

### Dr. Jim Smith's Economic Commentary

WE SHOULD SEE BETTER TIMES IN 2009



**Dr. James F. Smith,**

CHIEF ECONOMIST

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#### SPECIAL POINTS OF INTEREST

- 2008 saw a number of stock market records broken.
- Total donations from the firm and employees was over \$119,000 in 2008.
- Parsec enters the blogosphere!

It's highly likely that most celebrants at New Year's Eve parties around the world last year said, "Good Riddance!" to 2008 and toasted 2009 with hopeful anticipation. It's very rare that a year has declines in economic activity from beginning to end as was the case in 2008. The only other such year since World War II was 1974.

That was in the throes of the 16-month long recession that began in November 1973 and ended in March 1975. There have only been seven other such years since 1900. They were 1903, 1911, 1913 and 1914, and 1930, 1931 and 1932 during the "Great Depression" that began in August 1929 and ended in March 1933.

#### THE EMPLOYMENT PICTURE IS POOR

On January 9, the BLS ([www.bls.gov](http://www.bls.gov)) released *The Employment Situation: December 2008*. That report made glum reading indeed.

At the peak of the last expansion in December 2007, there were 138,078,000 nonfarm payroll jobs (seasonally adjusted) in the U.S. There were 135,489,000 such jobs in December 2008, a drop of 2,587,000 or 1.87 percent in one year.

For some reason, the media decided to stress the fact that this was the biggest loss in (civilian) nonfarm payroll jobs since 1945. While that's true, it's totally irrelevant. There is nothing about today's economy that is comparable to 1945.

Obviously, the biggest difference between

2008 and 1945 is that World War II ended in 1945. Millions of civilian jobs disappeared as we converted from a wartime to a peacetime economy. Of course, many more millions of people were released from the armed forces and returned to civilian life.

Nonfarm payroll employment during World War II actually peaked in November 1943 at 42,819,000 jobs. That fell to 41,861,000 such jobs in December 1944 and 39,111,000 in December 1945. That was a loss of 2,750,000 jobs or 6.57 percent during 1945 or 3.5 times the percentage loss in 2008.

The media folks who made this ridiculous comparison also failed to tell us that by December 1946 there were a (then) record 43,379,000 nonfarm payroll jobs. That was an increase of 4,268,000 such jobs or 10.91 percent in only twelve months. Now that was a boom!

The unemployment rate over the past year soared from 4.9 percent in December 2007 to 7.2 percent at the end of 2008. There were 11,108,000 unemployed people looking for work in December 2008, an increase of 3,557,000 from a year earlier.

The employment-to-population ratio fell from 63.4 percent to 61.7 percent over the year. The labor force participation rate fell far more modestly from 66.3 percent to 66.0 percent.

As has nearly always been the case over the past thirty years or so, college graduates have fared far better than those with less education, but even among us, the change over the year was dramatic. In December 2007, there were 44,552,000 college graduates age 25 and over in the labor force. All but 946,000 of us were employed for an unemployment rate of a paltry 2.1 percent seasonally adjusted. Our labor force participation rate

was 78.1 percent, far above that of all other groups when sorted by education.

In December 2008, our labor force participation rate was still high at 77.9 percent, but only 43,517,000 of us were employed, a drop of 89,000 from a year earlier. That meant that there were 1,665,000 unemployed college graduates looking for work in December 2008 for an unemployment rate of 3.7 percent.

That was a marked increase from November, when the unemployment rate was only 3.2 percent for college graduates age 25 and above. That's a huge jump.

The news on employment will get worse for another few months at least. After that, as all the fiscal and monetary stimulus that is already in the system kicks in, the employment situation should improve.

One major area that is not likely to see increases in jobs is manufacturing. There were only 12,981,000 manufacturing jobs in the U.S. on a seasonally adjusted basis. That's the lowest since November 1949.

