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UMAFS 2010  
 Publications:

- Winter
- Spring
- Summer
- Fall



Collecting With A Purpose

Manning & Napier

A Board Member

Budgeting For 2010

Financial Check-Up

UMA Financial Services



## Collecting With A Purpose

BY PATRICK BRADY, SENIOR VICE PRESIDENT, FINANCIAL CONSULTANT, UMA FINANCIAL SERVICES

I remember reading that one of the basic endowments which the Creator made a fundamental part of human personality is an assembling device for accumulating belongings. It is a kind of collector's instinct. Any small boy, turned upside down and shaken a few times will release the fruits of his collecting ability. From his pockets will probably fall an assortment of treasures, including such things as pebbles, string, marbles and maybe even a few deceased bugs. As these boys grow older and their instincts mature, they will collect toys, dogs, fishing gear and motorized equipment. Still later they may be collecting stocks and bonds, real estate, art and insurance policies. There is also an equal female manifestation of this instinct which is a wonder to behold.

I believe this common propensity serves many good purposes. It provides scores of our elementary motivations for achievement. The art of collecting is the way we all accumulate wealth. The squirrel's main objective is to collect enough acorns in the fall to provide for his sustenance during the winter. An ocean is made up of a collection of raindrops. A man or woman's savings account is made up of a collection of dollars. And of course, the greatest collection is ultimately the human character which is made up of a collection of attitudes and habits.

How does this relate to advice from your UMA Financial Advisor? I believe it was intended that a wise human householder should also use this basic instinct in providing for those economic rainy days that are scattered along the way of life. The clouds have parted and rays of financial sunshine are warming all of our portfolios. But storm clouds continue

to gather around us and a wise man would be preparing for another squall. Perhaps the storm will pass with only a peppering of moisture or maybe a tempest is brewing. It is difficult to forecast.

But this I know and advise; if you are nearing or fully retired, please listen to our counsel: be extra cautious and keep two or three years of essential living expenses in cash reserves or similar financial structures. As a physician still in active practice, you must be prudent and collect cash reserves equal to your personal or group disability policy waiting period. For example: if your disability policy has a 90 day waiting period, you should have 3 months of cash reserves stashed away in a smart, tax-efficient savings structure.

Remember, financial planning is simply collecting, managing and arranging your income and assets to accomplish life goals. It requires you to be acquainted with yourself enough to know what your goals are, even if a goal is as simple as "I need to collect more dollars and manage my monetary affairs efficiently." Cash management principles are a key component of any financial plan.

I recognize physicians are busy. Some do not have time for this "financial stuff" while others are simply frustrated with their lack of collecting skills. Our goal at UMAFS is (1) to help physicians make better decisions so they can have better financial outcomes, and (2) to help them avoid mistakes. So if you are busy or frustrated with "financial stuff" call and schedule an appointment today; we'd love to show you how easy and fun it can be to collect dollars the right way. Just remember how you felt as a child collecting sticks and stones.

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# “Board Gives Unanimous Approval to Manning & Napier”

BY RYAN BLADEN, MBA, VICE-PRESIDENT, FINANCIAL CONSULTANT, UMA FINANCIAL SERVICES



**M**ANNING & NAPIER received unanimous approval during the September board meeting to be used as a supplementary money manager for UMA Financial Services. Manning & Napier is a welcome addition to the stable of offerings from UMAFS (other offerings include Russell Investments, 7-Twelve Portfolio and the Ameritas No-Load Variable Annuity). After onsite visits to Manning & Napier Headquarters and extensive analysis of their process, philosophy and performance, we believe that Manning & Napier brings top money management capabilities to UMAFS and complements its existing money manager lineup.

Manning & Napier is a 100% employee-owned firm, headquartered in Rochester, NY. The firm has managed money since 1970 (through five distinct bear markets), growing assets to more than \$20 billion as of September 30, 2009.

Consistent with UMAFS’ core beliefs, Manning & Napier employs a multiple-manager/analyst approach; although it is unique in that they are not a fund-of-funds or a manager-of-managers. Assets are managed in-house and their investment professional’s hand-pick each stock and bond in the portfolios. A team of portfolio managers and analysts work together in making portfolio and security selection decisions. The use of a team approach to investing gives all portfolios equal attention with minimal reliance on any one individual. The Senior Research Group (SRG) makes all final investment decisions and has an average tenure with the firm of nearly 16 years.

