8th to events@josephgroup.com or (614) 228-4300, ext. 110.

Clients Help Celebrate Conway Center Award
The Joseph Group Wins Support of Family Business Category

Family business clients Bobby Dawes, Tim Gase, Ken Lloyd, Howie Smith, Mike Hoy and Bill Hoy joined members of *The Joseph Group* team at the Conway Family Business Center's 14th Annual Family Business Awards Celebration held Friday, November 2nd at the Sanese family's Catering by Design on Busch Blvd.

The Joseph Group received the Center's *Support of Family Business Award* in recognition of the company's passion for working with family businesses. In particular the Center noted *The Joseph Group's* 2011 *Harvest Magazine* cover story series on family businesses including the *Bob-Boyd Family of Dealerships, Columbus Sign Company, The Wilson Bohannan Company* and *The Peerless Saw Company*.

In receiving the award, *Joseph Group* CEO Mark Palmer commented, "as a family business, we are blessed to work with some of the most outstanding family businesses in central Ohio. Bob-Boyd, Columbus Sign, Peerless Saw and Wilson-Bohannan are incredible companies led by families that truly care about their employees, customers and community. We are honored to work with these family businesses and honored to receive this year's Conway Center Award in the Support for Family Business Category."

Joseph Group COO Travis Upton added, "our thanks to Cathy Embleton of Blue & Co., for nominating our company in this category and to all our team who work so hard each day to advance the dreams and goals of our family business clients as well as their employees and their families."

In addition to Joseph Group members, Family Business Clients Bobby Dawes, Mike Hoy, Bill Hoy, Ken Lloyd, Tim Gase and Howie Smith help accept the Conway Family Business Center Award.

Greg Lashutka Helps *The Joseph Group* Celebrate Columbus' 200 Years

In September, former Columbus mayor Greg Lashutka provided the keynote comments at last quarter's Wealth Summit titled: *The Wealth of Columbus: Celebrating 200 Years*.

Clients and friends of *The Joseph Group* gathered at *Station 67*, a former Toledo & Ohio railway station located just west of COSI on West Broad Street. The beautifully restored station provided the perfect setting as Greg shared his perspectives on the community that he has been a part of and has helped shape for over 50 years.

Greg grew up in Cleveland where he was an Eagle Scout, and first came to Columbus to play tight-end for Woody Hayes at Ohio State. After moving on to the Buffalo Bills, Greg returned to Ohio State and in 1967 completed his bachelor's degree. In 1974 he graduated from Capital Law School. His public service career began as a legislative aide to Congressman Samuel L. Devine. He served as Columbus City Attorney for several years and then moved to private law practice with Squire Sanders & Dempsey. Following two terms as mayor of Columbus, Greg served in a corporate relations role with Nationwide Insurance. More recently, Greg joined the Columbus office of Findley Davies, an employee benefits firm with offices nationwide.

Greg's remarks included reflections on his years on the Ohio State football team and his years as mayor. Greg shared his thoughts on why Columbus has been so successful in its growth path as compared to other midwestern cities, and what we might expect to see in Columbus in the future.

Greg shared the names of a number of books that he has found of interest and inspiration over the years. He noted in particular the book *A Prayer for the City* by Pulitzer Prize winning author Buzz Bissinger. The book recounts Ed Rendell's service as mayor of Philadelphia during years when the city was in great distress. Greg's view is that Rendell's political courage and optimism may be the only hope for our nation's urban centers.

The "wealth" of our city of Columbus and its 200th birthday was celebrated by all. We look forward to having you join us for our next Wealth Summit.

Greg Lashutka addresses Wealth Summit Audience

L to R: Ken Lloyd, Mark Casto, Zandra Casto, Joni Lloyd

Jim Leonard and Anne Johnson Randolph

Continued…

Continued from page 7…

Greg Lashutka, Janet and Neil Lantz

L to R: Toni Barr, Greg Lashutka, Matt Palmer and Mike Barr

L to R: Lynn Boston, Myra Brenneman and Valerie Bowerman

Parker MacDonell provides background music at various Joseph Group events

L to R: Bob and Laurie Onda, Kristin Cavellaro and Wes Legg

Maria and Terry Slayman

The Joseph Group Receives Fifth "Fast 50" Award

Business First presented *The Joseph Group* with it's fifth consecutive "Fast 50" Award at a celebration luncheon held October 9th at the Hyatt Regency.

Given annually, the award recognizes fast growing, privately owned businesses in central Ohio. *Joseph Group* partner and Chief Operating Officer Travis Upton received the award on behalf of the company and shared, "serving our clients in an outstanding manner is our primary goal here at *The Joseph Group*, not growth itself. But we're gratified that as we strive to serve our clients in achieving their dreams and life goals, they refer us to their friends and family who also can benefit from our services. We're delighted to be receiving this award for the fifth year in a row and we're thankful to our loyal clients and hardworking team for this recognition, and to *Business First* for their sponsorship of the program."

