

## Aftershocks (Continued from page 2)

### Inflation

Low core inflation has been a positive note so far this year. However, core inflation excludes food and fuel, whose prices are notoriously volatile. Recently, those components of the cost of living have gone up rather sharply. In March the President of the New York Fed, William Dudley, gave a speech in Queens, New York, on the economy's progress. When he was asked about inflation, Mr. Dudley responded that many prices are going down, and some items are getting better without increasing in price. "Today you can buy an iPad 2 that costs the same as an iPad 1 that is twice as powerful." To which someone in the crowd responded, "I can't eat an iPad."

Interest rates and inflation have been held in check by "Quantitative Easing 2," the Fed's program of buying U.S. Treasury debt. Market observers are divided as to what aftershocks to expect when the program ends in June—if it does end on schedule. A significant drop in demand for Treasuries, coupled with the continued increasing supply, could push interest rates higher. That would be great for savers, but perhaps not so good for the fragile economic recovery.

### Capital spending

To stimulate economic growth this year, the December tax legislation allows for 100% depreciation of certain investments in capital equipment this year. The break falls to 50% next year, before returning to the normal depreciation schedules. A better tax break should be a powerful incentive for deciding to invest sooner rather than later.

To date, the data are not demonstrating a rush to invest. Durable goods orders fell 0.9% in February, after posting a 3.6% gain the month earlier. Before the numbers were released, Bloomberg News reported the median forecast of 80 economists was for a 1.2% gain. Perhaps the difficult weather in February was again the culprit. Perhaps the fact that IRS guidance on the 100% depreciation rules wasn't released until March led to delayed investments. Alternatively, U.S. companies may not have a pressing need to replace outdated equipment, or the continuing economic uncertainty may be offsetting the temporary tax benefits.

Consumer sentiment in March fell to its lowest reading in a year. Higher gas and food prices got the blame, with consumers expecting inflation to reach 4.6% over the next year. Unfortunately, some portion of the stimulative effect from the December tax legislation is being dissipated in the higher prices for ordinary living expenses.

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inside  
next issue:

Meet Our Staff

Ask A Trust Officer

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# Sound Investments

## Feuding Heirs

*"I sincerely ask that all beneficiaries are sensible and do not argue."*

This wish, expressed by Australian coal-mining billionaire Ken Talbot in his will, has gone unfulfilled. Talbot's will was drafted in 2002, when his fortune was estimated at \$130 million. At his death in an airplane accident in the Congo in 2010, his wealth was believed to be just over a billion dollars.

Talbot apparently was concerned about the effect that his wealth could have on his four children. Accordingly, they can access 10% of their inheritances at age 30, the balance at age 36. But before they do so, they must "obtain written confirmation from three independent doctors that they are not alcoholics or drug users."

The Talbot Family Foundation was slated to receive 30% of Talbot's estate. The balance of the estate was to be divided 48% to the children of Talbot's first marriage, 52% to his surviving spouse and the two children that he had with her.

This might seem like a sensible and fair division. However, when the math is worked out, the two children from the first marriage will have a 24% share, the surviving spouse an 18% portion, and the two youngest children will receive 17%. That would come to an estimated \$119 million for each of them, falling well short of the \$168 million that the older children will inherit. Perhaps Talbot assumed or directed that the younger children eventually will inherit their mother's share. We can't know for certain, because a two-page memorandum that Talbot provided to the family explaining the philosophy behind his estate plan has not been made public.

Despite Talbot's pleas, a will contest has erupted. The surviving spouse's father, grandfather to the younger two children, has challenged the apparently unequal treatment of all the children. His affidavit states: "I seek an order from this court that adequate provision be made for Alex and Claudia out of the estate of the deceased."

Avoiding family squabbles is perhaps the thorniest aspect of estate planning. But to do no planning is even worse! If you need help on where to start, call us at (785) 267-8402.

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## In This Issue



### Page 2

Ask a Trust Officer:  
Trust advice for a worried  
child



### Page 2

Aftershocks: Life after  
the recent economic  
earthquake



### Page 3

Meet Our Staff: Get to  
know our two newest  
Trust Officers

## Ask A Trust Officer

My parents are retired, living in another state. They have a sizeable investment portfolio and are financially comfortable. However, as they are getting older, they are having trouble keeping up with their paperwork. Last year they were late in making tax payments, very unlike them. I would help them, but I just live too far away. Is there a service that a bank offers retirees to help in managing their money? Does it cost a lot?

