

MISSION

WE WILL PROACTIVELY PROVIDE FINANCIAL SOLUTIONS.
WE WILL CREATE PERSONAL GROWTH OPPORTUNITIES.
WE WILL WILLINGLY SHARE TO BETTER THE PLACE WE LIVE.
WE WILL ENHANCE SHAREHOLDER VALUE.

VISION: YOUR PREMIER CHOICE FOR FINANCIAL SOLUTIONS.



CORE VALUES

RESPECT IS FOREMOST. WE WILL BE PROFESSIONAL, CONFIDENTIAL AND DIRECT AT ALL TIMES.
CHANGE IS A CONTINUOUS SERIES OF OPPORTUNITIES FOR IMPROVEMENT.
TEAMWORK IS KNOWING WHEN TO ASK FOR HELP AND KNOWING WHEN TO OFFER HELP.



January 2009

REVIEW OF 2008 A

Because of the national economic meltdown, 2008 will very likely be a year I went back and read my comments in the last Choice Voice

January 2009

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In an effort to keep our mailing list updated, if you know of someone who would like to be added to our mailing list or if you wish to be removed, please call 701-352-0242.

It's important to put into perspective how we got here. This meltdown and economic crisis was the predictable consequence of the great party we've had on borrowed money over the past 30-40 years. It's apparent that the party is over. Whether you're the government, a business or an individual, you can only go so long living beyond your means. On average, American consumers spend more money in two months than all the consumers in China and India spend in one year. We truly live in a society that believes immediate gratification is an entitlement.

Since the 1980s, Americans have consumed more than they have produced -- and made up the difference by borrowing. Household debt in the U.S. grew from \$680 billion in 1974 to \$14 trillion today. The total has doubled in just the last seven years.

We think that today should be better than yesterday and tomorrow should be better than today.

Over time, we can't borrow our way out of debt. As a nation and as individuals, we need to adjust our mindset and improve our financial literacy. We hear the government toss out bailout packages worth billions of dollars without a lot of thought to how much money that really is, where those dollars will come from, and more importantly, who's going to pay this enormous debt back. It's not only fiscally irresponsible, but morally reprehensible, that we're leaving our kids and grandkids this national debt to deal with. The reality is the U.S. is going broke. We need to turn this around -- and soon.

It's more than a little concerning that 54 percent of American investors do not read financial literature, because they

believe the content is too hard to understand. The logical assumption is that these folks remain unaware and uninformed. It's interesting how uncommon common sense has now become.

This situation is not likely to be better anytime soon. Citizens retiring today are better educated and informed than the young people entering the workforce. Unless the U.S. improves the performance of its schools, many Americans will find their standard of living under pressure. Basic economics as a life-skill needs to be a core part of the curriculum.

I think improved performance in the schools starts at home. People (especially kids) are products of their environment. It is unrealistic to expect schools to be both educators and guardians. Not every problem can be solved by throwing money at it. It's easy to make a buck, but a lot tougher to make a difference.

It's interesting that the average United Auto Worker with a high school degree earns 57.6 percent more compensation than the average university professor with a Ph.D. This, somehow, doesn't seem right.

Our society has a unique way of stifling creativity. By the time we are 10, we have 90 percent of the creativity we did when we were five. At 25, we have 50 percent of the creativity and at 50, we have just 10 percent of the creativity we did when we were five.

Five year-olds ask 200 questions a day. The average 20 year-old only asks 20-30 questions a day.

Things need to change soon. But change is like rain -- everyone knows it's good for us, but no one wants to get wet.

AND AN OUTLOOK FOR 2009

likely be a year that will be viewed with historical significance and proportion in the future. from October 2008. It's amazing what's transpired in just the last three months.

We need to realize the happiest people don't necessarily have the best of everything, they make the best of everything.

So what does it look like for 2009 and beyond?

The U.S. has received a wake-up call from hell, but it could be a blessing in disguise. For many Americans, this is the first time they are starting to balance their checkbooks and learning how to not spend more money than they make. In part, because they can no longer borrow it. More people are saving than before. Financial literacy and understanding are happening out of necessity. Many people are starting to realize the only one they can depend on for their financial security is themselves.

The government is offering a large amount of incentives to spend and consume, but I believe they should be offering incentives to save. In the long-run, it's a more sustainable solution than unabated spending.

The recession will end, but the recovery probably won't take us back to the spending levels and false sense of prosperity of the past few years. The post-recession economy will likely be more moderate, but also more sustainable.

One of the primary questions we are asking is this -- what is the best way to fix this economic crisis? Seventy-two percent of Americans have more faith that entrepreneurs can fix our problems rather than the government.

