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Special points of interest:

- 68% of Americans anticipate they will need to postpone retirement
- Retail sales nationwide in January 2009 increased +1.0%
- How does crises create opportunity?
- The US economy, worth \$14 trillion and the largest economy in the world, grew by +1.3% in 2008.

Sources: MFS research; *The Wall Street Journal*; The Wall Street Journal Online; Bloomberg News; *Financial Times*.



Asset Allocation versus Market Timing



Thomas J. Hartfield

What is Asset Allocation

Lewis Carroll, the author of *Alice's Adventures in Wonderland*, once said, “If you don't know where you're going, any road will get you there.” This is certainly true when it comes to investing: If you don't know where you're headed financially, then it is not as vital which investments make up your portfolio. If you do have a monetary destination in mind, then asset allocation becomes very important.

The term “asset allocation” is often tossed around in discussions of investing. But what exactly is it? Simply put, asset allocation is about not putting all your eggs in one basket. More formally, it is a systematic approach to diversification that determines the most efficient mix of assets based on your

risk tolerance and time horizon.

Asset allocation seeks to manage investment risk by diversifying a portfolio among the major asset classes, such as stocks, bonds, and cash equivalents. Each asset class has a different level of risk and potential return. At any given time, while one asset category may be increasing in value, another may be decreasing in value. Asset allocation attempts to limit the risk by diversification. So if the value of one asset class or security drops, the other asset classes or securities may help cushion the blow.

Dividing your investments in this way may help you ride out market fluctuations and protect your portfolio from a major loss in any one asset class. Of course, it is also important to understand the risk versus return tradeoff. Generally, the greater the potential return of an investment, the greater the risk. Diversification does not guarantee a profit or protect against loss. It is a method used to help manage investment risk.

As a result, the makeup of a portfolio should be based on your risk tolerance. Generally, you should not place all your assets in those categories that have the highest potential for gain if you are concerned about the prospect of a loss. It is essential to find a balance of asset classes with the highest potential return for your risk profile.

The other factors that are vital to developing an asset allocation strategy are your investment goals and time horizon. When you are considering how to diversify your portfolio,

What is a Roth IRA

Roth IRAs are tax-favored financial vehicles that enable investors to save money for retirement. They differ from traditional IRAs in that taxpayers cannot deduct contributions made to a Roth. However, qualified Roth IRA distributions in retirement are free of federal income tax and aren't included in a taxpayer's gross income. That can be advantageous, especially if the account owner

is in a higher tax bracket in retirement or taxes are higher in the future.

A Roth IRA is subject to the same contribution limits as a traditional IRA (\$4,000 in 2007 and \$5,000 in 2008). Special “catch-up” contributions enable those nearing retirement (age 50 and older) to save at an accelerated rate by contributing \$1,000 more than the regular annual limits.



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from page 2: Roth IRA

Another way in which Roth IRAs can be advantageous is that investors can contribute to a Roth after age 70½ as long as they have earned income, and they don't have to begin taking mandatory distributions due to age, as they do with traditional IRAs.

Roth IRA withdrawals of contributions (not earnings) can be made at any time and for any reason; they are tax-free and not subject to the 10% federal income tax penalty for early withdrawals. After a minimum five-year holding period but before age 59½, tax-free and penalty-free withdrawals of earnings can be made due to a qualifying event, such as death or disability or to purchase a first home (up to a \$10,000 lifetime cap).

Although college expenses are not a qualifying event, Roth IRA account owners can withdraw earnings penalty-free for qualifying higher-education expenses (for the account owner, a

spouse, a child, or a grandchild). However, these withdrawals would be subject to ordinary income tax.

To qualify for a tax-free and penalty-free withdrawal of earnings in retirement (after age 59½), a Roth IRA must have been in place for at least five tax years.

Keep in mind that even though qualified Roth IRA distributions are free of federal income tax, they may be subject to state and/or local income taxes. Eligibility to contribute to a Roth IRA phases out for taxpayers with higher incomes.

If you're looking for a retirement savings vehicle with some distinct tax advantages, the Roth IRA could be appropriate for you.

If you're dealing with an increase in questions about the complex nature of Social

Security and retirement, you owe it to yourself, to contact Hartfield Financial and Insurance Services, Inc., to schedule a personal confidential appointment where you will learn more about our custom designed asset allocation program, and how Thomas J. Hartfield can help you with your retirement planning needs.

