

# Tuve and Friends

SUMMER 2008

SEMIANNUAL PUBLICATION

## *Insights from Your Advisors*



Mathew D. Driscoll, CFP  
And  
John S. Tuve, CFP

Dear Friends,

We hope this letter finds you and your family well. This spring has been a wild ride full of massive tornado damage and severe flooding. We have had many clients affected by these events including the death of one client. We hope that all of you will continue to keep the people affected by the tornado and flood in your prayers.

The first half of the year was also a wild ride for the markets, much like Iowa's weather. After a wild first quarter, the second quarter started off with a nice rebound. Most of the volatility was caused by predictions of a recession. However, a funny thing happened on

the way to the most predicted recession in US history: it didn't happen.

The theory behind the widespread recession forecast was that the declining value of US homes, the shrinking amount of mortgage equity withdrawal, or a credit squeeze would lead to either a severe slowdown or outright decline in consumer spending. Prominent economists – including one Nobel Prize winner – made comparisons to the Great Depression, predicting a long and deep downturn. Alan Greenspan declared a recession was likely and said this was the worst financial crisis since the end of World War II.

Trouble is, someone forgot to convince consumers they had to stop spending. Despite consumer confidence readings that are downright awful. According to the Federal Reserve, “core” retail sales are up at a 10.2% annual rate in the past three months. In other words, consumer confidence statistics may express how people *feel*, but not how they *act*. And with all the doom and gloom being reported on a daily basis, no wonder they feel so bad. But consumers have refused to participate in the emotional turmoil. And so have businesses.

According to the U.S. Federal Reserve, the construction of business related buildings is up 15.4% versus last year; led by hotels, utilities, power plants, and offices. Meanwhile, foreign demand for US products continues to boom, with exports up 19.2% versus last year. All of this has pushed non-housing real GDP up 3.6% during the past year. While some of the analysts who forecasted a recession are willing to admit they were wrong, others are now claiming the reasons we are not in recession are (1) the tax rebate checks that started going out at the very end of April and (2) the Federal Reserve's interest rate cuts that started in September.

First take the rebate argument. What this theory ignores is that “core” retail sales were as strong in March and April as they were in May. At least one group of economists at a prominent investment bank have tried to explain this by arguing that the *anticipation* of rebates lifted consumption even before consumers got checks. But, at the same time, this economics group was forecasting inflation-adjusted consumption would show zero growth in the second quarter. In other words, they did not believe their own theory until it became a useful explanation for why they were wrong.

The argument that the Fed saved the economy by cutting interest rates ignores the fact that there is a lag time of at least nine months between changes in the stance of monetary policy and its influence on real economic growth. More importantly, as history shows, the full force of looser money is felt only when investors and consumers believe the Fed is going to stop cutting rates. At that point, there is no need to postpone economic activity (to wait for lower rates) and the benefits of looser money begin.

The *end* of rate cuts may explain some of the retail bounce in April and May, but lower interest rates do not explain the failure to fall into recession beforehand.

Despite the obvious timing issues with these popular arguments about why the US avoided recession, there are many who still believe that once rebate check spending subsides the economy will have trouble again. We disagree. The Fed is loose, tax rates are still low and productivity is strong. As a result, the economy will remain resilient, buck the media's doom and gloom, and avoid the most predicted recession in history all over again.

Regards,

John S. Tuve, CFP  
Mathew D. Driscoll, CFP



## *When Should You Start Collecting Social Security?*



They say good things come to those who wait. So, rather than start collecting Social Security benefits as soon as you're eligible, you may want to consider the advantages of pushing those payments off for a few years. Under the current Social Security rules you can:

- Retire at full retirement age, which ranges from ages 65 to 67, depending on the year in which you were born and collect full benefits.
- Start collecting Social Security as early as age 62 and receive reduced monthly payments.
- Defer Social Security benefits up to age 70 to increase your monthly payments.