The decline in manufacturing jobs has been going on in the U.S. since the peak in June 1979 when there were 19,553,000 jobs in this sector. This does not mean that manufacturing production has declined. The industrial production index for manufacturing was 52.8 (2002=100) at the peak. It was 115.2 at its peak in January 2008.

The total industrial production index, which is dominated by the manufacturing component, was 15.1 (2002=100) in November 1949. It was 112.6 in January 2008.

This shows the tremendous increase in labor productivity over the past sixty years. One worker today produces many times more goods than in 1949. Total output per hour worked was 34.0 (1992=100) in the fourth quarter of 1949. That had soared to 142.3 in the third quarter of 2008.

The U.S. enjoys both the highest level of labor productivity in the world and the highest sustained rate of increase. This is a wonderful situation to be in because productivity is the most important economic variable in creating wealth.

Increases in labor productivity are good for all of us. They allow firms to pay workers more because the workers produce more. They allow profits to increase because inputs are being used more efficiently. Rising productivity increases revenues at all levels of government because it increases economic activity.

THE ECONOMY WILL RETURN TO GROWTH WITH OR WITHOUT A HUGE NEW STIMULUS PLAN

On January 10, Dr. Christina Romer, who will be the new Chair of the President's Council of Economic Advisers once she's been confirmed by the Senate, and Dr. Jared Bernstein, the Chief Economist and Economic Policy Advisor to Vice President Joe Biden, released a paper, "The Job Impact of the

American Recovery and Reinvestment Plan." The report claims that a stimulus plan of slightly more than \$775 billion would result in real GDP increasing to a seasonally adjusted annual rate of \$12.2 trillion in the fourth quarter of 2010 as opposed to only \$11.8 trillion without such a package. Real GDP in the third quarter of 2008 was \$11.7 trillion at a seasonally adjusted annual rate.

They estimate the number of nonfarm payroll jobs would be 137,550,000 with the package and only 133,876,000 without it. That would mean 3,675,000 jobs due to the stimulus.

As the stimulus is only over two years, 2009 and 2010, the report predicts the economy would be in exactly the same place in the first quarter of 2014 regardless of whether the stimulus is enacted or not. If that were to turn out to be true, many people would wonder why we needed such a stimulus program at all, given that it will all be financed with borrowed money.

There are already trillions of dollars of stimulus in the system. The Federal Reserve System has expanded its balance sheet by over \$1.7 trillion since September 2007. There is no practical limit to how much more stimulus they can add to the economy because they have the enviable power of being able to write checks that can't bounce.

On top of that, we have all the fiscal stimulus that has already been enacted. The last \$350 billion of the \$700 billion package enacted on October 3, 2008 as the Emergency Economic Stabilization Act of 2008 will be ready for Treasury Secretary Geithner. Furthermore, the decline in oil prices from the peak of \$147.47 a barrel last July is a windfall for consumers and producers. The cheaper fuel costs act as a \$300 billion tax cut.

If you haven't yet followed my advice to read or reread *Manias, Panics and Crashes: A History of Financial Crises* (5<sup>th</sup> edition), then do it now. There you will learn that across many different countries when huge resources are thrown at ending financial panics, three things have always happened:

1. The panic stops. Since this one has been going on since August 9, 2007—which makes it the longest panic since the Great Depression of August 1929 to March 1933—that will be really good news when it happens.
2. Stock markets boom. All that liquidity has to go some place and the best returns on investments are in stocks over the long run. This may occur as early as this quarter.
3. With a lag of only a few months, the real economy (the parts that produce goods and services) soars. The huge growth in real GDP from the end of 1982 through the second quarter of 1984 shows this (real GDP grew at seasonally adjusted annual rates of 5.0, 9.3, 8.1, 8.4, 8.1 and

7.1 percent, respectively, over those six quarters). Real GDP grew by 7.2 percent in 1984 (after 4.5 percent in 1983), the best year since the 7.7 percent of 1951 and still the third fastest growth rate since the 16.4 percent of 1943. The 8.7 percent real GDP growth rate in 1950 is the post-1943 high.