You want more control over your retirement. You want to be able to help control your retirement anxiety. Our asset allocation strategy may help you do both. Remember it's a matter of control.



From page 1: Allocation

ask yourself what you want to accomplish with your investments. Are you planning to buy a new car or house soon? Do you aspire to pay for your children's college education? When retirement rolls around, would you like to travel and buy a vacation home? These factors should all be considered when outlining an asset allo-

cation strategy.

If you require a specific amount of money at a point in the near future, you might want to consider a strategy that involves less risk. On the other hand, if you are saving for retirement and have several years until you will need the funds, you might be able to invest for greater growth potential,

although this will also involve greater risks.

Whichever asset allocation scenario you decide on, it's important to remember that there is no one strategy that fits every type of investor. Your specific situation calls for a specific approach with which you are comfortable and one that will help you pursue your investment goals.

How Can I Insure My Future?

LONG AGO, WE FIGURED OUT THERE IS STRENGTH IN NUMBERS. FOR HUNDREDS OF YEARS, PEOPLE HAVE BEEN JOINING FORCES AGAINST ALL KINDS OF CALAMITIES — INCLUDING FINANCIAL TROUBLES.

THE CONCEPT OF INSURANCE IS SIMPLY THAT IF ENOUGH PEOPLE CAN POOL THEIR MONEY TO FORM A LARGE ENOUGH FUND, THEN TOGETHER WE CAN HANDLE PRACTICALLY ANY FINANCIAL DISASTER. YOUR MOTIVATION FOR CONTRIBUTING

TO THIS FUND IS YOUR OWN ELIGIBILITY TO DRAW FROM IT IF THE DISASTER HAPPENS TO BE YOURS.

ONE FOR ALL AND ALL FOR ONE, SO TO SPEAK.

IN SPITE OF THE COMPLICATIONS AND OCCASIONAL BUREAUCRATIC SNARLS, THE SYSTEM HAS WORKED REMARKABLY WELL FOR LITERALLY AGES. THE CODE OF HAMMURABI, FROM BABYLONIAN LAWS DATING BACK TO 1700 B.C., CONTAINS A CREDIT INSURANCE PROVISION. FOR A LITTLE MORE INTEREST, THE ANCIENTS COULD EXEMPT THEMSELVES FROM REPAYMENT OF LOANS IN THE EVENT OF PERSONAL MISFORTUNE.

A CITIZEN OF THE ROMAN EMPIRE COULD

BUY LIFE INSURANCE THROUGH THE COLLEGIA TENUIORUM FOR SLAVES AND WAGE EARNERS, OR THE COLLEGIA FOR MEMBERS OF THE MILITARY. THE FUNDS PROVIDED OLD-AGE PENSIONS, DISABILITY INSURANCE, AND BURIAL COSTS.

TODAY, VIRTUALLY ALL HEADS OF FAMILIES SHOULD CARRY LIFE INSURANCE JUST LIKE THE PRUDENT ROMANS. MOST FINANCIAL ADVISORS ALSO RECOMMEND THE FOLLOWING TYPES OF POLICIES: AUTOMOBILE, HEALTH, HOMEOWNERS, PERSONAL LIABILITY, PROFESSIONAL LIABILITY AND/OR MALPRACTICE, DISABILITY, AND LONG-TERM-CARE INSURANCE.

PURCHASING INDIVIDUAL OR FAMILY INSURANCE COVERAGE IS AN IMPORTANT FINAN-

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from page 1: How can I insure

CRUCIAL DECISION — PROBABLY ONE OF THE MOST IMPORTANT YOU WILL MAKE. A GREAT DEAL OF STUDY AND ADVICE ARE NEEDED TO CHOOSE WISELY. A FEW BASIC GUIDELINES CAN SAFELY BE APPLIED TO MOST CUSTOMERS. BEYOND THESE, EACH INDIVIDUAL'S NEEDS ARE UNIQUE AND SHOULD BE CAREFULLY ASSESSED BY AN EXPERT.

1. How much insurance do you need?

Don't insure yourself against misfortunes you can pay for yourself. Why gamble all that money that misfortunes will happen? If they don't, you're way ahead. If they do, it will usually cost you less in actual costs than the insurance premiums you would

have paid.

