



THE EXPRESS ADVISOR™

"YOU'RE FLYING
TOWARD AN UNKNOWN
FINANCIAL FUTURE —
WE HAVE
CHARTS!"

Leading Authority on Successfully Investing Your 401(k) Plan

June UPDATE 2012 Issue



S&P 500 Index—After closing below the 200 day moving average (sign of an unhealthy market), the market has rallied enough to push it back above that average. It still has significant hurdles to overcome in order to make a full recovery. Read inside this issue for more.

June UPDATE

Amazing times we are living through. You can't make this stuff up.

The news of the past 2 weeks has focused on the upcoming Greek elections this Sunday and that there is now planning for helping them leave the Euro (as I told you—no other choice). It is being admitted now. Also, similar problems in Spain (also *will* eventually leave the Euro along with at least one other big country), the bailout of Bankia, Spain's largest bank (amount won't be enough), Italy's Prime Minister denied they will need a bailout (*always* a sure sign that they have serious problems and will need help), and of course, the gyrations of the world stock markets and our own housing and jobs issues.

Now, I'm singling out these three because they are in the

news. I like them all and would like to own a vacation house in any of them. By the time this is over, we probably all will be able to buy on the beach for \$200k or less. Pick your favorite.

In addition, behind the scenes, the countries of Europe are discussing imposing capital controls as money flees endangered banks in one country and moves to more secure banks in other countries. Capital controls take away your freedom to preserve your financial security. It will happen in many of these countries eventually.

It's all enough to make you get high on bath salts, strip naked and chew off someone's face (happened last week in Miami). NBA fever? Zombies?

Apparently, there are so many

of these Zombies running around that Hornaday (my favorite ammo manufacturer) now offers **Zombie Max Ammunition®**. Really. Stock up now before supplies run out and you are swept away in the zombie apocalypse: (<http://hornaday.com/ammunition/zombiemax>).

Stock Market Update:

A recap of what happened in the June Issue. You know I took the system to cash and bonds to reduce risk, as the market dropped below its 200 day moving average. This was an override of the system oscillator itself, for reasons I repeat below.

If you moved into money market and or bonds, you accomplished a reduction in risk. We have two weeks or so to go before we reevaluate. By overriding the bull bear oscillator (two moving averages shown above—red and blue

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Velocity Composite™ Fund Score Ranking

Ticker	Symbol	Score	1MoPerf	3MoPerf	6MoPerf	1YrPerf	2YrPerf	3YrPerf
VWIGX	Vanguard International Growth Fund	1009	-5.65	-11.89	2.79	-13.99	9.30	21.21
VSMGX	Vanguard LifeStrategy Moderate Growth	1001	-2.13	-4.13	4.70	1.07	16.20	33.68
VFORX	Vanguard Target Ret 2040 Fund	1000	-3.42	-7.07	5.60	-1.25	17.83	37.07
VMISX	Vanguard MidCap Index	994	-5.79	-9.26	6.00	-2.09	21.26	58.00
VWNDX	Vanguard Windsor Fund	994	-3.76	-8.08	7.61	-.89	16.66	39.73
VEMSX	Vanguard Extended Mkts Index	993	-5.83	-9.49	6.79	-1.77	21.65	55.41
VSISX	Vanguard Small Cap Index Fund Inv	991	-5.00	-8.92	6.26	-1.08	21.92	57.26
VSCGX	Vanguard LifeStrategy Conservative Gr	987	-1.25	-2.07	4.14	2.31	14.24	29.69
VWELX	Vanguard Wellington Fund	985	-1.67	-3.25	6.21	4.50	20.49	37.59
VTENX	Vanguard Target Ret 2010 Fund	983	-1.32	-2.45	4.49	3.81	17.80	34.18
VIFSX	Vanguard 500 Index Fund	982	-2.61	-5.31	8.46	5.67	25.55	47.91
VTINX	Vanguard Target Ret Income Fund	960	-.59	-.98	3.93	5.30	16.38	29.88
VBTIX	Vanguard Total Bond Mrkt Index	805	.50	2.00	2.77	6.85	12.81	23.62
VIPSX	Vanguard Inflation-Protected Secs	802	1.38	2.84	4.15	12.46	21.64	33.43
JFLEX	Janus Flexible Bond Fund	766	.53	2.24	4.98	7.25	15.41	30.43