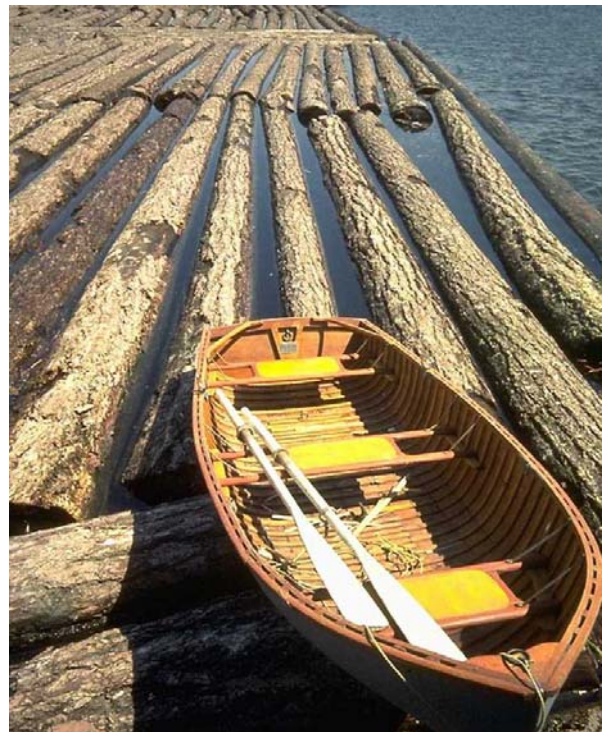
In general, experts say that for every year you defer payments beyond full retirement age, up to age seventy, your monthly benefits could increase by 5% to 8%. You can crunch the numbers yourself using the benefit calculator at the Social Security Administration's web site, [www.ssa.gov](http://www.ssa.gov). Click on the "calculate your benefits" link under the "Retirement" heading on the homepage.

When are Americans deciding to take Social Security? According to a November 2007 study entitled *Boomers Ready to Launch* from the MetLife Mature Market Institute, there's a pretty even split between baby boomers set to turn sixty-two in

2008. Of those surveyed, 31% said they plan to apply for Social Security when they turn sixty-two and 32% said they will wait until age sixty-six or beyond when they can receive full benefits.

Survey respondents who said they will take benefits at age sixty-two reasoned that it's in their financial interest to take Social Security sooner. Some said they need the money right now; others fear there will be nothing left in the system if they wait, according to the study's press release.

To decide when to collect your benefits, consider your life expectancy, your current health status, and whether you can afford to live without Social Security for a few extra years. We'll be happy to discuss your options with you.





## Personal Notes from Your Team-Our Kids



### JOHN & BEV

There have been a lot of things that have happened to the Tuve family since the last newsletter. As most of you have heard on the news, our town of Parkersburg was hit by an EF5 tornado on May 25. John spent the first couple of weeks helping with people affected by the tornado. Thank you to all of you who called to see if we needed help. We thank you from our hearts!! It is great to know that so many people consider us family. As many know, our house was not hit by the tornado but many of our friends have been affected. We opened our home to another family and also opened our shed to the athletic teams of Parkersburg for a weight lifting facility. We were able to save some of the weights out of the ravaged high school, and there was a very generous company that came to help

with the weights, and the Iowa Hawkeye football team came to set up the machines in our shed. It is truly wonderful to know that we live in such a loving community! Needless to say we have quite a bit of traffic in the Tuve home. I think John is going to miss having so many people stopping by after our town is rebuilt. Now to some exciting news!! Our oldest daughter just became engaged. Nicole's boyfriend asked to join us for church service Easter weekend. That is when David asked us for our daughter's hand in marriage. John, of course, wanted all the details of how he was going to ask her, etc. David is in the Minnesota National Guard and is going to be in Iraq this year, so we ask that you include him in your prayers. Nicole is studying for the boards that she will be taking on August 2nd. Please include her in your prayers as well. Nicole will then be in Ohio, Illinois, Kansas, Minnesota, Colorado and Africa, before heading back to Florida for her last year of interning. The wedding date has been set for June 27th. We are praying that David will be home by then, because Nicole will then, hopefully, begin her residency in general surgery who knows where. We

truly thank you for all the love you have shown to our family and our friends!!