Of course, if the central bank is not highly vigilant in removing the excess stimulus quickly, then inflation becomes a problem. That was the case after the recessions of November 1973 to March 1975 and January to July 1980 and the subsequent inflation problems led to new recessions.

The FOMC did a much better job after the recessions of July 1981 to November 1982, July 1990 to March 1991 and March to November 2001. Inflation never became a problem in the expansions after those recessions.

#### THE CONSENSUS IS TOO PESSIMISTIC

There's quite a herd mentality among economic forecasters most of the time. They also have a tendency to be unduly swayed by the most recent data.

There can be no question that 2008 was a dreadful year for the economy. Also, things clearly got much worse after the collapse of Lehman Brothers on September 15.

However, it is highly unlikely that we'll continue to see 500,000 nonfarm payroll jobs disappear every month. The consensus is that we won't see a turnaround in the economy before this summer and possibly not until the fall. That seems way too slow to me.

The longest recessions we've had since the Great Depression have been the 16-month ones from November 1973 to March 1975 and July 1981 to November 1982. The current recession began in December 2007 and will enter its 15<sup>th</sup> month in March.

The first sign that we're past the bottom is likely to be an upturn in housing starts, especially single-family units. They are always a leading economic indicator and must be very close to what Ian Shepherdson, the chief U.S. economist for High Frequency Economics, calls "an incompressible minimum."

With mortgage rates falling and mortgage availability increasing dramatically, it's highly likely that some consumers will buy a new house. It won't take much to turn that indicator around and get it growing again. There are always some people who prefer to buy new houses instead of picking from the many existing houses that are currently for sale because they can get the exact features they want in a new home.

The next sign that economic growth has returned will be an increase in vehicle sales. Those plummeted from annual rates of 15.6 million units in January to only 10.3 million in December last year. The quality of new vehicles is higher than ever before and there are very attractive deals available. Financing is also very appealing.

It won't take much to get this sector growing again either. Consumers had \$56.5 trillion in net worth on September 30, 2008 according to the "Flow of Funds" data from the Federal Reserve Board. All they need to do is spend some of it.

## Parsec Prize - A Culture of Giving



**Cristy Freeman, AAMS®**

SENIOR OPERATIONS ASSOCIATE

We at Parsec feel fortunate to live in wonderful communities in Western North Carolina and Charlotte. For many years, we have supported organizations whose mission is to improve the quality of life for people who live in the communities we serve.

As you may have read on our website, we created the "Parsec Prize" in 2005 in which we award large donations to local non-profit organizations. In 2008, we gave a total of \$68,000 to five organizations: Quality Forward, YMCA of Western North Carolina, YWCA of Western North Carolina, Literacy Council of Buncombe County, and Junior Achievement.

Our commitment to charitable giving does not end with the Parsec Prize. We also gave over \$30,000 in smaller donations to various charities in 2008. These charities may not have qualified for the larger Parsec Prize; however, we felt their causes deserved our support.

Our employees are committed to our philosophy as well. Their donations are matched up to one percent of their gross compensation. Some of the charities who have benefited are the American Red Cross, the American Cancer Society, the Cystic Fibrosis Foundation, the Smile Train, the Animal Compassion Network, local school systems, local college foundations, and several environmental conservation groups.

Total donations from the firm and employees were over \$119,000 in 2008. In these tough economic times, cash-strapped charities need our help more than ever and we feel strongly that maintaining our community outreach is important.

