



Majestic Oak Financial

A Registered Investment Advisor

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I hope you had a fun and safe 4th of July celebration. As we think about the 223rd anniversary of our country's independence, let's pause to give thanks to all our service people stationed here and abroad who knowingly step in harm's way to preserve the precious freedoms we oftentimes take for granted.

News You Can Use – Changes in Credit, Today and Tomorrow

In May, President Obama signed the Credit Card Accountability, Responsibility and Disclosure (CARD) Act of 2009. The act restricts several practices of credit card companies that Congress determined to be unfair to consumers. As credit card issuers adjust business practices to comply with the new laws, companies will also be altering the remaining contractual fine print to keep their bottom lines healthy.

The more consumer-friendly provisions of the CARD Act include the following:

- Issuers must obtain a consumer's permission to process over-the-limit transactions.
- Card issuers must provide notice of interest rate hikes at least 45 days in advance.
- Companies must set the bill due date at least 21 days from the date of mailing. Payments made online before 5 pm (EST) on the due date is considered on-time.
- Consumers can direct the card company to apply payments in excess of the minimum payment to higher interest rate balances first.
- The universal default practice has been eliminated restricting one credit card company from automatically increasing your interest rate if you default on any other card.

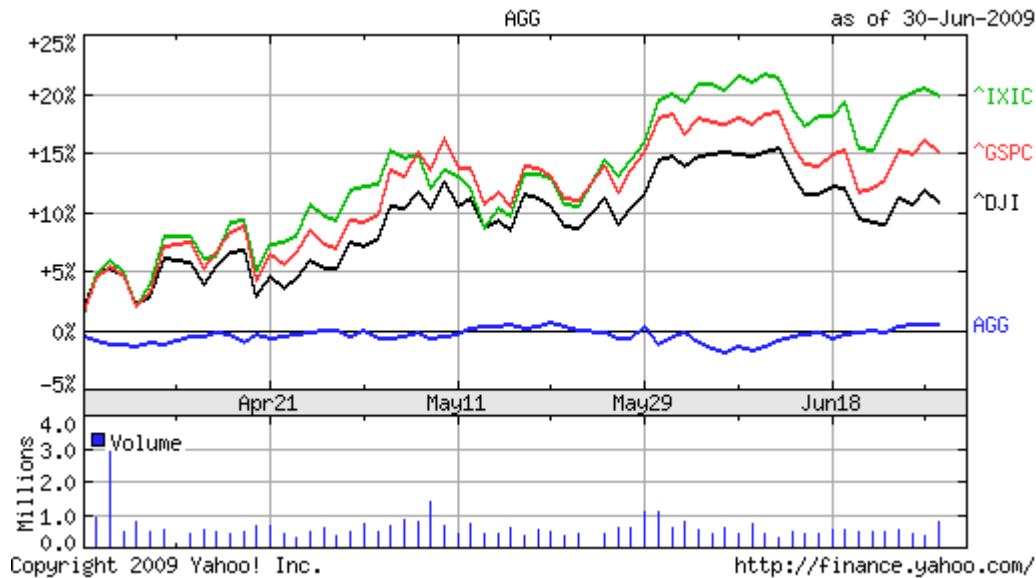
On the flip side, several changes are likely to be instituted within the next year to make up for the lost revenues. Keep an eye on your monthly credit card statements for the following changes:

- Annual fees will likely make a come-back. In addition, expect that fees for items like late payments and foreign exchange transactions will rise.
- Balance transfer fees will increase. Be sure to compare the fee incurred to transfer the balance with the amount of interest you expect to save. For smaller balances, it may not make sense. If you are considering a balance transfer deal, call me to analyze if this is in your best interest.
- Credit card issuers will likely increase interest rates across the board to compensate for lost revenue.
- Card issuers may eliminate grace periods. If you pay your balance in full on a monthly basis, you generally do not incur any interest charges due to the grace period. However, the credit card company also does not earn any money this way. Issuers may begin charging interest on purchases immediately to eliminate the "free-ride" aspect of credit card usage.

In light of both these mandated and likely changes, I strongly recommend that you closely read all communications from your credit card companies. If you don't like what you see, you can contact the issuer immediately to let them know that you are unhappy with these changes to your contract. You may be able to negotiate, you can accept the changes, or you can refuse the changes and will be required to cease using that card and will have until the card expires to pay off any accrued balance.

2nd Quarter 2009 Performance

| <u>Index</u> | <u>Ending Value</u> <u>6/30/09</u> | <u>2nd Quarter 2009</u> <u>Performance*</u> |
|--------------------------|---------------------------------------|---|
| DJIA | 8,447.00 | 9.9% |
| S&P 500 | 919.32 | 15.2% |
| NASDAQ | 1,835.04 | 20.0% |
| Lehman Agg. Bond iShares | 102.15 | 0.7% |



Investment Reports

Enclosed are the following investment reports for 2nd Quarter 2009:

- *Portfolio Performance* – Summarized Combined Account Performance for 2nd Quarter 2009
- *Asset Performance* - Individual Account & Asset Performance for 2nd Quarter 2009
- *Account Summary* - Individual account holdings as of 6/30/09
- *Investment Billing Statement* for the 3rd Quarter 2009^{**}: Investment advisory fees for the period of 7/1/09 through 9/30/09 (based on 6/30/09 values). ***This is an informational billing only.*** Your account is automatically debited unless otherwise noted.

Please remember that this investment reporting is for informational purposes only and you should also refer to the monthly account statements you receive from TD Ameritrade.

As always, please do not hesitate to contact me if you have any questions or comments.

Sincerely,

Anna M. Popke, CFP[®]

*Index performance is provided as a benchmark only. The performance of your individual investment portfolio will vary from that of any one index. Past performance of an index is never a guarantee of future results.

****PLEASE NOTE:** Clients who hold “cash reserves” within their brokerage accounts will have slightly different portfolio balances depicted on the Statement of Assets Summary and the Billing Statement. This is because “cash reserves” are excluded from the advisory fee. However, cash held awaiting investment in the upcoming quarter *will* be subject to the normal quarterly fee.

Investment Advisory Fee Calculations:

Fees are paid in advance on the 7th (or prior closest business day) of the month following the end of the quarter. The amount due is calculated by applying the prorated annual fee percentage to the previous quarter-end account value(s). Fees are further prorated for accounts opened after the beginning of a new quarter. Fees may be paid directly from the investment account(s) or consolidated and paid from a specified account. Money market/cash reserves are excluded from totals. Statements have been prepared by Majestic Oak Financial from information provided by TDAmeritrade and while deemed reliable, are not guaranteed.