—WORRIED CHILD

### DEAR WORRIED:

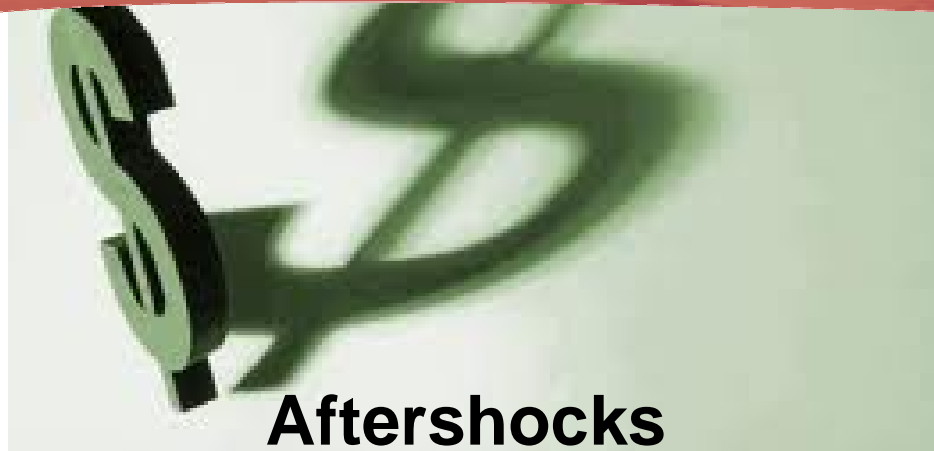
Your parents should consider establishing a living trust. They would transfer their investment assets into the trust, which then would be managed by a trust department or trust division, such as us. We would remit income to them as needed, file tax returns, and pay bills if they so desired. We could continue to provide this financial service even if one of your parents became incapacitated. The trust could continue to operate through both of their lives, and it would avoid probate at their deaths.

The annual fees for our trust service are determined as a percentage of the size of the trust. We do not earn commissions on sales, and we are not paid for generating transactions. Our fees grow only if the value of the trust grows.

*Do you have a question concerning wealth management or trusts?*

*Call us at (785) 267-8402.*

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April 2. The consequences of the record-setting earthquake in Japan, coupled with the attendant tsunami and followed by severe problems with a nuclear power plant, are still unfolding. Beyond the immediate damage to property and loss of life, there are concerns about longer-term effects on Japan's economic growth. Manufacturing in areas not directly harmed by the earthquake has been affected by the damage to transportation infrastructure and the compromised electrical power generation. Japan's role in the global supply chain could be tested as well. For example, shortfalls of some critical parts for auto manufacturing may emerge, leading to temporary idling of auto plants outside of Japan.

Thus far, the markets have reacted without panic to this extraordinary calamity. As bad as the problems are, investors seem to believe that Japan will meet the challenge.

### Housing

The earthquake that was the collapse of the U.S. housing market continues to generate its own aftershocks. A year ago the housing market seemed on the road to recovery, boosted by the temporary income tax credits for home buyers. Sales of new homes began to lag in the

summer, perhaps because sales had been accelerated for the tax benefit, an aftershock of the end of the tax credit availability. Unfortunately, new home sales continue to lag.

In February the government estimated that just 19,000 new homes were sold, the lowest number since the figures began being compiled in 1963. That would work out to an annual seasonally adjusted building rate of 250,000 homes, also the lowest ever. Was the unusually harsh winter weather in February the culprit? Probably not, because the 12-month period ending in February also set a record low, at 349,000 units.

Sales of existing homes touched their lowest level in nine years in February, ending three months of gains. The median home price fell 5.2% from the year-earlier period. The \$156,100 average home sale price was the lowest since April 2002. Last October, economist Gary Shilling predicted that housing prices would drop an additional 20% before reaching bottom. In March, he publicly stood by that prediction.

Housing faces a tsunami of challenges. Excess inventory, more foreclosures and weak demand due to continuing high unemployment are all contributing to retard the recovery. (Continued on page 4)

# Meet Our Staff



### William "Bill" Kanaga

intimately knows the Kansas City area as a fourth generation Kansas-Citizen with a family heritage going back to the 1800s.

Bill earned a BS in Business Administration from KU and an MBA in Finance from University of Colorado in Boulder. Bill followed in the footsteps of his father and brother by serving as a Marine Corps officer after college. He served as a fighter jet control officer in a unit where they sent someone to "Top Gun" every year.