Travis Upton, COO, receives "Fast 50" award from Business First *CEO, Dom Deperio*

Joe Palmer Inducted Into OSU Social Work Hall of Fame

Joe Palmer receives award from Dr. Thomas Gregoire

Military service; Chair – Ohio Parole Board; Deputy Director – Ohio Department of Youth Services; President – National Academy of Corrections: These are just a few of the "titles" on the vitae of Dr. Joseph R. Palmer, a recent inductee into The Ohio State University College of Social Work Hall of Fame.

The Faculty Club at The Ohio State University was the setting for the October 5, 2012 dinner and awards presentation honoring *The Joseph Group's* "namesake" with a Distinguished Career Award. The Dean of the College, Dr. Thomas Gregoire, presided over the evening's festivities. It was a great event for Joe, his wife Pat, and their four adult children (Mark, Matt, Andy, and Mary Beth…and spouses).

Joe's career in social work began in Michigan where he was a parole officer. His move back to Ohio in 1961 brought a succession of career advancements within the Ohio Department of Rehabilitation and Corrections, and the Ohio Department of Youth Services. He held appointments from Ohio governors Michael DiSalle, James Rhodes and John Gilligan. Later in his career he held an appointment from then U.S. Attorney General Edwin Meese within the U.S. Department of Justice. At the age of 82, Joe continues to make use of his social work education through his private mediation practice.

The entire *Joseph Group* team is pleased that Joe received this well-deserved recognition.

> ***"To feel compassion or inspiration is to feel God's personal call to action."***
>
> **— Guideposts, October 2012, submitted by reader Skip West South Lyon, Michigan**

The Joseph Group Welcomes Dave Suchland Addition Enhances Client Advisory Capabilities

The Joseph Group welcomes Dave Suchland to the firm as a Client Advisor as of January 1, 2013. He will join existing Client Advisors Matt Palmer, Mark Palmer, Todd Walter and Scott Mizer.

Earlier in his career, Dave was a vice president with both Manning & Napier (an investment management firm) and JP Morgan Chase. He also has been a financial advisor with UBS and Sunset Financial. Dave earned his BA degree in economics from OSU and is married to Trish; they have two children and live in Ostrander.

In commenting on Dave's hiring, *Joseph Group* CEO Mark Palmer shared that "to meet our clients' goals we offer not only our investment management experience but also overall financial advice and planning. We believe Dave is one of Columbus' outstanding young financial advisors. His character and integrity combined with his experience and passion for helping individuals and families reach their dreams make him a perfect fit to work with our clients. We are delighted to welcome him and his family to our *Joseph Group* family."

Dave Suchland to join The Joseph Group *in January*

The Joseph Group Team Spreads a Little Love for Thanksgiving

The Joseph Group has been blessed with growth and prosperity these last few years and we wanted others to feel the abundance, even just for a day in November.

We contacted Pastor Bob Ward, at First English Lutheran Church, to see how we could help this Thanksgiving. His assistant, Megan, was thrilled to hear about our desire to help because their pantry was so incredibly low. We decided their biggest need/want would be to stock their freezer with chicken fryers. Yes, chicken, not turkey. Megan explained their greatest need is after mid-week service and Sunday service just before Thanksgiving. Due to lack of funding they are no longer serving a Thanksgiving meal, only dessert that day. So *The Joseph Group* Team decided to help.

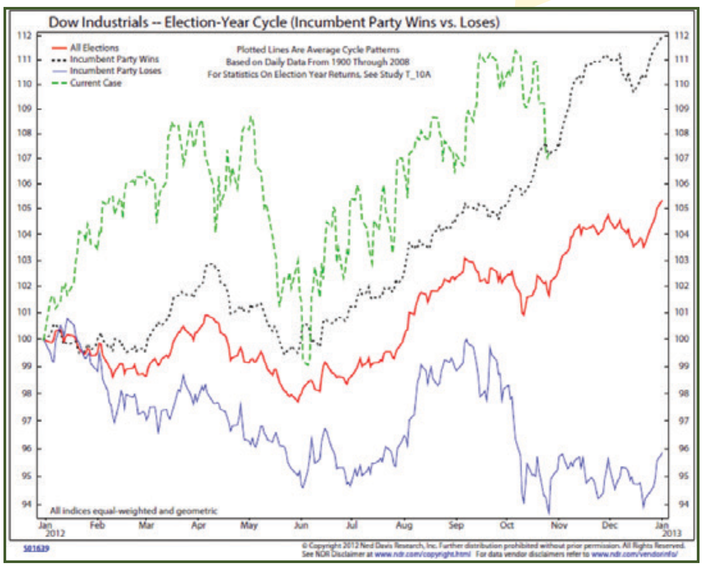
The firm reached out with a donation to help provide Thanksgiving dinners. Items donated included 31 roaster chickens, 10 large boxes of instant mashed potatoes, 40 cans of cranberry sauce, 24 cans of candied yams and 30 boxes of stuffing. Thanks to Emi and Carl Brack for purchasing and delivering the holiday goodies to the church in time for Thanksgiving.

