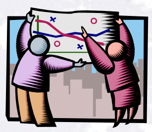
The Arizona Investment Alliance Financial Group, Inc.
Quarterly Rapport
2nd Quarter 2011

From the Desk of . . . .
Chuck Testino

"Making the simple complicated is commonplace; making the complicated simple that's creativity." That's a quote from American composer, Charles Mingus that highlights the process of designing strategies that help client's succeed. Purchasing investments is not normally considered a creative endeavor. However, designing strategies that help clients maximize their returns and create structure within their financial lives lends itself to the creative process. In this newsletter I share one of those strategies with you, as well as, highlight the benefits of meeting with me shortly after receiving your Social Security Statement to strategize for the future. I hope you find this newsletter helpful and informative. Should you wish to meet to discuss strategies for your financial future, please call me at (520) 323-3036.

Strategic Placement



Taking advantage of strategies that make the most of your nest egg is what financial planning is about. One strategy that works well for clients who have fixed annuities is creating a Qualified Structured Annuity Payment.

A Qualified Structured Annuity Payment, QSAP for short, utilizes a dollar cost averaging strategy* with a plan to acquire another asset based on a different objective. Some clients may wish to take a set amount annually and use it to pay for long-term care premiums or to convert a qualified account into a Roth IRA over time. Most, however, reposition the payment from a fixed account to an equity position based on desire for market exposure. Moving assets in slow progression monthly to a managed account of equities provides the investor with a dollar cost averaging strategy taking advantage of a professionally managed portfolio of securities based on your investment strategy and time frame.

To complete this strategy, most annuity providers will allow a policyholder to enter into a contract for payout over a 3 to 10 year time frame. The policyholder can redirect a partial amount (or the full amount) of his existing policy into a structured payment mode and may earn as high as 3%, while the funds are moved over the selected time frame. The rate earned is called an internal rate of return. If moving to a managed portfolio of equities, the internal rate of return given may offset the management fees charged. The structure payout is binding to the company and should something happen to the policyholder, the beneficiary would be entitled to the remaining money in payout. At anytime with a letter of instruction, the policyholder can redirect the payment or take the payment as a cash distribution.

Utilizing a QSAP strategy offers clients the ability to structure their accounts for optimal usage. For questions or inquires as to whether this strategy may benefit you, call my office at (520) 323-3036 for a consultation.

*Dollar cost averaging/Systematic Investment planning does not assure a profit and does not protect against loss in declining markets. You should evaluate your financial ability to continue purchases through periods of volatile price levels before deciding to invest this way.

Social Security Strategies

Conventional wisdom holds that people should begin collecting Social Security as soon as possible. While this strategy has been prudent until now, deciding when to begin collecting benefits will have an impact on your retirement plans.

Consider setting up an appointment with me shortly after receiving your Social Security Benefit Statement to determine what benefit strategy works best for you. Benefit Statements are received approximately 3 months before your birthday.

Gas Saving Tips

With the spike in gas prices, finding ways to save money at the pump is always beneficial. Below are some tips to help improve your vehicle's mileage:

1. Proper tire pressure
2. Clean air and gas filters
3. Tuning up the engine
4. Using high-performance oil
5. Easing up on acceleration

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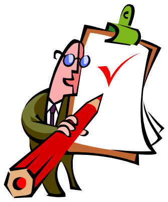


Top 5 Things YOU Should do!

Regardless of your investing and retirement goals, there are 5 important things that every person should take the time to review. One never knows when life will take a turn and it is prudent to be prepared:

1 & 2) Have Wills - Do you have a Will? What about a Living Will? You should have both. If not, schedule a time to get them done. A Standard Will distributes your possessions and wishes after you have passed, a Living Will provides instructions on what should happen should you be unable to make decisions for yourself. Both are equally important and become essential parts of your "estate plan".

3) Establish a Durable Power of Attorney - Should the time ever come that you would be unable to address your finances, having a power of attorney in place is key. This simple document provides the ability for a family member, friend, accountant or whomever you would like, to pay bills and make financial decisions on your behalf in the event you are unable to do so. You can even specify under which conditions the power is granted and to what extent.

4) Review Your LTC Needs - One of the biggest drains on the financial resources of retirees is the need for long term care once they have become unable to care for themselves. A long term care policy is a prudent way to insure against this type of expense.

5) Update Beneficiaries - As I have stated on many occasions, NAME BENEFICIARIES in your insurance policies and retirement plans. The worst thing that could happen is for you to name no-one or name your estate and consequently have the proceeds go through probate and not be given to your loved ones.

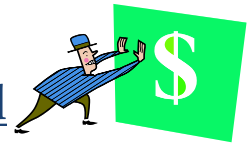
The above are some of the basic items you should have in place. They say it is always best to plan for the unexpected. If you are lucky enough, you may not need any of them for a very long time, but in case something does happen, being prepared is the only recommended option.

2011 Contribution Limits

Plan	2011 Limit		Over Age 50		"Catch-Up"		Total
IRA/ROTH	5,000.00	+	1,000.00	+	N/A	=	$ 6,000.00
403(b)	16,500.00	+	5,500.00	+	3,000.00	=	$25,000.00
457/401(k)	16,500.00	+	5,500.00	+	N/A	=	$22,000.00

*Note that individuals aged 50 and over are eligible for so-called "catchup" contributions, which result in a higher contribution limit. After 2008, contribution limits will be indexed for inflation in $500 increments.

Pushing Forward



Recently, you may have notice an increase in your paycheck. The recent drop in FICA taxation from 7% to 5% has added a little extra to your take home pay since the start of the year. If you consider that you've been successfully managing without the increase, now may be a great time to increase your salary contributions. Pushing that extra amount forward to fund your future retirement income is an easy way to stay on track without feeling a pinch.

To make an adjustment in your salary contributions, call my office at (520) 323-3036 to request forms for increasing your contributions. My assistant would be glad to assist you. However, if it's been awhile since our last review, now may be an excellent time to talk with me and review your retirement plans, goals and strategies. I am always available at times convenient to fit your schedule!

5 Common Mistakes You Might Make

1) Not saving enough - This is one of the easiest pitfalls to make when planning for retirement.
2) Not considering health- care expenses - As people get older the expenses associated with healthcare can rise dramatically.
3) Going it alone - Would you sail an ocean liner without proper knowledge or training?
4) Feeling "too old," & thinking it's "too late," - It is never too late to save more. Better sooner than later!
5) Fearing that investing is "too risky" - Finding the proper blend of risk vs. Potential returns is part of planning.