

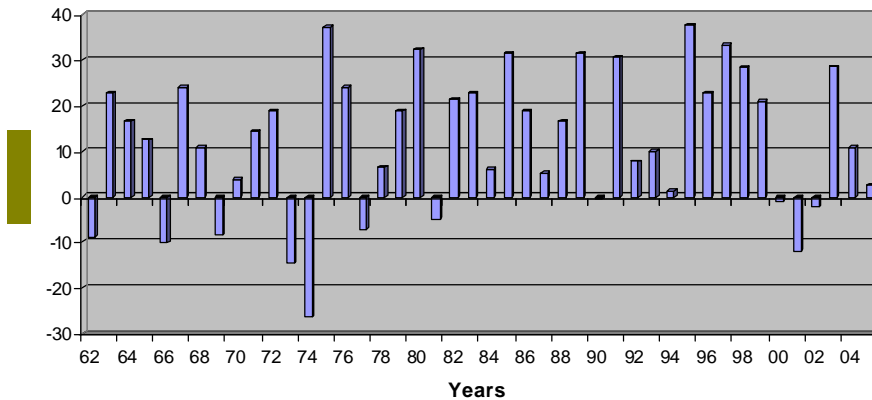
Review & Summary



By Jordan Gary, CFP®

Last year the markets moved sideways for the first 9 months and then did very well in the last quarter of 2004. This year is still looking about the same. For the first three quarters the DJIA is down 1.99%, the S&P 500 is up 2.7%, and bonds are up around 2%. Many of our clients' portfolios are up better than this because we have overweighted several asset categories that have done much better... including international stocks, European stocks, developing market stocks, and tax-exempt bonds. We have continued to overweight middle sized company and value mutual funds, and these have also been having better than average returns. Several of the mutual funds that you will find in your portfolio are up more than 10% year-to-date (YTD), and a couple of the international mutual funds are up more than 20% YTD. (If attached, you can review the page of mutual fund performance to see these results.) The average balanced mutual fund is up 3.03% for the YTD first 3 quarters. If your account is up more than this, it is because we have added investment returns with our tactical asset allocation strategies. Please see your reports.

Annual Returns of S&P 500 Index w/ Dividends (43 Years)



Forecast

By Jordan Gary, CFP®

In October the BusinessWeek magazine, which is owned by the Wall Street Journal, published their editorial opinion of the economic outlook for the coming months. Their opinion was the same as the average of more than 30 top economists that they interview each quarter. Also the FED chairman testified to Congress his opinion and it sounded about the same. So there seems to be a strong

and common opinion, which is.... (Please check out our web site for the BusinessWeek article.) The large increases in oil and fuel prices are causing inflation pressure on all of our budgets and reducing the profits of businesses. We will spend more on transportation and utility bills. Also people buying building materials will spend much more over the next several months. As people spend more

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Forecast (Cont'd from Page 1)

on these things, they will have less money for shopping, Christmas gifts, travel, etc. So the rapidly growing economy will now be growing at a slower pace. However, the economy should not get into trouble or go into a recession. Inflation should not get to be too high or the FED should not have to raise interest rates much more. Then, as government support of so much Gulf coast rebuilding takes off in a few months, the economy should rebound to a fast growing pace.

Actually, war spending, disaster rebuilding, government tax stimulus, low bond rates, and a growing international economy should all be positive over the next year. Currently the stock market is worrying over high fuel prices and inflation increases. However, since the markets look forward many months and try to buy and sell for the future, the markets should soon be doing well again. We believe that the markets are still gaining confidence about the future and we are pleased with the very large profits that the US companies are reporting. We also believe that the fast growing companies in the developing world give many good opportunities for international mutual funds. I am not pleased with all of the good US jobs that are being lost overseas. I have recently been reading about US jobs in engineering, accounting, legal work, and medical fields that are being moved to India and China. However, my clients can invest in companies in those parts of the world and can make investment profits off of these trends. New Europe,

Japan, and Asia are all having wonderful years in their stock markets. Even old Europe's stock markets are doing much better than the US. (Of course I am supposed to tell you that foreign investing is more risky than US investing. However, I believe that our tactical asset allocation diversifies away most of the investment risk.) We still are guessing that our clients will have nicely positive returns for 2005, with the average moderate risk account up from 5% to 10% by yearend. Next year should be better for investors with bond prices holding steady and stock prices going up as the economy grows at a moderately quick rate.

