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MENTOR
C A P I T A L

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Mentor Monthly Missive

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Markets review – Q3 2011

If we wanted a roller-coaster ride, we would have gone to Great America.

The quarter ended on a low note after U.S. stocks (and their counterparts all over the world) gyrated day after day like they were walking barefoot on hot coals. When it was over, sovereign-debt troubles in Europe, continuing high unemployment and little improvement in the real estate market had thrust stock prices at quarter's end to levels not seen since 12 months earlier.

Investors with bond holdings saw volatility dampened, as Treasury yields declined and prices improved (bond prices move inversely relative to bond yields).

Here is how the quarter stacked up (three-year returns are annualized):

<u>Benchmark</u>	<u>Quarter ending 9/30</u>	<u>12 months ending 9/30</u>	<u>3 years ending 9/30</u>
S&P 500 Index	-14.33%	-0.86%	-1.01%
Dow Jones Industrial Average	-12.09%	1.16%	0.19%
NASDAQ 100	-4.74%	-8.83%	11.46%
Vanguard Euro-Pacific	-20.88%	-12.72%	-5.03%
Vanguard Emerging	-26.31%	-21.18%	1.11%
10-year Treasury yield	-38.46%	-24.33%	-20.74%

So are we ready to get off this roller-coaster ride? Absolutely not. We realize that the stock market is doing what it's supposed to do: Rise and fall. We believe it will rise more than fall, which it has done in the past, and that most short-term gyrations are caused by emotions running rampant among short-sighted investors.

Sometimes market ups and downs are extreme, and they cause trepidation, but we firmly believe that over time, markets will revert to their mean returns. The best way to achieve results that outpace inflation is to invest in a properly allocated portfolio of fixed and equity instruments.

John S. Davis, CFP



Help with benefits

Soon it will be time for employers and employees to focus on group benefits plans during what is called "open enrollment."

Open enrollment is primarily a time of education for employees. The employer wants to make sure everyone makes informed benefits choices based on the needs of their families. Open enrollment typically occurs 30-60 days prior to the company's renewal of its insurance plans, normally in the fourth quarter of the calendar year.

The goal is to provide a comprehensive overview of the benefits the company offers: health, life and disability insurance; and

flexible spending plans. Open enrollment typically is the only time an employer allows changes in these benefits unless there is a "life event" such as the birth of a child, a marriage or a divorce.

Clients of Mentor Capital are encouraged to call us during open enrollment for assistance in making the best use of their employers' benefit plans.



Seniors: Are you taking advantage of new Medicare benefits?

In 2010, President Barack Obama signed the Affordable Care Act into law. Here are some highlights from the Medicare section of the new health insurance reform laws that you might not be aware of:

Free Preventative Care under Medicare

Beginning in 2011, co-payments and deductibles can no longer be charged for preventive care medical services. This reform will enable more senior citizens to get regular check-ups to help detect potential health problems. When people with heart disease, cancer, and diabetes are diagnosed earlier, faster treatment can aid in the prevention of long-term complications of treatable diseases which not only cost more in consumer dollars, but cost people their lives.

Medicare Part D "Donut Hole"

In 2010, Medicare recipients received only a \$250 rebate for prescription drugs. However, beginning in 2011, seniors on Medicare will get a 50 percent discount on brand-name drugs while in the "Donut Hole," a gap in the Medicare Part D prescription drug coverage plan. Medicare Part D currently covers up to \$2,840 per year in prescription drug payments, and then stops paying for medications until costs exceed \$6,440. This means Medicare Part D coverage recipients are responsible for paying all their own drug costs between \$2,840 and \$6,440. This gap in coverage will be eliminated completely by 2020.

Insurance Company Financial Accountability

Good-bye insurance industry executive greed. Since the first of the year, insurance companies that provide individual and small-group policies have been required to spend 80 percent of their premium dollars on medical services. Previously, insurance companies could pocket high profits without being accountable for the level of services provided to their insureds.

If you have any questions about your current Medicare coverage, or if you are approaching age 65, feel free to call the advisors of Mentor Capital to discuss your options.



About Mentor Capital

Mentor Capital Management Inc. was founded in response to the belief that a consumer's best interests are served when his or her financial planner is Fee Only. Advisors of Mentor Capital strive to provide objective, prudent and thoughtful advice to clients based on their personal goals and objectives.

Meet our Certified Financial Planners



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