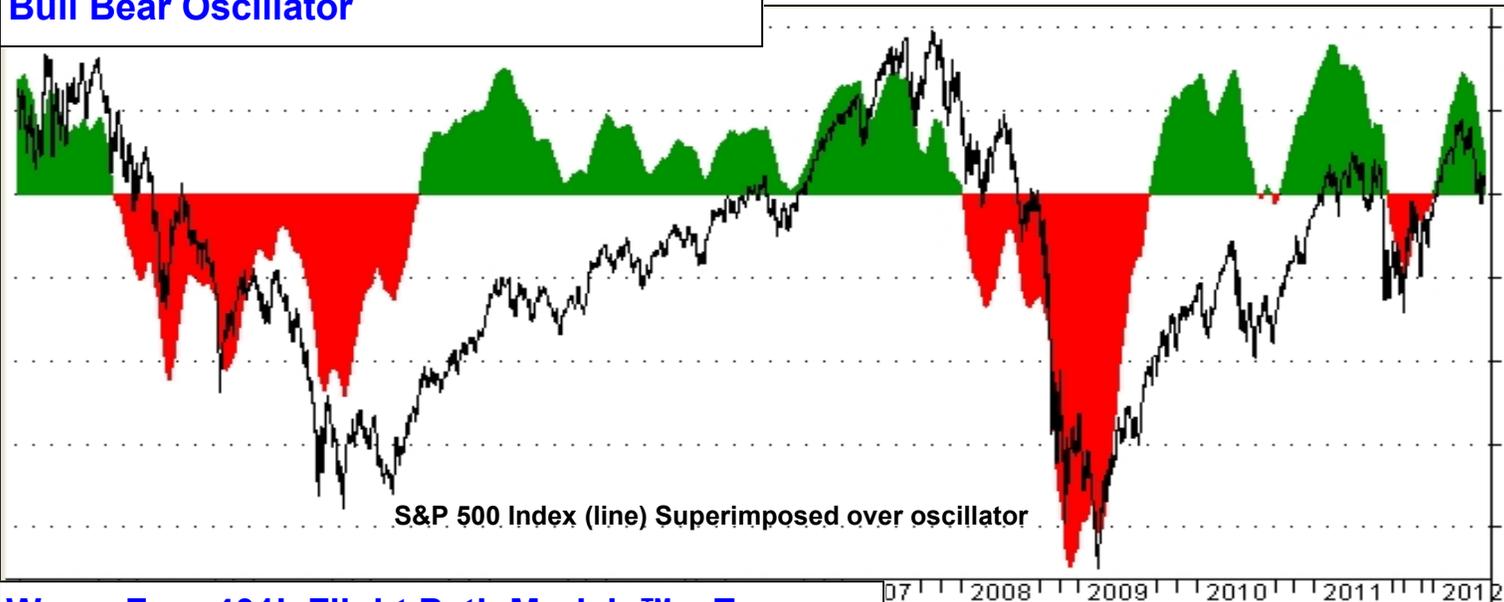
***** Target Date & International Fund Notes:** Vanguard is apparently now limiting ownership of Target Date Funds to one at a time. After a review of our trading history, the system has used two maturities the most: 2040 and 2010. For this reason, we are keeping these and eliminating the rest from the system ranking. This makes the system easier to follow. Because of the 2% redemption charges for holding the international funds for less than 60 days, we made it a policy to never use more than one international fund at a time. Again, after a review of the history of the three choices, International Growth is the best choice and we eliminated others from the ranking. In extenuating circumstances, we could always use one of the ones we are taking out of the rankings. In the mean time, it brings clarity to the newsletter.

Definitions & Notes: The Velocity Composite Fund Score Ranking combines the Velocity (speed of advance of a fund compared to all other funds) with its Buy Point Score (how close the fund is to a recent bottom). This composite score is used to rank all available fund choices. In defined Bull Market advances, the system uses the Top 3 funds in the Aggressive model and the Top 4 in the Moderate and Conservative models. In Defined Bear Market periods, this ranking is provided for information purposes and for those who are “doing their own thing” and would like to know how the system views the funds. Rankings dates are the last business day of each month and the business date closest to the 15th of the month. The actual price history of each fund is used to calculate the score.

FedEx Pilots 401(k) Plan Conservative Model		
Symbol	Fund Name	Allocate
VBTIX	Vanguard Total Bond Mrkt Index	50.00%
VMRXX	Money Market Fund	50.00%
		100.00%
FedEx Pilots 401(k) Plan Moderate Model		
Symbol	Fund Name	Allocate
VBTIX	Vanguard Total Bond Mrkt Index	80.00%
VMRXX	Money Market Fund	20.00%
		100.00%
FedEx Pilots 401(k) Plan Aggressive Model		
Symbol	Fund Name	Allocate
VBTIX	Vanguard Total Bond Mrkt Index	100.00%
		100.00%