We currently will continue to overemphasize foreign investments and global natural resource mutual funds. We will also continue to shift from value investments into growth mutual funds. We have been waiting and expecting large company growth stocks to return to favor for an extended time period, after lagging for five years. Last quarter we shifted money from a mid cap value fund into the Munder Mid Cap Growth fund. About a month ago the Clipper fund, which is a large cap deep value fund, announced that their key managers will be leaving at the end of this year. So very soon we will be selling Clipper and moving to a fund with more of a growth stock style. We believe that the trend toward large cap growth stocks has now begun. We will soon choose a highly rated fund to move to.

Clipper fund...key management will be leaving at the end of this year.

"Insider" News

Jordan just had his first grandchild. Jordan and Barbara's oldest daughter, who lives in Atlanta, just had a son, Ethan. He was born on August 8th. Everything was wonderful and Jordan will be in Atlanta next week to visit.



Ethan Brent Duncan, Jordan's Grandson

Gena's oldest son, Stephen, will graduate from Texas A&M this December and he is shopping for a seminary to go to. He expects to start seminary next August. Russell Johnson's youngest son was married in a big wedding at Highland Park United Methodist Church (Dallas) in September. His older son will be married next March. Oscar completed the very wonderful training put on by Leadership Wichita Falls, in which he was trained how to be a much better community leader. (Please see Oscar's article about this.)

Lipper Stock and Bond Fund Benchmarks

Performance—September 30, 2005

Investment Objective	Sept	3rd Qtr	YTD	1 Yr	-- Annualized --		
					3 Yrs	5 Yrs	10 Yrs
Stock Fund Types:							
S&P 500 Funds	0.76	3.46	2.36	11.64	16.04	(2.03)	9.04
Large-Cap Growth Funds	1.00	4.46	2.57	12.56	13.36	(7.84)	6.50
Large-Cap Value Funds	1.04	3.75	3.97	13.35	17.39	3.40	9.09
Small-Cap Growth Funds	1.03	5.66	3.81	18.55	20.41	(2.42)	8.38
Small-Cap Value Funds	0.25	4.40	5.12	18.45	24.04	14.60	12.51
Equity Income Funds	0.84	3.42	4.48	13.69	16.69	4.10	9.23
Utility Funds	3.38	8.12	18.77	33.26	25.38	1.17	9.87
International	n.a.	n.a.	10.37	26.23	23.80	2.64	n.a.
European Region Funds	1.66	9.12	9.87	27.54	27.10	4.93	10.10
Emerging Markets Funds	8.56	17.52	23.67	44.21	37.18	14.71	6.78
Avg. US Stock Fund	0.97	4.65	4.41	15.57	17.94	0.01	8.80
Bond Fund Types:							
General Municipal Debt Funds	(0.72)	(0.17)	2.29	3.49	3.50	5.50	5.15
High Current Yield Funds	(0.75)	1.28	1.59	6.06	13.89	5.81	5.66
Intermediate U.S. Government Funds	(0.79)	(0.59)	1.21	1.77	2.16	5.19	5.42
Intermediate Investment Grade Debt Funds	(0.96)	(0.61)	1.38	2.41	3.97	5.99	5.75
Avg. Bond Fund	(0.71)	(0.05)	1.43	3.07	5.44	5.53	5.48
Balanced Funds	0.38	2.71	3.07	9.74	11.60	2.05	7.40

Source: Lipper Analytical Services, Inc., Summit, NJ 07901 and Wall Street Journal - October 4, 2005

These are averages of all the reported funds that have the stated objective. Average total returns based on NAV with all distributions reinvested. An investment cannot be made directly in an index, including the Lipper indices listed. Some funds are normally front end commission funds. Our clients do not pay commissions in their managed accounts. We buy shares at Net Asset Value (NAV). Past performance is not indicative of future results. The performance presented is for illustrative purposes and is not indicative of any investment.

The investment return and principal value of an investment may fluctuate. An investor's shares, when redeemed, may be worth more or less than their original cost. Investments outside the United States involve special risks such as currency fluctuation, political instability, differing securities regulations and periods of illiquidity. For a prospectus containing more complete information on any fund, please contact Investment and Asset Planning, LLC or Jordan Gary & Associates at 940-761-2527. Investors should read the prospectus carefully before investing.