Carl Brack unloads goodies for the pantry at First English Lutheran Church in Columbus

by Travis Upton, CFA, FRM, CAIA, Executive Vice President and Chief Operating Officer

Markets and the Presidential Election

By the time this Harvest Magazine has gone to print, either Barack Obama or Mitt Romney will have been elected President of the United States. According to history, the months immediately following a presidential election are typically good for the stock market. Below is a chart our Investment Committee has been looking at throughout the year. The red line shows the average performance of the Dow in presidential election years going back to 1900; and on average, November and December show strong performance. The exception (blue line) is when the incumbent loses. While this election could be different with Romney widely considered the more "pro-business" candidate, it's interesting to follow the green line, which shows how the market has performed so far in 2012.



Source: Ned Davis Research

Regardless of who wins the election, we are reminded of one of our favorite quotes from money manager Steve Leuthold: *"predictions are for show while ongoing portfolio shifts are for dough."* The following is a summary of recent big picture changes in our Four Core Objective-based Portfolios.

3rd Quarter Portfolio Changes

Conservation: We have made few tweaks to our Conservation portfolio in 2012 as combining a core allocation of short-term bonds with an "interest-rate/ credit barbell" has largely met the portfolio's core objectives of income, liquidity, and stability. A small allocation to interest-rate sensitive Ginnie Mae bonds combined with a credit-sensitive mix of short-term high yield bonds have ups and downs that tend to offset one another on a day to day basis while providing a bit of extra interest income to the overall portfolio. We have seen a number of retiring clients use Conservation as a "parking place for extra cash" and as an account to draw income from in retirement.

Harvest and Provision: The September 2012 allocation charts on the page 13 show higher cash allocations than we typically maintain. At the end of the 3rd quarter our Investment Committee was seeing overbought technical indicators combined with a 3rd quarter corporate earnings outlook which had deteriorated. With weak technical and valuation underpinnings, we took profits in some of our stock and high-yield bond funds in order to play a bit of defense as well as have some "dry powder" to take advantage of any opportunities arising from potential news headlines as Congress makes decisions about the upcoming "Fiscal Cliff."

Abundance: Our biggest change was to sell the fund of a manager which had an outstanding historical track record, but had fallen on very hard times in 2012. In a due diligence visit to manager's firm, we discovered that although some of his stock picks had generated "red flags," the manager did not execute his sell discipline. Instead, he was focused on "big picture" factors which he felt would ultimately make his stock picks succeed. When we are looking at fund managers, our investment team's mantra is to look for a "robust, repeatable, understandable investment process." Despite a great longer-term record, when we discovered the manager was not following his stated sell discipline, we sold the fund and replaced it with a broad global large-cap stock fund which has an overall objective similar to that of our Abundance portfolio.

Looking Forward to 2013

As we look to the end of 2012 and beyond we see a number of factors which could cause some short-term pain but long-term gain for the financial markets. Such a view is shared by Goldman Sachs Investment Research, who has a year-end 2012 price target of 1250 for the S&P 500 (about 11% lower than today), but a year-end 2013 price target of 1575 (about 12% higher than today). Goldman believes political posturing over tax increases and spending cuts will put pressure on the market in the short-run, but attractive valuations

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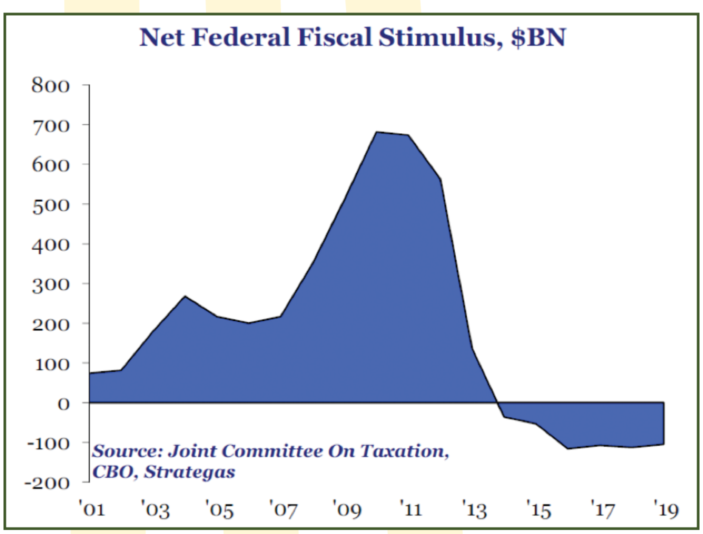
and better economic data (especially and improving housing market) will boost markets in 2013.

Jason Trennert, Chief Investment Strategist of Strategas Research Partners recently discussed factors which could impact the markets and the economy. All of these factors are items of frequent discussion in our Investment Committee meetings and certainly have an impact on how we are positioning portfolios.