- **All models remain in cash and/or bonds**
- If your 401k plan has *any* trading restrictions, you must keep track of when you make buys and sells (or check online before taking action) to stay within the rules. This is *your* responsibility. The way to make it easy is to keep track and wait to trade until the correct holding period has passed.
- **Future Contributions:** Direct ALL your future contributions into the money market account. They will automatically be invested in the correct funds whenever you do a new “allocation”.
- If you change credit cards or move, please update your information at the website.
- **Download:** “Fast Start Guide” <http://www.uspfa.org/members/282.cfm>
- **Questions?** Post on forums at www.USPFA.org

Bull Bear Oscillator



Worry-Free 401k Flight Path Models™—Express



FedEx Pilots 401k Plan

As Of 05/31/2012

Performance Stats

	YTD	1 Month	1 Year	2 Years	3 Years	5 Years	10 Years	Inception
Conservative Model Annualized	-1.33%	-4.23%	-5.67%	9.35%	9.27%	9.64%	29.52%	44.25%
				4.57%	3.00%	1.86%	2.62%	2.77%
Moderate Model Annualized	-1.80%	-5.85%	-7.59%	13.10%	14.10%	13.54%	54.82%	84.47%
				6.35%	4.50%	2.57%	4.47%	4.67%
Aggressive Model Annualized	-3.04%	-6.99%	-12.29%	9.66%	16.56%	15.51%	73.00%	120.62%
				4.72%	5.24%	2.92%	5.63%	6.07%

S&P 500 Annualized	0.00%	-6.27%	-2.59%	20.28%	42.56%	-14.39%	22.79%	6.60%
				9.67%	12.55%	-3.06%	2.07%	0.48%

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lines), we eliminate the risk of loss. We do not eliminate the risk of being left behind, if the market starts up again. It may do that. No free lunch. There is *always* a risk, no matter what you do as an investor.

After going below the 200 day moving average three days, it recovered to where it is today. Each time it tried to advance higher, it was smacked down.

The big hurdle it must cross to stage a real recovery is marked "R" on the page 1 chart. For a recovery to be confirmed, the market must:

- break through the April lows (1353 and 1358)
- go back above the 50 day moving average

If so, we have rally beginning.

If it fails to break through these higher levels, it is reasonable to assume there will be a decline to retest the June low of 1266. Only time will tell.

To put that into English, we've watched the market recover and hit a ceiling. If it can go above the levels I mentioned, it is a real recovery.

If it hits that ceiling and fails to break through, it is likely we will see the market retest the June low.

Override—Good Idea?

There are darned few times I would override a system. One of the most significant of those is when we find ourselves in territory that has not been historically tested in the system development. The reason is that untested circumstances carry unknown risks. The part of investing no one talks about is risk. They talk all about what the market does. Just now how much risk it takes as it does it.

There are other significant reasons to be cautious now.

→ Greece has their election Sunday. They may decide to leave the Euro.

→ Spain and Italy and France and Portugal and Malta have very similar problems as Greece. In the case of Italy and France, there is not enough money for a bail out. They are just too big.

→ What do you do when there isn't enough money? You have a government create money out of thin air.

→ In the 2008 economic crisis here, the Fed gave a \$4 TRILLION bailout to major banks—created out of thin air. I believe this was meant to cover the unknown consequences of triggering the \$228 TRILLION of derivatives they owned—and own today. I don't believe



they have resolved the underlying problems. They've "papered over them."

→ This is also the solution our Fed is proposing for Europe. In their case, only Germany is strong enough to co-sign for the other nations. Germany doesn't want to be responsible for their debts.

→ There will be many solutions floated. They are stop-gap measures. They do not mitigate the risks. At best, they kick them down the road and the party starts again.

→ There is Central Bank (including the Fed) intervention—read manipulation—of the stock markets, interest rates, gold prices and who knows what else.

It is finally summer around here and my family's annual beach reunion isn't far away. This reminds me that a few years back I saved a kid's life at that beach.

I wasn't a hero. I was just there at the right time and place to help someone who really needed help.

We were at the beach, competing in our family's annual body surfing championships. It was rough out in the ocean and even the adults were getting tired fighting the power of the waves. We left that day with abrasions from being folded up and crushed into the bottom. We had to take breaks to rest from swimming against the currents.

I learned later the lifeguards had to rescue three adults who were swept out into very deep water by the undertow.

I heard a faint voice crying, "help me." I looked toward the ocean and saw a kid being swept out to sea. Again, I was no hero. I wasn't risking my life, like many of you have serving overseas. I got to him, and easily brought him back in to where he could regain his feet (as I think about it today, I sure hope he grows up to be something good, instead of another government dependent—we have enough of those already).

For whatever reason, the lifeguards at the beach didn't blow a whistle to bring us all in closer. Why didn't they close the beach? I'll never know. No one blew the whistle. Everyone acted as if it were just another day at the beach.