The balanced stock/bond is a moderate risk way to invest. The traditional balanced fund has a portfolio of approximately 60% Blue Chip stocks, 35% conservative bonds and 5% cash. We have highlighted the above because we suggest that you use these numbers as the benchmark we are trying to beat in many of your portfolios. Our method of out performance is that we have far more diversification into different types of stocks and bonds, and we more actively manage the portfolio choosing the best mutual funds we can find to build your portfolio. Our priority is to match or beat the performance of the balanced stock/bond return. Check your quarterly report. How have we done?

Taxpayers Can Drive Away with Tax Savings



By William Nilles, CPA

The Energy Tax Incentives Act of 2005 has many provisions that can benefit the individual taxpayer. One of the more significant benefits in the new law is the alternative motor vehicle credit that replaces the former deduction for clean-fuel vehicles.

The previous energy-friendly tax advantage came in the form of a fairly limited deduction against gross income. Taxpayers were generally allowed a \$2,000 deduction for "clean fuel" cars or trucks. A "clean fuel vehicle" was defined as any motor vehicle that was propelled by a clean-burning fuel, such as hydrogen, electricity, natural gas, any alcohol or ether. Gas-hybrid cars qualified for the deduction as well. The deduction is being replaced with a more generous credit.

Starting next year, taxpayers will be permitted a tax credit for the purchase of an alternative motor vehicle. The credit is actually the sum of the four separate credits:

1. the new qualified fuel cell motor vehicle credit;
2. the new advanced lean burn technology motor vehicle credit;
3. the new qualified hybrid motor vehicle credit; and
4. the new qualified alternative fuel motor vehicle credit.

To qualify, each type of vehicle has to meet particular standards, it must be for original use (new), commencing with the taxpayer, it must be purchased or leased for use by the taxpayer and not for resale, and it must be made by a recognized manufacturer. Notice that this credit is available to leasers as well as purchasers. Of course, the only "green" vehicles widely available on the market today are gasoline-hybrid vehicles. Beginning next year, the tax incentive for purchasing a hybrid vehicle has changed from a deduction to a two-part credit: a fuel economy credit and a conservation credit.

The Fuel Economy Credit is calculated by comparing the fuel efficiency of the alternative fuel vehicle to that of a 2002 gasoline-powered vehicle for city

driving. That part of the credit has a range up to \$2,400 for a vehicle that has a fuel efficiency of 250% of the base amount.

The Conservation Credit is calculated based on the lifetime fuel savings of the vehicle and ranges from \$250 for savings of at least 1,200 gallons of gasoline to \$1,000 for 3,000 gallons. And remember, the buyer gets both of these credits.

The new credit for a hybrid vehicle will necessarily depend on how much actual fuel it saves when measured against a conventional 2002 vehicle. While no auto maker or the IRS has yet to pin a credit amount on any vehicle, a reasonable "average" credit should weigh in from about \$1,500 to \$2,250. Compare this to the effects of the \$2,000 deduction allowed in 2005, which for an owner in the 30% tax bracket would be equivalent to only a \$600 tax credit. The new credit is worth over double in tax benefits.

Alternate fuel vehicles that operate on natural gas, liquefied natural gas, liquefied petroleum or 85% methanol alcohol also qualify for the credit. In 2005, taxpayers had the option of almost two dozen models of alternative fuel vehicles that were not hybrids. For these models, the 2005 Energy Act provides up to \$4,000 in tax savings through the tax credit.

Fuel cell vehicles also qualify for a credit under the 2005 Energy Act. These vehicles, however, are still rare, as are stations from which to refuel them. The credit for fuel cell vehicles is based on weight class and fuel economy and can save taxpayers up to \$8,000.

As always when dealing with the IRS, there are qualifications and caveats to these credits. If you are interested in investing in a fuel-savings vehicle and intend to collect the credit on your purchase, be sure to discuss your plans with your tax professional first.



Starting next year, taxpayers will be permitted a tax credit for the purchase of an alternative motor vehicle.

Who is Leading Our Town?



By Oscar Jackson III

Are you looking for an interesting and satisfying way to volunteer your time? Well, I suggest that you look no further than Leadership Wichita Falls (LWF). LWF is a program aimed to encourage leadership and community service in the Wichita Falls area. As a recent graduate of the 2005 class, I encourage you to contact me for more information about participating in the program. Our project for this year was to help the Children's Aid Society. We completed this project and presented a check for over \$6000 last Tuesday, October 4, 2005.