Negatives:

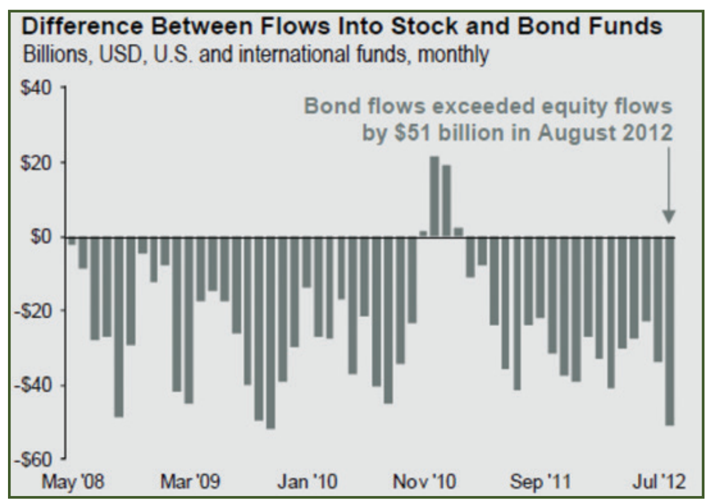
- *Corporate Profits.* Virtually all of the profit gains achieved over the last 3 ½ years have come from cost-cutting rather than expansion in revenue growth. Not only are 3rd quarter 2012 profits coming in weaker than in the same period in 2011, but we are seeing the fewest number of companies exceed their revenue estimates since the depths of the 2008 recession. Also, out of the 45 S&P 500 companies which have made 4th quarter earnings preannouncements, 37 of them (82%) have been negative. Coupled with a number of major companies announcing job cuts in October, it looks like we are looking for lower corporate earnings as we head into 2013.
- *Fiscal Cliff.* The "fiscal cliff" refers to the budget cuts and tax increases which are slated to go into effect at the end of 2012 unless Congress acts. The concern is that these major policy actions would dramatically reduce the stimulus being provided to an already weak economy (see chart below) which could push us toward recession. There are a number of possible outcomes – we could go over the cliff, Congress could repeal all of the plans, or any shade of grey in between. Whatever the case, the stage is set for a lot of political posturing which could put pressure on markets.



Source: Strategas Research Partners

Positives:

- *Natural gas/Energy.* Shale gas has become an increasingly important source of natural gas in the U.S., and it's becoming clear we have an abundance of it which could significantly expand worldwide energy supplies. With natural gas trading at $3.50 and liquefied natural gas trading at $18 in Japan, America has an opportunity to create new export markets for fuel or attract new manufacturing capacity – either of which would be a boon for our economy.
- *Institutions and Individuals are Greatly Underweight Stocks.* The chart below shows the net inflows to stock and bond funds over the last four years. The fact that all the bars are on the bottom shows that billions more have flowed into bonds than stocks almost every single month. With interest rates at record lows and stock valuations at attractive historic levels, it seems likely long-term investors will need to increase their long-term stock allocations in order to achieve their return goals.



Source: JPMorgan Guide to the Markets

As we look forward, the short-term risks and long-term opportunities are clear. Fortunately, managing portfolios with an eye on both the risks and opportunities is consistent with our philosophy. By focusing on building portfolios which focus on opportunities while mitigating risks, we seek to achieve the long-run compounded returns which can help our clients achieve their dreams and goals. As always, we appreciate your thoughts and questions and are looking forward to meeting with our clients to review their portfolios.

Core Portfolio Allocations

as of September, 2012

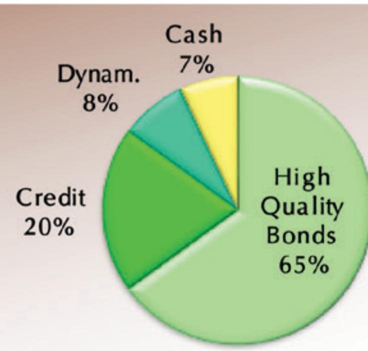
Conservation

Objective: Minimal risk and modest income, consistent with preserving principal over time periods of one year or more.

Volatility: 0 to 3%

Sector Allocation:

Cash:	7%	Liquidity
HQ Bonds:	65%	Stability, interest
Credit	20%	Short-term high yield
Dynamic	8%	Absolute Return 300



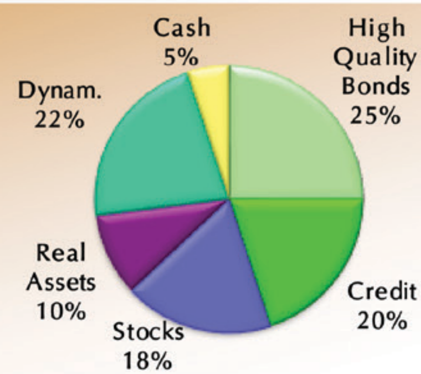
Provision

Objective: Sustain wealth by focusing on current income and low principal volatility.