There are many reasons to be extra cautious today in the investment markets.

If you look at the chart above, the S&P 500 Index spent 9 of the past 13 months under water.

The choppiness means there just hasn't been a long-term trend established for enough time for our system to make money. We are getting whipsawed as the short-term trends go back and forth. Nothing works 100% of the time.

I blew the whistle in the June Issue to call everyone in closer. You can ignore my whistle—you're an adult.

It may all turn out OK, but to go all in now, you are depending on the Central Banks to come to your rescue with more stimulus, more bailouts, etc., instead of investing in good companies earning money and being rewarded by higher stock prices. I suspect the Central Bankers will do just that, but it isn't much of an investment strategy to depend on them to rescue us. And they will never blow a whistle. They don't care if you get crushed or swept out to sea.

We will begin to see the endgame unfold Sunday as Greeks vote and we will know more by the start of July.

All the best,

Dave Lucca

... from the desk of Dave Lucca at RLC

Open Letter to Pilots Who Want to Retire Comfortably Someday

A brief message to pilots who know they've played by the rules, done things just like they were supposed to, but who saw their investments take a huge hit back in 2000, saw their home equity shrink, and now are witnessing a lousy economy that they plan to retire into soon. And frankly, they are deeply concerned about how it is looking out there.

I've personally talked to hundreds of pilots (probably close to a thousand or more since 2000) - by phone, email and in person. I've also sat with grown men on the verge of tears, who flew to Lancaster, PA to ask me for advice that would help them pull off a solid retirement as they try to balance college for their kids, taking care of parents and coping with the huge pressure to have everything lined up for a solid "final approach" to retirement. Now, I never reveal a confidence here or anywhere else and I'm not going to start now. But I can tell you that after all these conversations, it is definitely still possible to pull all the chaos and pieces into a unified picture and make retirement work. Without a doubt.

It starts with GROWING your 401k

For some of you, the newsletter works great. I'm glad. That's why I've spent thousands of hours to write twice a month and personally funded the association. It's only shortcoming is that it *isn't* personal investment advice. It's a newsletter.

For others, who do not have the time or inclination or consistency to follow the system exactly, the 401k Autopilot Program® is their First Class ticket to maximizing their 401k. By the way, following the system exactly takes all three of those things - time, inclination and consistency - to pull off. Hundreds of pilots in the 401k Autopilot Program® realize that.

Steady growth, keeping your money in the best investments and keeping your losses small ALL depend on actions—either yours or someone else's.

If you miss a move in the model portfolios—or if you fail to make it in a timely way— you've reduced your chances of a great result significantly.

Having the 401k Autopilot® on your side takes the burden off you to do two jobs at once by automating the investment management for you—and you instantly get an experienced, professional team on your side.

The 401k Autopilot® also has the ability to take the whole thing offline (whenever it's within the 401k rules), if a catastrophic event happens, like 9-11. You can take the first step by requesting the 401k Autopilot® Fast Start Kit at:

www.rhoadslucca.com/pilots



What Cities Do 401k Autopilot and Retirement Clients Call Home? Almost Everywhere in America!

Pilots often ask where our clients live. Here is a Google map showing the cities on the "mainland" where our clients live. Add to that Hawaii, Alaska and a few other countries that aren't shown on this map. We're always as close as your phone, an email or a short flight if ever necessary. We've learned that most people are more comfortable working with a professional investment advisor with a long history of expertise in the field, even if they live in another state.

→ If you are approaching retirement, NOW is the time to have a conversation and get everything lined up for your final approach

Our main focus has always been about successful retirement. We specialize in helping airline pilots who are ready to make the *final*, "final approach" and start enjoying the fruit of an entire career. Candidly, it is easier to retire than to hang onto all your money in retirement. We've successfully done both for our clients—for more than 32 years and counting.

There is a checklist for you to walk through to get to a successful retirement. As you know, going down a checklist before a flight often shows you things you might have forgotten. Much of what you read in the financial press is silly, wrong or even dangerous to your financial security. If you followed their advice since 2000, your retirement would be tense, threatened and frustrating. Who wants that?

Take a look at the January '12 issue of Forbes magazine. Their cover story listed 20 rules that tell you what we've told our clients for more than 18 years. About time they figured it out! Think of how they could have helped people, if they'd seen the light before the bear market started in 2000. Since the bear isn't gone yet, and won't be for another 7-9 years, better late than never.

In either case—401k Autopilot® or Retirement, there is a \$250,000 minimum to establish an investment management relationship. That minimum will likely increase in 2012.

Call one of our offices to schedule a conversation at 888-254-1727, or take a look at our firm's website: www.rhoadslucca.com