Manning & Napier manages a range of portfolio types including U.S. equity, non-U.S. equity, fixed income and various blends of these asset classes primarily through the use of separately managed accounts (SMA’s). SMA’s contain an individual portfolio of stocks, bonds and cash and differ from mutual funds in that each portfolio is unique as opposed to being only to a single account. Investors own the individual securities in their portfolios

which provides for a higher degree of customization, transparency and greater tax management flexibility. An SMA may be structured to automatically exclude investments owned in another account or those the investor prefers not to own. Another benefit of Manning Napier’s SMA is the cost effective management fees of less than 1% of assets under management, which is well below industry average.

Manning & Napier’s strategies contain elements of value and growth investing by focusing on business and valuation fundamentals. This tactical approach to money management introduces an additional element of risk management as portfolios are able to move fluidly among sectors and styles according to areas that are believed to offer the greatest risk/reward characteristics under prevailing conditions. The flexibility in their portfolios comes in the form of risk-based disciplines in which ranges are given to the amount of stock exposure in each portfolio. These specific strategies and pricing disciplines build repeatable outcomes.

One often overlooked area of manager selection is compensation. Manning & Napier is absolute-return focused and the compensation structure of their analysts reflects this. Analysts are rewarded when positive returns are achieved, and negatively impacted when negative returns result. If the stock that an analyst selects results in negative returns, the analyst is required to earn back those losses before any incentive compensation can be received. Manning & Napier feels that this compensation structure aligns the goals of the analyst with the client, and we agree. Manning & Napier’s philosophy, investment process and performance results make them an ideal complementary money manager for UMAFS and its clients. We believe that clients will find comfort in Manning & Napier’s time-tested experience and disciplined process.

## UMAFS Board Member - Alvin Robert Thorup J.D.



**A**LVIN ROBERT THORUP J.D. provided important legal advice and services in connection with the founding and organization of UMA Financial Services. He has been an advisor to the Board and later a non-physician member of the Board since its first meeting in 1993. Mr. Thorup currently acts as Deputy City Attorney for the City of West Jordan, Utah.

Previously, Mr. Thorup was a lawyer in private practice. From 1979 to 2006 he was an associate and partner at Ray Quinney & Nebeker in Salt Lake City. For eighteen months following his retirement from Ray Quinney, Mr. Thorup offered part-time general counsel services to small and medium size companies through his Salt Lake City-based company, My Legal Counsel LLC, Your General Counsel SolutionTM.

Mr. Thorup was an attorney with the Federal Energy Regulatory Commission, Office of Administrative Law Judges, in Washington D.C. prior to returning to Salt Lake City in 1979 to join Ray Quinney & Nebeker. His private practice concentrated on administrative

agency and state and federal civil litigation between 1979 and 1990; and between 1990 and 2006 Mr. Thorup focused on corporate mergers and acquisitions and federal and state securities law compliance. He was chosen as one of Utah Business Magazine’s 2007, 2008 and 2009 “Legal Elite”.

He was a primary drafter of the Utah Administrative Procedures Act. Later public service has included the Salt Lake City Capital Improvements Board and chairing the Utah State Securities Advisory Board. Mr. Thorup is the author or co-author of several law review articles and newspaper and magazine articles in the areas of administrative law, banking and securities law. His most recent publication is a book with Professor Stephen G. Wood: Utah’s Administrative Procedures Act—a 20-Year Perspective.

Mr. Thorup graduated magna cum laude in Public Administration from the University of Utah, where he was elected to Phi Beta Kappa; and he received his law degree from the National Law Center at the George Washington University, where he was Articles Editor of the George Washington Law Review and a Trustee Scholar. In addition to his service as a director of UMA Financial Services, Inc., Mr. Thorup was a director of Crossroads Oil plc, a London, England-based public company. He is a member of the National Association of Corporate Directors.

## The Numbers

54%

The percentage of workers 65 and older who say they work mainly because they want to. Only 17% say the main reason is that they need the paycheck. An additional 27% say they’re motivated by a mix of desire and need.

Source: Pew Research Center

91%

The percentage of surveyed consumers who said Tiger Woods’ reported extramarital affairs have had no impact on their decisions to buy goods the golf endorses.

Source: Marist College Institute for Public Opinion

88%

The percentage of US investment consultants who believe that their clients’ interest in environmental and socially conscious investing will rise over the next three years.