Volatility: 3 to 8%

Sector Allocation:

Cash:	5%	Took profits in 3Q
HQ Bonds:	25%	Short term, corporate
Credit:	20%	Rates of around 7%
Stocks:	18%	Blue chip dividends
Real Assets:	10%	Commodities
Dynamic:	22%	Global bonds, MLPs



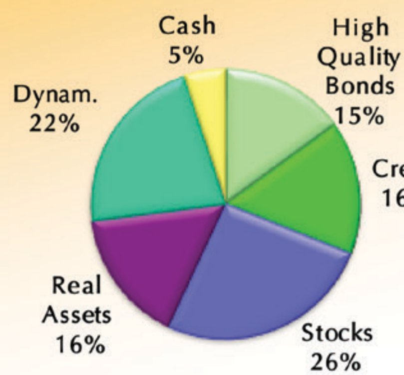
Harvest

Objective: Risk-managed growth through a multi-asset strategy to achieve long-term dreams and goals.

Volatility: 8 to 15%

Sector Allocation:

Cash:	5%	Took profits in 3Q
HQ Bonds:	15%	Corporate, infl-linked
Credit:	16%	Rates of around 7%
Stocks:	26%	Growth & dividends
Real Assets:	16%	Gold, commodities
Dynamic:	22%	Tactical asset alloc.



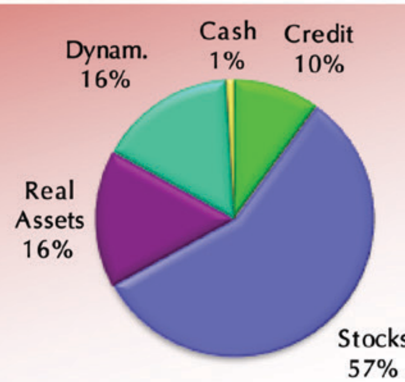
Abundance

Objective: Aggressive, concentrated portfolio that seeks to outperform major market averages.

Volatility: 15 to 24%

Sector Allocation:

Cash:	1%	Liquidity
HQ Bonds:	0%	None—low rates
Credit:	10%	Long/short high yield
Stocks:	57%	Stock picking funds
Real Assets:	16%	Gold, commodities
Dynamic:	16%	Long/short best ideas



Dialogue with American Century®

by B. Scott Mizer, Client Advisor & Director, Investment Research

Steve Brown is our guest for this edition of *Harvest Magazine*. He is the portfolio manager for the American Century Global Real Estate Fund which is a key holding in our Harvest and Provision strategies. Our thanks to Steve and the entire American Century team for their time and insight.

Please tell us about you, your family, hobbies….?

I have lived most of my life in the Northeast. I was born in Albany, New York, and raised in suburban Philadelphia. Currently I live just outside of New York City, in suburban New Jersey with my wife of 19 years and our twin boys who are 10 years old. The boys keep me busy with all of their activities; their current favorites include taekwondo and scouting. Travel is a necessary part of my work life, but we also like to do a fair amount of traveling as a family. Some of our favorite destinations recently have included Snowmass, Colorado and Scottsdale, Arizona.

Can you share a bit about your education, what led you to the investment business and your investment background?

My educational background—a B.S. degree in economics and an MBA in finance from NYU—put me on a direct path to the investment industry. My first job out of business school was with Standard & Poor's as a debt rating analyst covering real estate companies, homebuilders, and insurance firms. This was in 1987, not long before the stock market crash in October of that year. My time at Standard & Poor's was a significant formative period in my career—not only surviving Black Monday, but also learning the ropes in the investment business and the real estate industry, which has shaped my investment career over the past 25 years.

In 1992, after five years at Standard & Poor's, I joined Cohen & Steers, which at the time was a small boutique money management firm specializing in real estate investment trusts (REITs). Over the next decade I had the good fortune to be immersed in an industry that went through an enormous period of transition and growth. The '90s brought about a major shift in the real estate industry as an increasing number of REITs went public, allowing individual investors greater access to the benefits of commercial real estate ownership via the securitization of private real estate. As this was happening, I was able to meet with the companies as they were going public, tour their properties and get to know their management teams.

Steve Brown - portfolio manager for American Century Global Real Estate Fund.

I left Cohen & Steers in 2002 and joined mutual fund company Neuberger Berman, where I managed REIT mutual funds and eventually became head of global real estate securities. I moved to my present position at American Century Investments® in 2008.

The American Century Global Real Estate Fund invests in real estate around the world. Why should we invest in real estate, and does investing around the globe, as opposed to just in the United States, offer any advantages?