### MATT & MARY

Happy Summer!! We are very fortunate to report that both us and our families missed any real damage from this spring's storms and flooding. We have spent most of the summer outside with Liam. He spends a lot of time riding his trike and scooter. He is already quite the daredevil. This May we took Liam to a live production of "Elmo Makes Music" in Cedar Rapids. We had a blast. We were lucky enough to be able to get out on our bikes a lot this spring, but it has been getting more difficult this summer now that Liam has more neighbor friends to play outside with.



### SHARYL WEICH

Summer at the Weich household began a little badly; the very first day of summer vacation, my 14 year old, Keith, had an accident while riding his bike to the pool. He was wearing flip-flops and tried to brake going downhill, when his foot slipped off the pedal and slammed his big toe into the asphalt. He had surgery for his broken toe and will be on crutches for about six weeks. Maybe this was a lesson learned?? My husband, Sam worked a lot of overtime when the Cedar River and Wolf Creek flooded our town of La Porte City. There were no roads open in or out of town for two days. My twelve year old, Nick, as well as his baseball team, helped sandbag with everybody who couldn't go to work. However, we were much luckier than many other towns, as we didn't lose a major amount of homes and businesses. Nick keeps us on the go with baseball games and swim meets. He also mows the lawn for our neighbor.

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The staff at Tuve Investments wish to dedicate this newsletter to those who lost their lives, their homes and, or businesses in the tornados and floods of 2008. As our communities begin to restore and rebuild, we wish to express our mutual sorrow, as well as our commitment to stand by you and all of our friends and neighbors who's lives have been impacted by these disasters. We wish to offer you not only our prayers, but our sincere friendship both now and in the future.

**Join Tuve Investments**  
at their annual  
**“HOG ROAST”**  
**Plus Raffle**  
**benefiting Aplington-Parkersburg**  
**High School**  
**Featuring homemade quilt by**  
**Shirley Cockerham, plus other items!**



### **Wealth Management Services Offered**

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- ◆ Insurance Planning
  - Life
  - Life Settlements
  - Long Term Care
  - Disability
- ◆ Estate Planning
- ◆ Trust Service\*
- ◆ Tax Planning
- ◆ Business Planning
- ◆ Charitable Giving

\*Trust Services offered through the  
Private Trust Company, N.A., an  
affiliate of LPL Financial.



**MICHELE FAUBEL**

Happy summer!!! It has been a long winter and spring so we will see what summer brings. The Faubel household has seen many changes this spring. The first major one is that we were blessed with a beautiful healthy baby girl, Isabel Marie. She was born on May 7th and weighed 7lbs 4oz and was 19 3/4 inches long. She is a very good baby and much loved by her older siblings; Logan, who is eight, and Tamra, four. We attended all the “end of the year” school activities with the kids and have now moved on to their summer activities.

Logan played soccer and will be in swimming lessons. Tamra had her very first dance recital and will be attending some dance camps. She is taking swimming lessons as well. Andrew and I are just trying to keep up with the kids and enjoy our family walks.



**JULIE KRUGER**

Well, 2008 has been a year none of us will soon forget. My husband and I were blessed to have missed the destruction of the tornado, as well as the flood. However, our hearts go out to all of you who haven't been as lucky.

On Saturday, May 24<sup>th</sup> (the day before the tornado) we helped our youngest daughter and her husband move from their home in Parkersburg to Grundy Center. They had lived on Conn St., which is pretty much non-existent at this time. We are so very thankful they were not in that house the following day, as it is completely gone, even the contents of the basement!

All in all, I have never seen and heard of so much love and genuine Christian compassion from friends, neighbors and strangers. It has been so amazing to see people pulling together and helping each other. It makes me so proud to live in Iowa.

I hope you all have a wonderful summer!