## Stock Market Outlook



**Rick Manske, CFP®**

MANAGING PARTNER

As we welcome in the New Year we can all breathe a sigh of relief that it is over; 2008 will go down in history as one of the worst investing environments ever seen. Obviously, the stock market was terrible; both domestic and international, but so was real estate and most bonds outside of the treasury market. Even commodities crashed, with prices on oil, gas, soybeans, wheat and corn dropping precipitously during the second half of 2008. As we enter 2009, we can be hopeful that we have seen an end to the unstable investment bubbles of the last nine years. We first had a stock market bubble in the late 90s, followed by a real estate bubble mid-decade, then finally the commodities bubble in 2007-2008. Unfortunately, it appears that another bubble is inflating in the treasury market as investors turn to the relative safety of treasuries, bringing interest rates down on the ten year treasury to levels not seen since the end of World War II. The rates are so low that the dividend yield on the S&P 500 Index (3.0%) is actually higher than the ten-year treasury (2.4%). When credit markets stabilize and the panic subsides, we could see a spike in inflation with the big increase in monetary supply. This would result in a very negative situation for someone locking in 2.4% for ten years.

The year saw a number of stock market records broken: the largest monthly decline, the biggest ever point gain and point advance, the worst year since 1931. The amount of bad economic news is overwhelming. All the telltale attributes of a bad recession abound: rising unemployment, multi-decade lows in industrial production, sagging real estate prices, and record home foreclosures. The equity markets have sold off for all of these reasons and more. Seemingly, stocks are beginning to take bad news in stride. We believe that expectations are so reduced and markets are so sold out that any sign of a lessening of the crisis could be met with a strong stock market rally.

The economic backdrop going into 2009 is difficult. But stock prices are forward looking and have already priced in much of the bad news. It will be interesting to see if the equity prices have overshot on the downside or if we have to re-visit the November lows before a meaningful and sustainable rally can occur.

Fiscal Policy – The governments of the world have responded to the credit crisis by opening up the spigot. The US approved

the Emergency Economic Stabilization Act. This legislation authorizes the U.S. Treasury to buy troubled mortgage-backed securities from financial institutions and to take ownership positions in banks. Since businesses cannot function without access to credit, this law is designed to loosen the credit freeze. The Obama administration is also preparing a huge fiscal stimulus plan that is estimated to be \$600-\$900 billion, the details of which are soon to be made clearer. The size of the 2009 stimulus is of a magnitude that will definitely impact overall GDP and economic activity. However, deficit spending comes with long-term consequences. The short-term cushion is needed in this situation and will hopefully lead the way to more permanent economic health.

Money Supply – The Federal Reserve Bank is very determined not to repeat the mistakes of the past, where poor monetary decisions helped to cause the Great Depression. In the 1930s, the Federal Reserve constricted monetary supply adding to the deflationary spiral. The Fed today is pumping huge sums of money into the economy to make sure the required liquidity is present. Taking into consideration the past, the governments of the world are making sound and coordinated policy decisions by injecting trillions of dollars and euros into the credit markets.

Employment – The unemployment rate is rising as the economy worsens. However, job losses will most likely be limited because firms did not over-hire during the last economic expansion. Furthermore, the retiring baby boomer demographic helps to control the rate of unemployment growth. Unemployment normally rises toward the end of a recession and has been referred to as a trailing economic indicator. This means that the unemployment rate has often continued to worsen historically, even as a stock market recovery is underway.

Housing – The bursting of the housing bubble has undoubtedly been a key cause of the current crisis. Once real estate prices hit bottom, they will play a critical role in the eventual recovery. Mortgage rates have been falling which encourages refinance activity and also allows people to begin buying the existing excess housing inventory. In addition, builders are cutting back on new construction which will further reduce the housing surplus. These are the first steps toward the beginning of a housing recovery in 2009-2010.

Commodities – The declining price of oil, natural gas and home heating oil is saving consumers billions of dollars every month. The lower prices are helping to act as a stimulus to the overall economy and a particularly well-timed relief for consumers who have been hit hard by falling stocks, weak

housing values and increasing unemployment.