Investing in real estate, and REITs in particular, can provide many diversification benefits to an investment portfolio. To take a step back and define what REITs are—REITs own and, in many cases, operate commercial real estate such as apartment complexes, shopping malls, office buildings, hotels, and industrial properties. REITs make money primarily from the rent they charge to lease their properties; by law, REITs must pay out virtually all of their income to shareholders in the form of dividends. As a result, REIT dividend yields are among the highest in the stock market, and are often competitive with the bond market as well. For example, as of September 30, 2012, the MSCI U.S. REIT Index (a common REIT benchmark) had a dividend yield of 3.43%, well above the 1.65% yield on the 10-year Treasury bond.

In addition to their attractive dividend yields, REITs can help diversify a typical investment portfolio. REITs tend not to move in tandem with other financial assets (low correlation), including both stocks and bonds, and their dividend yields and potential income stream have historically resulted in less price volatility than the broader equity market. (It's important to note that past performance is no guarantee of future results.) On top of that, ownership of a physical asset like land may be perceived as a benefit, especially in tumultuous and uncertain periods.

As to investing internationally, we believe that international real estate markets provide a variety of investment opportunities unlike those currently available domestically. Many countries are in the early stages of real estate securitization, much like the U.S. was when I began my investment career more than 20 years ago. Consequently, we expect to see many new real estate companies going public in the coming years, providing a wider array of investment opportunities. Furthermore, property markets vary significantly from country to country and region to region, and we believe the strength of our research process gives us an advantage in navigating these different markets.

As of September 30, 2012, about half of the American Century Global Real Estate Fund was invested in the U.S., with 35% in the Asia/Pacific region and about 10% in Europe. The remaining 5% was invested in emerging markets such as China, India, and Brazil.

Where are you finding the most attractive investment opportunities at present, inside the United States or outside, and why?

We see attractive opportunities both domestically and internationally. Here in the U.S., we believe that the housing market is in the early stages of a recovery after five years of decline and decay. To take advantage of this, we have invested in several publicly traded homebuilders, as well as timber REITs, which have benefited recently from higher log prices as home construction picks up.

Internationally, some of the best opportunities are in emerging markets. Examples include shopping mall owners in Brazil, which are benefiting from improving retail sales and a rising middle class, and real estate companies in the Philippines, which are relatively stable compared with property stocks in other emerging markets. We also see potential opportunities in Europe, where the latest round of monetary assistance from the European Central Bank has helped stabilize property markets in the region.

What important investment lesson would you like to share with our clients?

I believe the most important lesson is to remain calm and objective in all market environments. It's easy for an investor, even a professional money manager, to make an investment decision based on an emotional reaction, or to have an emotional stake in an investment that prevents you from making a rational decision. In managing the American Century Global Real Estate Fund, we endeavor to stay objective and make sensible investment decisions based on information rather than emotion, and we encourage individual investors to do the same.

We also believe it's important to understand and appreciate the cyclicality of economies and markets. As a "battle-hardened" real estate investor, I've been through many ups and downs in the REIT market, and each cycle has been a learning experience. Being aware of this cyclicality, and respecting its inevitability, is a useful characteristic for an investor to have.

You should consider the fund's investment objectives, risks, charges and expenses carefully before you invest. The fund's prospectus or summary prospectus, which can be obtained by visiting americancentury.com, contains this and other information about the fund, and should be read carefully before investing.

Non-FDIC Insured • May Lose Value • No Bank Guarantee

Social Security: Will I Get Any Benefits?

by Todd Walter, CPA, CFP®, Client Advisor & Manager, Wealth Planning Services

"Will I get any benefits?" That is one of the most popular questions we hear from clients when we discuss Social Security, and justifiably so given the rhetoric surrounding the topic in the media. Furthermore, it is difficult to make a decision about when to take your benefit if you are not sure that benefit will even exist when you plan on taking it. So, in this issue of *Harvest* we will answer this very important question.

Let's look at the facts. Social Security is a pay-as-you-go system. Workers not receiving benefits now are funding the benefits of those who are receiving benefits currently. The Social Security system receives revenue through payroll taxes on workers. With an aging U.S. population, and as more baby boomers sign up for Social Security benefits, there are fewer workers to fund their benefits. The Social Security system is now paying more in benefits than it is collecting in tax revenue.

Fortunately, over the years the Social Security system had a surplus that was accounted for. The surplus was used by the government for other purposes, but special issue Treasury Bonds were created to formalize the legal obligation of the government to pay back the Social Security system. Those bonds total approximately $2.7 trillion and pay interest, so even though benefit payments are more than tax revenues, when we consider the interest payments the Social Security system is still running a surplus and is projected to do so until 2021. After that, the system will have less income than expenses until the trust fund is exhausted in 2033. These estimates change every year and have been getting worse the past several years.

Once the trust fund is exhausted, there will be sufficient revenues to pay 75% of all promised benefits. This is important! The Social Security system will have no assets, but it will have tax revenue each year to pay the majority of benefits. So, will you get any benefits? Yes, but they may be reduced.

