



GALLOWAY GAZETTE



Time Flies

by Mike Galloway

It seems like only yesterday when Governor Napolitano appointed me to serve as a Fund Manager for the Arizona Public Safety Personnel Retirement System (PSPRS). My term officially ended 15 months ago, but I remained on as Chairman until the new governor could make her selections. I began my term seeing a report of how PSPRS' fund investment performance was in the bottom 4% of investment performance across the country for three year returns, which was very troubling.

Thankfully, one of my last official acts was to represent PSPRS at the awards ceremony for Pension System of the Year, held in Huntington Beach, CA. We were nominated with two other plans. Although Dallas

Police and Fire walked away with the national award, I reflected on just how far PSPRS had come. We hired new investment consultants and re-wrote the entire investment policy. We also began to hire professional outside money managers to assist our staff in managing the funds. Our one year trailing investment performance as of March 31, 2010 was 34.66%. Not a bad note to leave on!!! It has been an honor to serve the PSPRS and its members. I wish my successor the best of luck.

On another note, here are the Galloway Asset Management, LLC investment portfolio's one year performance thru March 31, 2010:

High Risk Model	43.74%
Medium High Risk Model	44.69%
Medium Risk Model	38.16%
Medium Low Risk Model	32.17%
Low Risk Model	28.11%

PAST PERFORMANCE DOES NOT GUARANTEE FUTURE RESULTS. NO ASSURANCES OR GUARANTEES CAN BE GIVEN OR IMPLIED CONCERNING FUTURE INVESTMENT RESULTS. ACTUAL RETURNS FOR INDIVIDUAL CLIENT PORTFOLIOS MANAGED BY GALLOWAY ASSET MANAGEMENT MAY VARY AND DO NOT NECESSARILY COINCIDE EXACTLY WITH THE RETURNS FOR THE PERFORMANCE GROUP COMPOSITES. THE RETURNS PRESENTED ARE NET OF ADVISORY FEES.



POLICE

FIRE

160

DROP Rollovers Signed with Galloway Asset Management, LLC

Pension Escalator Cost of Living Adjustments (COLAs)

Retired Cops and Firefighters in Arizona have been fortunate to have received cost of living adjustments each year for the past 20+ years. It's almost become routine. The Arizona Public Safety Personnel Retirement System Pension Escalator reserve fund currently has over 280 million dollars. That is approximately just over a two year supply and then the cupboard is dry. If our investment performance holds through June 30th, we can deposit more money into the Pension Escalator Fund. Unfortunately, the other state pension plan is worse off.

It's more important than ever to be a good steward with your DROP rollover and hedge your pension against hyperinflation. If your plan is to stick all of your DROP rollover account in a fixed investment forever, you can be crippled by inflation. We haven't seen hyperinflation for a long time, but it can cripple your purchasing power. Remember, the pension system COLAs may not always be there, as they are based on funding availability.



DROP Zone - Interest Rate Changes

by Nanette Eberhardt

The interest rate on DROP is changing to 8.25% from 8.50% effective July 1, 2010. We have received several phone calls from people who want to hurry to enter DROP before the rate changes. The difference is not as much as you might think because most of the money in a DROP account is actual pension dollars and not interest.

So what would a 0.25% difference mean to you? In the example below a firefighter enters DROP after 20 years with a three year high average of \$62,000:

5 Years in DROP @ 8.50% = \$193,695 Estimated DROP Lump Sum

5 Years in DROP @ 8.25% = \$192,394 Estimated DROP Lump Sum

The minimal difference is \$1,301. It is important to make sure you have all the facts when you are considering DROP.

Galloway Asset Management, LLC offers free DROP counseling to anyone considering the program. When it comes to DROP it's not one size fits all. Our financial advisors will work with you to make an informed decision to reach your personal retirement goals.

THE DROP INTEREST RATE SCHEDULE CAN ALWAYS BE MODIFIED. THE CALCULATIONS PROVIDED ARE BASED ON ESTIMATIONS AND DO NOT REPRESENT ACTUAL FIGURES.

UPCOMING DROP SEMINAR SCHEDULES:

PHOENIX

1102 W. Adams St. (PLEA Office)

11:30 AM—1:00 PM

Lunch Provided

*Spouses Encouraged
to Attend*

Tuesday, May 11
Wednesday, June 16

**Call 480-325-8668
to reserve your seat**

TUCSON

300 S Fire Central Place

1:30—3:00 PM

Appetizers Provided

Tuesday, May 4

Employee Spotlight



Anne Subotich joins Galloway with 20 years of experience in the securities industry, 17 of which were with Charles Schwab & Co., Inc. who relocated her to Phoenix 17 years ago. She holds the Series 7, and Series 9/10 designations.

Anne grew up in Riverview, MI, and graduated from the University of Michigan with a Business Administration degree, double majoring in Finance and Marketing.

Anne is a yoga practitioner and is in the process of completing a 500 hour yoga teacher's certification. She regularly volunteers with Yoga Pura Cares. She enjoys traveling and music of all genres. She has two dogs, Sadie and Lucky.

Andrea Smith (Operations)	480.325.8668
Anne Subotich (Operations)	480.325.8668x143
August Schmidt (Investment Advisor)	480.325.8668
Brian Rellihan (Investment Advisor)	480.325.8668
Chris Hoerchler (Investment Advisor)	480.325.8668 x171
Cindy Lance (Business Manager)	480.325.9976
Dave Bridges (Project Manager)	480.325.8668
John Fitzgerald (Investment Advisor)	480.471.2331 x318
Kelly McComb (Client Coordinator)	480.471.2331
Kimberley Nickel (Operations)	480.325.8668 x173
Mark McPherson (Investment Advisor)	480.325.8668 x317
Mike Galloway (CEO/President)	480.325.8668 x174
Murry Frias (Scheduling)	480.325.8668
Nanette Eberhardt (Operations Manager)	480.325.8668



GALLOWAY
ASSET MANAGEMENT, LLC

1930 N. Arboleda, Suite 117
Mesa, Arizona 85213
Phone 480.325.8668
Fax 480.325.1664
www.Galloway911.com

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