The reality is that the economic and financial conditions have changed markedly in the last three months of 2008. However, the long-term objectives of investors have not. The need to grow wealth is as important today as ever before. There is only one way to grow wealth and that is through ownership. Ownership of real estate and business (public/private) represents equity, and over the long term, the owners of equity will see their wealth grow. Bonds, CDs and cash play an

important role in protecting and preserving wealth, but they do not grow wealth. We strongly believe that investors who have left the real estate and stock market will return when prices begin to rise. As of this writing, the S&P 500 is already up more than 23% from the November low. Many people will fail to get back in or will reinvest at much higher prices than when they got out. Our firm and our clients will have seen the bottom and by definition will be in place to get the full recovery when it comes.

## Estate Planning Update

### BRIEF 2009 ESTATE AND GIFT TAX UPDATE



**Roger James, Jr., JD, CTFA**

SENIOR FINANCIAL ADVISOR,  
SENIOR TRUST ADVISOR

In Parsec's 2008 second quarter newsletter, I explained to readers how North Carolina was one of only four states with a separate gift tax apart from Federal gift tax rules. As if in response to my detailed article, on July 16, 2008, the North Carolina legislature signed into law, as part of the 2009 state budget plan, the repeal of the North Carolina gift tax.

The new law provides that, beginning in 2009, there will be no state-level gift tax for any gift of any amount. For clients who were considering more advanced business succession planning and estate tax savings strategies, but did not like the thought of having to pay North Carolina gift tax, this state gift tax is no longer an issue. Good news! Perhaps I should begin writing more comprehensive income tax articles in hopes of repeal there as well!

Although the Federal gift tax still remains in force, the IRS has announced an increase in the annual gift tax exclusion for present interest gifts from \$12,000 in 2008 to \$13,000 in 2009. This means that gifts up to \$13,000 can be made to as many individuals as you choose without having to file a federal gift tax return.

The federal gift tax exemption for 2009 remains at \$1,000,000 per individual. For individuals who give more than the \$13,000 annual exclusion and in addition more than \$1,000,000 to a single individual, a federal gift tax payment would be required. Something tells me that there may not be too many people paying Federal gift tax in 2009.

For 2009, the federal estate tax exclusion amount goes up to \$3.5 million per person, from \$2 million per person in 2008. Please remember that we have now entered year one of a three year period that I refer to as the "triple threat" in estate tax laws. If President Obama and Congress are unable to change the existing law, then in 2010 there will be no estate tax, and in 2011 the federal estate tax would return to 55% with estates of \$1 million dollars or more again being taxed at the top rate.

| <u>Estate + Gift Tax Update Per Person</u> | <u>2008</u> | <u>2009</u>       |
|--------------------------------------------|-------------|-------------------|
| North Carolina Gift Tax                    | In Force    | Repealed - No Tax |
| Federal Gift Tax Annual Exclusion          | \$12,000    | \$13,000          |
| Federal Gift Tax Exemption (Total)         | \$1,000,000 | \$1,000,000       |
| Federal Estate Tax Exemption               | \$2,000,000 | \$3,500,000       |

## Tax FAQs



**Neal Nolan, CFP®**

FINANCIAL ADVISOR

Given the importance of retirement savings and the tax filing date approaching, it seems prudent to provide you with a helpful reminder of savings opportunities that you may not be fully maximizing. While anyone with earned income may fund a traditional IRA, the rules for deducting the contribution can be difficult to navigate. In an effort to make this a little more manageable, below are a few points for your consideration.

The first rule deals with a person filing “Single” and is not covered by a employer-sponsored plan (such as a 401(k)). In this case, this person can make a deductible contribution to the IRA, regardless of income. However, in the case of a couple filing jointly (Married Filing Jointly or MFJ) where one spouse is covered by an employer plan, but the other is not, then the rules change a little. In this case, a deductible contribution can be made if the Modified Adjusted Gross Income (AGI) is less than \$159,000.