There is no shortage of proposed ways to fix Social Security. Most experts agree those approaching retirement or already receiving benefits will probably not be impacted by the changes. No matter the solution, a person's decision as to when to take Social Security should not be influenced by the unknown. Many people claim early to "get as much as possible from the system before benefits are taken away." This is not good planning.

When we evaluate our clients' options, we perform a break-even analysis. This analysis determines the age a person will receive more by delaying benefits versus claiming earlier. For current retirees, the break-even age is well before the time the trust fund is exhausted in 2033. Therefore, we are very comfortable recommending our clients delay benefits.

Bottom line: Social Security is not going away. If you have earned benefits, you will receive them. Depending on your age, benefits may be reduced, but do not let that impact when to claim your benefit.

TABLE 1. KEY DATES FOR SOCIAL SECURITY TRUST FUND

Event	Trustees Report				
	2008	2009	2010	2011	2012
First year outgo exceeds income excluding interest	2017	2016	2015	2010	2010
First year outgo exceeds income including interest	2027	2024	2025	2023	2021
Year trust fund assets are exhausted	2041	2037	2037	2036	2033

Source: 2008-2012 Social Security Trustees Reports.

New Client Service Agreements Now In Use

With *The Joseph Group's* recent change to an LLC, new client service agreements have been mailed out to all clients. Client Portfolio Manager, Tagrid Butler, has overseen this project and expressed her pleasant surprise at how quickly clients have completed and returned the new agreement.

Thank you to so many of our clients for their prompt response and for anyone who has not returned theirs yet, please do so as soon as possible. Thanks!

For 401(k) Participants, Stay Invested in Good and Bad Markets!

by Mary Beth Aldrich, Manager, Retirement Plan Services

I know I know – you're asking yourself how the title of this article can be true. You're thinking to yourself, "Don't investors want good markets…bull markets…high return markets? Aren't all of us excited in those years when our 401(k) account is up 10%, 15% or more? And don't we hate those years when our 401(k) investment accounts are flat, or worse - negative?!"

And our answer is that while it's natural to like good markets, bad markets can actually help us in the long run. "How," you ask? The answer is found in the two phases that all of us go through as 401(k) participants: the ***accumulation phase*** and the ***draw down phase***. Let's look at each phase in detail.

The Accumulation Phase

During our working years, as 401(k) participants we are in the *accumulation phase*. We're "accumulating" our retirement pot of money. We're doing that by contributing a portion of our salaries into our company's 401(k) plan and then investing those dollars into investment funds we choose – typically a combination of stock and bond funds. In many cases, the company we work for is matching a portion of our contribution and we're investing those dollars as well.

Now let's think about that phase of investing. When we're "buying" investments (which is what we're doing during the accumulation phase), do we want to buy at a low price or a high price? You know the answer – we want to buy at a LOW price. That way the dollars contributed into our account (ours and our company's) can buy MORE shares of the funds in which we're investing. Simple math tells us that if we're putting $500 into our 401(k) account each month, we'll be able to buy more shares of a fund if that fund is selling at $25/share versus $50/share. In fact, we'll be able to buy twice as many shares!

Well if LOW is a good time to buy, then when are the investment funds we use in our 401(k) plans selling at low prices? Yes – you guessed it, when the underlying markets themselves are doing poorly. A fund of stocks sells at a lower price when the stock market itself is down, not when the stock market is up. **So a very good time to buy into your 401(k) investment funds is when the markets are down and the price of the investment funds you're using are down.** Bottom line, as investors we are better off contributing into our 401(k) plan when our 401(k) account is *down 10%* than when it's *up 10%*.

And yet most investors do exactly the opposite. When their 401(k) account shows a negative return for the previous quarter or year, they STOP contributing to their plan saying to themselves, "I don't want to lose any more money so I'm going to stop contributing my money until the markets start to get better and then I'll contribute again." What they really should say to themselves is, "wow, this low market means that my contributions into my plan account will allow me to purchase more shares at low prices. During these lousy markets, I should continue to invest into my plan account so that I can purchase even more shares." And you know what, that kind of thinking is exactly right! During the accumulation phase we should be comfortable with low markets, even lousy markets, so that our contributions will buy more shares of the funds we've chosen! Ideally, if our entire 40 year working career coincided with 40 poor market years, we would have accumulated a lot of shares of investment funds, right? Right!

The Draw Down Phase

During our retirement years, as 401(k) participants (or former 401(k) participants) we are in the draw down phase. We're no longer contributing to our 401(k) plan accounts. In fact, we're drawing money from our plan account (or the IRA rollover account we rolled to). In this phase, we're no longer *purchasing* investments; now we're *selling* investments. Our goal now is to sell HIGH when we're in the spending phase. Now is the time (finally) when we want high markets…bull markets….high return markets…year after year. High priced stock markets will boost the price of the investment funds we're invested in and selling shares of those funds at those high prices will net us the most cash with which to help us pay expenses and enjoy our retirement.