While the economic crisis is real, it is also being exasperated by the media and perception. I recently saw a copy of the front page of the *Wall Street Journal* that had all the bad news blacked out.

Essentially, there was nothing left to read -- it was all bad news.

We need to worry about things we can control and not worry about things we can't. Ninety percent of what we worry about never comes to pass.

I don't think it's reasonable to assume we can save every business, every industry, or every individual that's been adversely impacted by these tough economic times. Nationalizing industries like banking and the auto industry could be troubling. We'll need to decide over time if we want to move toward socialism or a more moderate and correctly balanced capitalist approach. As a nation, we will need to define what we want the role of government to be in the future.

It reminds me of a Thomas Jefferson quote, "*A government big enough to give you everything you want is strong enough to take everything you have.*" It's all a matter of finding the right balance.

The challenge will be how we finance our government. Close to 40 percent of Americans pay no federal income tax. It's hard to imagine how those folks care about tax relief for anyone else. Taxing the wealthy is always a common theme. The reality is that the top one percent accounts for 22 percent of the adjusted gross income, but now pay 40 percent of all federal income taxes. Twenty years ago, the top one percent paid 28 percent of all federal income taxes.

There are two ways to successfully balance a checkbook of any kind -- either increase deposits or reduce withdrawals. It's no different for the government. Right now we have a negative balance of more than \$10 trillion dollars -- not including the trillions in unfunded liabilities

for our aging population (Social Security, Medicare and Medicaid).

Here's an interesting point to ponder. The life expectancy of the average American in 1940 was 62.9 years. Today it's 78.1 -- an increase of more than 15 years. Social Security was created in 1935 and the age for receiving benefits has not changed. And we wonder why the program is going broke.

While I normally don't think about things where nobody cares about my opinion, I believe 2009 will be a difficult year for many. The strong may get stronger, and the weak may get weaker. There will be enormous pressure for limited government funds and resources.

That being said, the U.S. is still the envy of much of the world, and the upper Midwest is often the envy of the rest of the country. The challenge is to figure out how to return to sound core values, personal fiscal responsibility, and self-reliance. Take some time to give back to others. The world is made up of givers and takers -- make it your goal to be more of a giver.

Consider this thought on giving and sharing. When you light another's candle, you lose nothing of your own -- you only gain more light.

As a nation, as individuals, we can dig out of this hole we've created over the past few decades, but it will take sacrifice and change.

Until next time,



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HEALTH CARE THOUGHTS:

What is one of the secrets to a long life? No left turns. Think about it.

One of the other major economic crises that's upon us is health care. The U.S. currently spends 16 percent of its Gross Domestic Product (GDP) on health care -- by far the highest level of any industrialized country. We spend more than \$7,000 per person annually for our health care and aren't close to being the healthiest nation.

We need to start worrying more about health and less about care. We can talk all day long about different options and programs to pay for health care, but until we start getting healthy as a nation, all we're really talking about is redistributing the costs. Free health care could be the most expensive health care option of all.

Right now, 75 percent of our current health care expenditures target treatment for preventable conditions caused by tobacco, poor diet and inactivity, alcohol and drug use, motor vehicle crashes, and other risks.

Nearly 60 percent of Americans say they would like to lose weight, while 34 per-

cent want to maintain their weight. While these figures are largely unchanged since 2001, Americans on average now weigh six pounds more than they did just seven years ago.

Europeans walk on average 237 miles and cycle 116 miles a year compared to U.S. residents walking 87 miles and biking 24 miles a year.

Medicare's top three hospital procedure expenses are hip and knee replacements and cardiovascular operations with stents. Thirty percent of Medicare spending comes in the final year of the patients' life. Four percent of Medicaid enrollees account for 50 percent of the programs expenses. We are facing nation-ruining issues and now have difficult choices to make.

Here's something really interesting. In 2003, the average annual health care spending per person from all sources is equal for the poorest and the richest Americans. In 2003, it was \$4,477 for the poorest fifth and \$4,451 for the richest.

I came across an article about a medical facility in Pennsylvania where they guaran-

teed their work. If you have a procedure at this facility and it's not right, they fix it for free. Most American health care is provided on a fee-for-service basis. Theoretically, if you have six operations and die that is better financially for your hospital than if you have one procedure and go home.

There are some interesting proposals and options being talked about. New York is proposing an obesity tax -- a 15 percent tax on sweetened soda. In Japan, they are really getting serious about obesity. If you have a waistline over a given level, there are consequences.

The most controversial health care proposal is rating and pricing health care premiums on health risk like insurance companies do for other types of insurance. It's an interesting concept, but one that has huge social ramifications.

Make it point to start taking steps to improve your health. I suspect you'll do more than just improve your health, you'll feel much better about yourself as well.