Regardless of deductibility, we encourage clients to fully fund either the traditional or Roth IRA. Since either is funded with after-tax dollars, there is no immediate tax benefit. However, qualified withdrawals from the Roth IRA (meaning

money taken out for retirement spending purposes) are 100% tax free. The drawback to this account is the imposition of an income limitation for contributions. For example, for the tax year 2008, MFJ filers must have a modified AGI of less than \$159,000 to fully fund this account; Single filers are limited to \$101,000 Modified AGI.

Those clients in the distribution phase of retirement spending should take note. The IRS will not require a minimum withdrawal be taken and subsequently taxed for 2009. In many circumstances, Parsec will not request the RMD from its custodians. However, many clients are on a regular periodic distribution, and these will continue to be withdrawn. Naturally, if you have questions or concerns about the status of your RMD, please contact your advisor.

Of final note, the North Carolina 529 College Savings plan provides a valuable in-state tax deduction for contributions to the plan. A change as of last year, the benefit equates to a deduction of up to an aggregate total of \$2,500 (Single filers) and \$5,000 (MFJ) for contributions made to these accounts. What’s more, this deduction is available until 2012, when the state may bring back the income limitation rules. Our recommendation is North Carolina parents or grandparents give serious consideration to opening and funding this plan.

In closing, provided for you is a table that summarizes the account contribution and deduction rules. As mentioned earlier, navigating the IRA and 529 rules can be difficult, but we hopefully have been able to make the rules regarding these accounts a little clearer.

|                             | <u>Maximum Contribution</u>            |             | <u>Catch-up if over<br/>50 years of age</u> | <u>Deductible?</u> |
|-----------------------------|----------------------------------------|-------------|---------------------------------------------|--------------------|
|                             | <u>2008</u>                            | <u>2009</u> |                                             |                    |
| Traditional IRA             | \$5,000                                | \$5,000     | \$1,000                                     | Yes <sup>1</sup>   |
| Roth IRA                    | \$5,000                                | \$5,000     | \$1,000                                     | No <sup>2</sup>    |
| NC 529 College Savings Plan | Gift/Estate tax rules apply – see note |             | Not applicable                              | Yes <sup>3</sup>   |

1. Single filers not covered by a work sponsored plan; no income limitation. Married Filing Jointly (MFJ) where a spouse is not covered by a work sponsored plan may make a fully deductible contribution if Modified AGI is less than \$159,000. Otherwise the contribution is not deductible.
2. Contributions may be made to the Roth IRA if AGI is less than \$101,000 for Single filers, and a partial contribution may be made is income is between \$101,000 and \$116,000. Married Filing Jointly filers may make a full contribution if AGI is less than \$159,000, and a partial contribution if between \$159,000 and \$169,000.
3. Contributions to the NC 529 plan must be received in the calendar year, the in-state (NC only) deduction is limited to \$2,500 aggregate for Single filers, \$5,000 MFJ. For the years 2008 and 2009, the maximum gift is \$12,000 and \$13,000, respectively. However, consenting joint filers may elect gift-splitting; this increases the contribution to \$24,000 and \$26,000. There is also a five-year gift election of \$60,000 for an individual and \$120,000 gift-splitting (2008 rules). Program information may be found at: <http://www.cfnc.org/static/pdf/savings/pdf/program.pdf>
4. Specific tax-related questions should be referred to a qualified tax advisor.

## What it Means to be Credentialed



**Harli Palme, CFP®**

FINANCIAL ADVISOR

You've heard the pundits on TV signaling doomsday and seen the depressing headlines plastered across every newspaper and magazine. The word is out that times are tough and no one is denying it. What's an investor to do? You've heard us say it before, and you will hear it again: there is no crystal ball and no way to predict the severity or length of a recession or a bear market; all you can do is control your own actions. Having a financial advisor can help you navigate these difficult times. That is where we come in.

