



### 3<sup>rd</sup> Quarter ~ 2012

Good News: both stocks and bonds have been making money and the market reflects those positive returns. Let's just pause and savor the moment. It's been a long time since "good" was the lead message but there really is some good news to report. Companies are more profitable now than they were before the recession nightmare began\*, the Federal Reserve has vowed to boldly stay the low-interest-rate course until more Americans are back to work and the world's central bankers have stepped in to steady the ailing euro zone. Not to be totally outshone, bonds continue to be buoyed. Exasperated with the negligible returns on cash, investors are scavenging through corporate, mortgage-backed securities and municipal bonds for interest rates higher than 0%. It's our pleasure to report the good news.

But it's also our responsibility to point out the rest of the economic story. When more people applied for food stamps than found jobs in August\*\*, we can't ignore the fragility of our fiscal fitness. Any number of events could stall the recovery: a no-decision Congress driving us over the fiscal cliff; a Federal Reserve with an empty bag of tricks should this latest one prove inadequate; a euro zone that may be too fractured to survive in spite of help now on the way; foreign political unrest flaming into chaos; wars that won't unwind; terrorists attacks; heck a good old fashioned epic weather event could be enough to dash any hope of better days ahead. Fortunately, whether 2012 is the year the recovery took hold or the year that opportunity slipped away, rest assured that we are available to help you through good and bad market conditions.

We would also like to take this opportunity to introduce you to our new look at Schaeffer Financial, LLC.

Our mission remains the same: to guide our clients to smart money decisions through competent, ethical financial advice without requiring the purchase of product or money management services. The modified compass helps evoke a fresh take on our relentless commitment to helping you reach your

financial goals. For continuity we stayed with the green palate – always a good choice when money is part of the conversation!

Also rolling out is our new website, [www.SchaefferFinancial.com](http://www.SchaefferFinancial.com) . Please take a look and let us know which parts you find most helpful and what you would encourage us to include. As many of you know, designing and building a website requires technical savvy, creative judgment and enormous persistence. Fortunately our own Sarah Troxel excels in all three and we can't thank her enough for sharing her formidable talents spearheading this project.

In 1978 when Rick Schaeffer gave advice to our first-ever client, the most important question he asked was "How can we help you?" It remains the same today. We may need the occasional update to our logo but we will never change the purpose of our business. Schaeffer Financial exists to answer your questions, give you informed opinions, get you out of a guessing game and encourage you to make good decisions.

We are here to guide you and we can't thank you enough for the opportunity.

Please remember to contact Schaeffer Financial LLC if there are any changes in your personal financial situation or your investment objectives for the purpose of reviewing, evaluating and /or revising our previous recommendations and services. Also contact us if you want to impose, add or modify any reasonable restrictions to our investment advisory services. A copy of our current written disclosure statement discussing our advisory services and fees continues to remain available for your review upon request as well as on our website. The information contained in this website is intended for personal use and may not apply to all circumstances

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\*Source: U.S. Department of Commerce: Bureau of Economic Analysis – corporate after tax profits by year

\*\*Food stamp usage 47,102,780, as of August 2012 – (US. Department of Labor) versus unemployment decrease of 250,000 between July and August 2012 – (Bureau of Labor Statistics)