Upon returning to Kansas City, Bill worked with his father, Clint Kanaga, as part of a large successful insurance agency – Haas & Wilkerson. He earned his Certified Financial Planner® designation in 1996 and has used that knowledge to successfully help clients achieve their goals while working as a Vice President in a large trust department and later as a Financial Advisor in the brokerage community.

Soon after receiving his CFP® designation, he was asked to teach the insurance, financial and investment planning courses for those pursuing the CFP®. In addition to teaching, Bill has given estate planning and retirement planning seminars in both Kansas and Missouri.

Bill was excited to join CoreFirst because of its positive investment environment. Having access to the strengths of both the brokerage and trust areas was very attractive to him so that he can do whatever is in the best interests of his customers.

Bill has been married for more than 20 years and has two children. He notes with equal parts delight and trepidation that his daughter (the only redhead in Kanaga history) will be driving soon. His son is involved in Boy Scouts and hopes to join Bill, his uncle and his grandfather as an Eagle Scout. A true family man, Bill jokes that he "over married." He is proud of his wife, who successfully uses her gifts as a tutor to help students overcome the challenges they may have in learning.

Bill is active in his community, currently serving as a Leawood Chamber Ambassador. He stays involved with the Navy League of the United States and has served as president of the Greater Kansas City Council. He is a committed member in his church as part of the Welcoming Ministry and in a men's study group.

Bill emphasizes it is very important in these volatile markets to maintain good communication with his customers. He approaches them by first listening to their needs and goals, then directing them to investments in which he would feel comfortable if he were in their position. As a CFP®, he looks at everything holistically to determine how different areas affect each other (for example, comparing investment and estate planning), and evaluates them periodically to make sure they are still on course towards reaching their financial objectives.

We at CoreFirst are delighted to welcome Bill to our bank family!

### Investment Products:

Are Not FDIC Insured	Are Not Bank Guaranteed	May Lose Value
Not Guaranteed By Any Government Agency		Not A Bank Deposit

### William "Will" Snider

CoreFirst Investment Management Group's most recent addition to our Denver Tech Center team has always been a people person. He was born and grew up in Elgin, Illinois, in a family of seven children, and graduated from Western Illinois University with a degree in Sociology. He assumed he would work in social services in conjunction with the law enforcement field. However, after moving to Colorado following college, he found the Colorado mountains and lifestyle led him in a slightly different direction.

Will, who holds Series 65 and insurance licenses (life, health, accident and variable products), has been in the financial services industry since 1996, but he took the long road getting there. After college Will worked as a corporate chef in the resort industry in Colorado. That led him to the customer service area and management. He then moved into the real estate arena, where he recognized the value and enjoyment of taking care of his own investments so much that he began to do so for others.

He met his wife of 8 years, Jessica, at a Rockies game, and is so passionate about the team that they took the whole wedding party to a game the day of their rehearsal dinner!

With two young children ages 7 and 2½, Will knows life has changed for the better. He loves how dealing with his children has taught him patience and objectivity, two traits that also serve him well in his business life. As a parent he has learned he must see things from many different perspectives, just as you must with customers. But he has also realized that those long, leisurely golf games he loved are on hold for a while!

Will still tries to make time for one of his

other passions, music. He plays the guitar and sings, performing around Denver both as a soloist and with a small group. He also enjoys traveling, having traveled throughout the US. He hopes to travel more globally in the future, with his sights on Tahiti and Fiji.

Will has made a commitment to community service, currently serving as Sergeant at Arms for the Denver Rotary Club 31. He learned that sense of commitment from his mother and father, who were both leaders and trailblazers in their given fields and communities.

With CoreFirst, Will believes he has found a company with core values similar to his own. Will listens to his customers, helping them find the proper tools to meet their goals. Will firmly believes that education is empowerment, and that his role is all about service, understanding and educating his customers.

CoreFirst is proud to have Will as an integral part of our Denver team, and we support his strong commitment to his customers and his community. Welcome, Will!



## Charter Club

Are you 55+ and looking for something exciting to do? Check out these upcoming events available through the Charter Club. Contact Kathy Snelling at 785.267.8732 for more information.

- **The Honky Tonk Angels Musical**  
American Heartland Theater  
July 20, 2011—Matinee
- **Joseph and the Amazing Technicolor Dreamcoat**  
New Dinner Theatre  
August 25, 2011—Evening
- **Kansas City Tour**  
Kansas City, Missouri  
September 14, 2011—Day
- **A New York City Holiday**  
New York, New York  
November 17-20, 2011
- **Christmas at Resurrection**  
Leawood, Kansas  
December 10, 2011—Matinee