One of Parsec's core values is that our financial advisors are credentialed. Every one of our advisors has the training and expertise needed to give quality advice, and each one has at least one related professional designation to back this up. You may often see the various designation initials and wonder exactly what those initials mean. You can visit the "team" page on our website to read more about individual advisors. Below is a list of the credentials our advisors have.

### SERIES 65 LICENSE

This license is held by all of our financial advisors and is required by the SEC and the state of North Carolina in order to give investment advice. Investment advice is considered the central area of expertise of our advisors, though all advisors have additional areas of expertise.

### CFP®

This denotes a certified financial planner and is held by the vast majority of our advisors. The areas of knowledge for this designation include investments, insurance, tax planning, retirement planning and estate planning. Certificants are considered generalists in these areas who can review your entire financial picture and highlight areas of concern specific to your needs, then direct you to the appropriate expert if necessary.

### CFA

This refers to the Chartered Financial Analysts designation. This designee specializes in investment analysis, portfolio management, ethics in the investment profession, and financial market analysis.

### CTFA

This represents an individual whose expertise focuses on fiduciary services related to trusts, estates and guardianships, as well as individual asset management.

### CPA/PFS

This designation is specifically for CPAs who specialize in personal financial planning.

### J.D. AND CPA

We also have advisors who are accountants and attorneys. This strengthens their knowledge base in various professional matters; but, as financial advisors, they do not practice law nor give professional tax advice. They can, however, discuss considerations you may have in these areas and point you in the appropriate direction should you need more specific tax and legal advice.

## Speaking of Credentials...

Michael E. Bruder, a CERTIFIED FINANCIAL PLANNER™ and senior financial and trust adviser at Parsec Financial, recently earned the Certified Trust and Financial Advisor (CTFA) designation from the Institute of Certified Bankers, representing expertise in fiduciary services related to trusts, estates and guardianships, as well as individual asset management.

Additionally, Leslie Fay, a Client Service Specialist, is a recent candidate for CFP® certification, having passed the CERTIFIED FINANCIAL PLANNER™ exam in July, 2008. Congratulations to Michael and Leslie for these accomplishments!

## Electronic Changes at Parsec

We have initiated a weekly web log, or blog, to give you insight into various financial occurrences, updates on the firm, or other items of interest. This can be viewed by visiting our web site at [www.parsecfinancial.com](http://www.parsecfinancial.com), and then clicking on the section that says "Parsec Blog," presented on our home page.

If you have given us your e-mail, we may send you general updates from time to time. We will also notify you when the newsletter is available on the web site for viewing. If at any point you prefer to stop receiving the paper version, please contact us at [news@parsecfinancial.com](mailto:news@parsecfinancial.com) and let us know. If you decide you are not interested in electronic communication, there will be an "unsubscribe" option at the bottom of each e-mail.

If we don't currently have your e-mail address and you want to make sure you're receiving these from us, please contact us at [news@parsecfinancial.com](mailto:news@parsecfinancial.com) and let us know your e-mail address.

### Parsec Financial's Updates



January 16, 2009

#### Your Credit

Filed under: [Uncategorized](#) — parsecfinancial @ 10:13 am

With mortgages rates reaching all time lows many people are choosing to refinance. The 30 year fixed mortgage rate is below 5% which is a deal too good to ignore! Your credit score is an integral part of getting lower rates. Consequently, it is also important to continually stay on top of your credit report and your credit score. You are allowed a free credit report every 12 months and I would encourage everyone to check their report and ensure there are no mistakes. You can order the report online at <http://www.annualcreditreport.com> or call 877-322-8228. This is the only organization that will give you a report for free.

If you have been a victim of identity theft you can place a fraud alert on your file by calling one of the three consumer credit reporting companies:

Equifax: 1-877-576-5734  
Experian: 1-888-397-3742  
TransUnion: 1-800-680-7289

Barbara Gray, CFP®  
Partner

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