Leadership Wichita Falls was founded in 1979. There are over 700 leadership programs throughout the country who share the common belief that the single most important ingredient in building a successful community is an investment in leader-

ship. Their mission is to produce community leaders. Leadership Wichita Falls recruits and prepares individuals for community leadership and provides a foundation for ongoing community involvement. Individuals expand their leadership skills and develop close relationships with other community members.

It would be impossible to list all of the positive things I have received this past year through LWF. We met at various facilities all over town that I did not even know existed. We had three meetings specifically aimed at Leadership (I, II, III), we toured MSU, Sheppard Air Force Base, WF fire station #5, WF police department (public safety I & II), Martin L. King Center, and we met with public officials at the city, county, state, and federal level. We wined, we dined, we played, and we learned. If you would like to give back to the community, I strongly recommend LWF where you will certainly find your niche.



Leadership Wichita Falls, Class of 2005

Jordan Earns Christian Financial Professionals Network Certification

Jordan has been a member of the new Christian Financial Professional Network for more than a year. He attended their first national conference last February. In October he attended a week long training event in Atlanta that qualifies him, along with other requirements that he meets, to be a certified financial planner member of the organization. This organization now has about 1,000 members with about 200 having completed the extensive training and qualifications to be certified professional members who receive referrals from sev-

eral Christian organizations. He hopes to increase the teaching and Christian guidance part of his practice as a result of the certification and training. You can read more about the organization at WWW.CFPN.ORG. If your church is interested in having a Crown ministries course or small group study about Christian giving, Christian financial principles, etc., then please contact Jordan. Jordan's training is teaching him more about biblical wisdom and values and how to apply that to people's finances and financial planning.

Talk Show: Investing & Financial Planning with Jordan Gary, CFP®

Jordan is the host of a weekly hour-long talk show broadcast over the internet by VoiceAmerica™ Business at BUSINESS.VOICEAMERICA.COM and archives are available on demand at our website. You can also find a signup form to subscribe to our talk show mailing list. If you do not have a computer with a fast internet connection and would like to order a copy on CD, then simply fill out and mail/fax the attached order form to us or contact us and let us know what shows you are interested in and your address.

We now have over 15 shows covering a wide range of financial planning related topics and have many more scheduled. If you have not sampled this talk show then now is a good time to find out about what you have been missing.

We have been very blessed to have wonderful guests share with listeners their insights and knowledge about some very important topics. So take advantage of this free opportunity to learn more for yourself and those that you care about.



We now have over 15 shows covering a wide range of financial planning related topics...

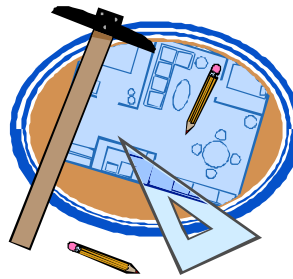
Compliance Corner

We take our role
as being your
trusted advisor
very seriously.

Preparing for Disaster
By Jordan Gary, CFP®

With the 9/11/2001 attack and a growing concern that everybody be better prepared for natural disasters, we also have been working on disaster plans. We have recently completed preparing a manual that details how we would deal with a disaster such as a building fire, tornado, or the sickness and/or death of a key member of the firm. We have strengthened our computer backup system and carefully planned who and how key jobs would get restarted or continued. We have made plans for the continuation of the firm if any key person should die. Clients' investments are not held at our firm but at custodians such as Fiserv Datalynx or Waterhouse, or an annuity insurance program. They also have extensive backup systems that insure that investments are not lost, records can be recovered, tax forms prepared,

etc., no matter what happens. We take our role as being your trusted investment advisor very seriously. We work hard to meet all of the rules and regulations of the Securities Exchange Commission (SEC) as a registered investment advisor.



With regard to this, we have written several procedure and compliance manuals and kept our client disclosure documents up to date. (If you would like to receive our latest General Information and Disclosure Statement that is dated June 2005, then please give our office a call.) In it you would find the latest information about each of our firm

professionals, firm investment philosophy, investment programs, and a full description of firm fees and conflicts of interest. By the way, try to get such a full disclosure from a broker or investment salesperson that you may have dealings with. I think that they will not provide such a document to you. If you would like to know more about the different type of investment professionals and the different rules they choose to operate under, then please contact us. Jordan has written an article for the Times Record News and has hosted a leader of the Financial Planning Association on his radio show who talked about the issues here. (There are investment salespersons, investment advisors who refuse to register as investment advisors such as stock brokers, and registered investment advisors who are trying to be trusted or most trusted investment professionals. We are in the last group.)

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