



GALLOWAY GAZETTE



IRS Ruling Regarding Retirements

by Michael Galloway

The IRS has issued a rule that states normal retirement age for public safety personnel starts at age 50. It looks like the rule will go into effect on July 1, 2009. In our retirement system there is no such age requirement.

We do not know if this rule will affect the Public Safety Personal Retirement System. However,

your pension system (PSPRS) has retained legal counsel on this issue. For right now we are status quo and I will update you with any changes. If you have any questions call me at 480-325-8668.

(Mike Galloway is CEO of Galloway Asset Management, LLC. He serves on the Pension Board for Arizona Public Safety Pension Retirement System (PSPRS). He retired as Lieutenant from Mesa Police Department, and served with the U.S. Marine Corps.)

| | |
|---|-------------|
| Police | Fire |
| 045 | 081 |
| DROP Rollovers Signed with Galloway Asset Management, LLC | |

Giving Back

We are proud to support the **9th Annual Hook and Ladder Charity Golf Tournament**, presented by the East Valley Firefighter Charities Foundation. This year's event will be held at Las Sendas Golf Club on Friday, September 19th, 2008.

The East Valley Firefighter Charities Foundation represents firefighters from the communities of Mesa, Gilbert, Salt River, Apache Junction and Florence. Their primary focus is on making a positive difference in the quality of life for those who work, reside, and visit the communities they serve. Their members, along with their families, also support many service-related activities and organizations through volunteerism.

Most recently they hosted a group of about 25-30 kids from Sunshine Acres to a Diamondbacks sleep over event, and gave them sleeping bags. The youths played games, had a chance to swim in the Chase Field pool and watch the movie "Sandlot".

The tournament has four levels of sponsorship. Last year this tournament raised over \$40,000 for firefighter charities. If you are interested or know an organization who may be interested in supporting this event, or just want to golf, please contact Steve Schureman, Tournament Director at 602-206-3257.



Photos from last year's Hook and Ladder Charity Golf Tournament.





Decoding the Market

by Mark McPherson

There continues to be a great deal of volatility in the financial markets in 2008. We have witnessed soaring energy prices, bank and brokerage failures, declining real estate prices and a return of inflation. Investors looking for a place to hide are faced with 2% (or less), money market yields. So, let us take a look at what is really going on.

Financial institutions must constantly put a value on their assets by performing what is called “mark-to-market” adjustments. With default rates rising on mortgages, the value of those holdings may fall, even though the underlying homeowners are still making their payments. The bank or brokerage must now “guess” what the values of their bonds are and adjust their balance sheets accordingly. Merrill Lynch recently sold a huge block of the mortgages to a private firm for 17 cents on the dollar! Will 83% of those homeowners default? Probably not. The result however was that Merrill had to write off billions of dollars of assets.

The Federal Reserve, which controls the money supply of

the U.S., has taken on the job of stabilizing a financial world that was shaken by the over use of financial derivatives and bad real estate loans on their books. In many cases they have swapped treasury bonds for mortgages and mortgage bonds in an attempt to shore up the balance sheets of many banks and brokerages. The short term result of this is that markets have stabilized some over the last 2-3 months as Wall Street gives companies time to re-capitalize their balance sheets.

As an investor, we all get scared by the headlines that paint a gloomy picture. But, financial markets do a funny thing most of the time. They stop going down (or start turning up) well before the nightly news tells us things are getting better. So, what to do? Remain diversified as much as possible. Don’t run to cash because if you do how are you going to decide when to go back into the market? And lastly, be patient. After all, as a wise investor once said, ‘we’ve been in a bull market since 1776’.

(Mark McPherson is an Investment Advisor for Galloway Asset Management, LLC. He has been in the financial services since 1983 and has been with Galloway Asset Management, LLC since 2003.)

Employee Spotlight



Mary Alice Frias (Murry), is the pleasant voice greeting customers when they call in or show up for an appointment. Murry and her

husband Xavier have been clients of Galloway Asset Management, LLC (GAM) for four years.

After 31 years with Qwest, she retired from her role as Customer Service Manager. During a “retirement planning” meeting with GAM she mentioned her intentions to find an office job closer to home. Just one month after her retirement, we hired Murry as an Administrative Assistant, and we love her!

Murry and her husband Xavier, a Supervisor with the City of Mesa, have been married for 34 years, and have two wonderful sons. Their youngest son JoJo and his wife Kathy live in Phoenix. Her oldest Antonio, is a Chandler Police Officer and is married to Kersten, a Phoenix Police Officer.

Murry and Xavier enjoy traveling north to Pinetop to enjoy their summer home.

Phone Directory

| | |
|--|--------------------|
| Mary Clark (Operations) | 480.325.8668 x318 |
| Nanette Eberhardt (Operations Manager) | 480.325.9978 |
| John Fitzgerald (Financial Planner) | 480.325.8668 x 318 |
| Murry Frias (Scheduling) | 480.325.8668 |
| Mike Galloway (CEO/President) | 480.325.8668 x174 |
| Chris Hoerchler (Financial Planner) | 480.325.8668 x171 |
| Cindy Lance (Business Manager)..... | 480.325.9976 |
| Mark McPherson (Financial Planner) | 480.325.8668 x317 |
| Tim Moran (Financial Planner) | 480.325.8668 |
| Kimberley Nickel (Operations) | 480.325.8668 x173 |
| Brian Rellihan (Financial Planner) | 480.325.8668 |
| August Schmidt (Financial Planner) | 480.325.8668 x178 |
| Nicholas Spade (Marketing Director)..... | 480.325.8668 x319 |



GALLOWAY
ASSET MANAGEMENT, LLC

1930 N. Arboleda, Suite 117
Mesa, Arizona 85213
Phone 480.325.8668
Fax 480.325.1664
www.galloway911.com

Securities offered through Cambridge Investment Research, Inc. a Broker/Dealer, Member FINRA/ SIPC. Investment Advisor Representative Galloway Asset Management, LLC a Registered Investment Advisor. Cambridge and Galloway Asset Management, LLC are not affiliated.