Conclusion

None of us can control market returns year to year. And it's highly unlikely that any of us will experience

Continued…

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only lousy markets during our accumulation phase (working years) and *only* great markets in our spending phase (retirement years). But hopefully this article has opened your eyes to the reality of how investing works and how all of us should think about our 401(k) plans. Because we know that historically over the long term, stock markets do better than cash and bond markets, we need to be comfortable, even excited about investing in stock markets when they're struggling. If you begin seeing or hearing about doom and gloom in the markets, ignore it and remember that bad markets are perfect for you when you're in the accumulation phase – you're a buyer of investments and you love to buy when the price is down! Don't worry about good markets until you're retired – that's the time to want "up" markets; markets in which you can sell high in and net lots of cash!

So, the next time you look at your retirement account investment return and see a negative number, don't get frustrated; continue to invest!

Why Bad Markets are Good for 401(k) Investors

Source: The Joseph Group. For illustrated purposes only.

"For your 401(k) plan, invest consistently whether markets are up or down and at retirement you'll likely be pleased with the results."

— Matt Palmer

Grange Insurance Audubon Center: A Hidden Jewel in the Heart of Columbus

Editor's Note: Matt Palmer recently attended a breakfast reception for the Grange Insurance Audubon Center as a guest of Jan and Charlie Rodenfels (Jan serves on the Center's board and was instrumental in working with civic leaders in the Center's development). What he saw and learned about the Center was so impactful that we decided to introduce the Center to our readers in this issue of Harvest Magazine.

Built in 2009, The Grange Insurance Audubon Center is a beautiful 18,000 square foot facility located just south and west of downtown Columbus, next to the Scioto River, on the grounds of The Scioto Audubon Metro Park (formerly the Whittier Peninsula). Once an industrial strip, this stretch of land happens to be positioned on a major migratory bird flyway. The integration of the center and the park with surrounding commercial and residential development reflects the heart of this exciting development initiative – a joint effort of National Audubon Society, the City of Columbus, Franklin County Metro Parks and Grange Mutual Insurance.

The Grange Insurance Audubon Center building serves as a model for sustainable design, promoting the economic, health and aesthetic benefits of a green building. Columbus City School students frequent the Center and they and other users are learning first-hand the benefits of "going green." The Center was built with recycled construction materials. Heating and cooling are provided by alternative energy sources. The Center hosts schoolchildren, including 12 partner schools who each have 12 class visits per year, plus other visitors regularly, providing a full program of outdoor learning activities associated with the variety of plants, trees, birds and fish that are part of the surrounding, beautiful Scioto Audubon Metro Park. While closed Mondays, the Center is open free to the public Tuesday through Sunday.

The Center includes:

- demonstration gardens and outdoor observation deck and terrace
- bird feeders
- natural playground area
- habitat areas with distinctive flora and fauna
- library, classrooms and 200 seat multipurpose room (available for rentals and events)
- temporary and permanent exhibits
- a nature store

We're thankful to Jan Rodenfels for sharing her passion for the Grange Insurance Audubon Center with us. And we encourage our clients and friends to head to the Center soon – a true hidden jewel in the heart of our city!

School children enjoy the many educational classes offered in nature's surroundings

The Audubon Center sports an efficient yet attractive "green" roof

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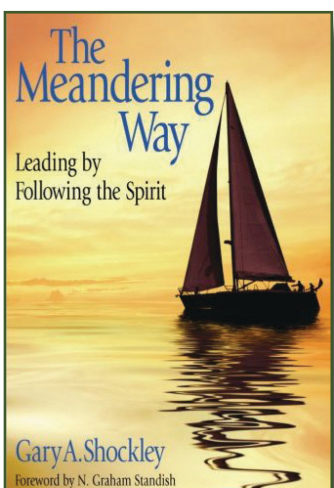

The Meandering Way by Gary Shockley

(Editor's note: Special thanks to client and friend Larry Mugler for recommending this book). Adapted from the book jacket:

How often do you feel overwhelmed by the pace of your life? These days it's easy to work harder and harder, constantly pushing ourselves and those around us so that we can be "successful." We forget that our drive to succeed can prevent us from taking the time to stop and listen for what God is calling us to be. This book is a Christian pastor's story of his journey from a success-oriented drivenness to a significance-oriented, meandering style of life. What you will find are reflections from a fellow traveler who is *now less desirous of doing something spectacular for God and is instead committed to doing something more significant with God* — who is discovering a more grace-filled, Spirit-led way.

This book offers a contrarian take on the more popular practices of leadership found inside and outside today's church. Meandering leaders are attentive to the promptings of the Holy Spirit. They are guides and mentors who patiently journey alongside those they love and lead. Ultimately, being a meandering leader is about being on a journey with God -- personally and corporately slowing down the pace of our lives and following God's Spirit. In the faith journey, we are not so much racing toward a physical finish line as we are meandering toward becoming all that God has in mind for us to be.

This book is an invitation to journey into the depths of one's own soul and follow God's lead in the next chapters of your life.