Source: Social Investment Forum and Pensions & Investments

1.2

The number of barrels of oil per person per year being consumed in China.

Source: Advanced Equities Asset Management

26

The number of barrels of oil per person per year being consumed in the United States.

Source: Advanced Equities Asset Management

## Cash Management / Budgeting for 2010

BY JEFF ZESIGER, AAMS®, VICE-PRESIDENT, FINANCIAL CONSULTANT, UMA FINANCIAL SERVICES

**F**OR MANY, New Year’s resolutions are a long standing tradition. With the New Year now upon us, why not make 2010 the year to get your finances in shape? The foundation of any good financial plan is a budget, yet many people avoid the use of budgeting in their finances. Budgeting is often looked at like a diet: a good idea, but just too hard. The reason that most diets fail is because we focus on the restrictions, the Twinkie calling our name in the cupboard, instead of focusing on the good food that we can and should eat. Budgets are simply a way for you to stay in control of your money. If the word budget brings negative thoughts to your mind, try substituting it for “My Personal Spending Plan”.

Simply put, physicians who achieve financial security are those who spend less than they take in. Can you name a Fortune 500 company that doesn’t use a budget? Probably not, because there aren’t any! Successful businesses know how much they make while keeping a close eye on expenses. Should you be any different?

Creating your own plan is not difficult, but it will require some time. The first step is to understand where you are currently spending your money. Start by writing down the fixed expenses that must be paid: recurring items such as mortgage or rent payments, food, and transportation costs. Also, don’t forget to add in items that you pay less often, like insurance premiums. Next, add in your discretionary or variable expenses. This may be a bit tougher as these items are not always reoccurring each month. These are expenses like birthday gifts, entertainment, clothes, etc. A good way to double check your list is to compare it to a few of your credit or debit card statements from previous months.

Additionally, while you are tracking your expenses, take some time to sit down and write down your short and long term financial goals. Consider things like family vacations and retirement or maybe a plan to be debt free in 5 years or help to pay for someone’s education.

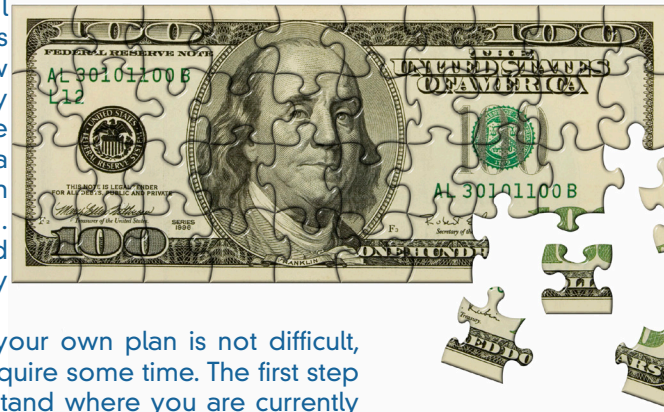
Once you have an idea of how you spend your money and what financial goals you want to achieve, you are ready

to decide how your monthly spending plan will look. Remember, a good plan should allow you to enjoy yourself today, while also planning for the future. Start by reviewing your current expenses to decide which of these items are crucial to maintaining your happiness and lifestyle. You will likely find that, initially, you may not be able to change your fixed expenses, but remember many of your variable expenses are discretionary. One suggestion is to substitute items and reduce expenses rather than completely eliminating them. For example, is the off brand cheaper? Or maybe try eating out once a week rather than every day? Even though eliminating expenses entirely is the quickest way to additional monthly cash flow, substitution tends to have more lasting effects.

Finally, decide where best to use your disposable income. This can vary greatly depending on your goals. A good rule of thumb is to try to save 10% of your income. Typically, you should first plan to set aside 3 months’ worth of living expenses. This will help you to avoid additional debt in an emergency

while also allowing you to keep your other investments intact for their respective goals. Like the other reoccurring expenses in your plan, each goal is something you fund one month at a time.

Just remember, despite the negative connotation, a budget is just a tool to help you keep your finances on target. No matter what stage of life you are in or how much money you are currently making, implementing these simple steps will help you maximize the benefits of your money. As Financial Advisors, we can review your plan and help you progress towards your goals in order to make 2010 the year you take control of your finances.



Learn more at:  
[www.umafs.org](http://www.umafs.org)