2. What kind of policy is best?

Broader is better. Cover as many misfortunes as possible with a single policy. Carefully examine policies that exclude coverage in certain areas. These are called policy exclusions.

3. Whom should I buy it from?

Consider buying from financially strong companies. You may save by buying multiple policies from the same agent. Shop carefully. There is strength in unity. Join the party, but only buy what you need.



Week in Review: Banking giants turn a profit and send global markets higher

For the week ended March 13, 2009

- Global stocks rally as banks announce profits
- World finance ministers gather to find ways to battle recession
- U.S. retail sales show stabilization
- Madoff jailed
- GE, Berkshire Hathaway downgraded
- Brazil and Switzerland cut rates

Market optimism returned in full force this week after **Citibank**, **Bank of America**, and **JPMorgan Chase** said they made money during the first two months of the year. Around the world, stock markets rallied on hopes that stability was returning to the financial sector. Citibank kicked off the markets' rise when it said it was having its best quarter since 2007. The news sent the Dow Jones Industrial Average up 379 points Tuesday, thereby kicking off a week of gains.

Meanwhile, governments have stepped up efforts to avoid the first global economic contraction since World War II. Finance ministers from around the world are meeting near London on Friday and Saturday to discuss ways to battle recession. Before the meeting began, Japan pledged more aid for its economy, ordering a third stimulus package and announcing that it would sink more money into Japanese banks.

U.S. economic news

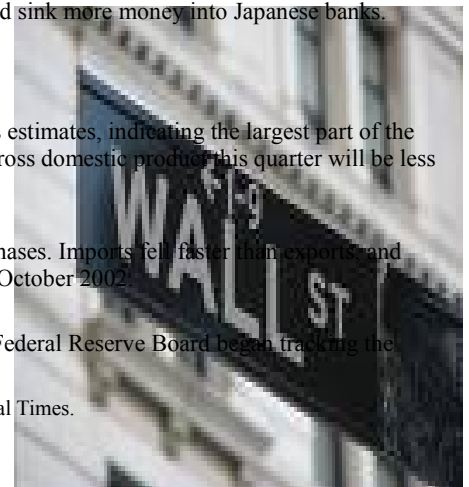
Retail sales may be stabilizing; deficit narrows; **household wealth plunges**

Sales at U.S. retailers in February fell less than forecast, and a gain in January exceeded previous estimates, indicating the largest part of the economy may be starting to stabilize. The figures have boosted expectations that the decline in gross domestic product this quarter will be less than anticipated.

The U.S. trade deficit narrowed in January to the lowest level in six years as Americans cut purchases. Imports fell faster than exports, and that helped the trade gap shrink by 9.7% to \$36 billion. The deficit has not been that small since October 2002.

U.S. household net worth dropped nearly 18% in 2008. This was the biggest loss since the U.S. Federal Reserve Board began tracking the statistic after World War II.

Sources: MFS research; The Wall Street Journal; The Wall Street Journal Online; Bloomberg News; Financial Times.



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We're on the Web!
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Preserve Their Wealth"**



Thomas J. Hartfield is the President and Founder of Hartfield Financial and Insurance Services, Inc (HFIS) and has been successfully helping clients meet their long-term financial goals for nearly 15 years. HFIS has built a name for itself as a trusted leader in Financial Services and Insurance Planning.

Hartfield Financial and Insurance Services prides itself on offering a highly customized approach to investing with comprehensive financial plans, access to thousands of investment products and a network of experienced accomplished professionals. As an independent company, Hartfield Financial and Insurance Services offers a vast menu of financial products & services, unbiased investment advice and has the ability to partner with other accomplished financial service providers.

Providing a complete menu of financial services, over the years clients have put their trust in HFIS to set up Tax Efficient Financial Plans, Qualified & Non-Qualified Retirement Plans, IRAs, 529 Plans, Living Trusts, Estate Plans and much more. Committed to building long-term relationships with clients, Hartfield Financial & Insurance Services offers in-depth frequent reviews, educational workshops, plus service and support that is among the best in the industry! As a result, the HFIS client base has grown to include a great number of highly successful professionals and business leaders. As specialists in retirement planning regulations and employee benefit programs, Hartfield Financial & Insurance Services has also built an impressive list of corporate clients.

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