



UNITED ASSET STRATEGIES, INC.

*"planning for a lifetime"*

July 2010

Dear clients and friends,

As projected at the beginning of 2010, the economic recovery is slowing. Government stimulus in some cases, such as the first time home buyers credits, has ended. Programs failing to take hold like the one designed to avoid mortgage foreclosure have been abandoned. The unemployment figures released over the last few weeks were dismal and only time will tell if they were sugar coated to avoid an increased unemployment rate of 10 percent. The U.S. stock markets took more than a pause during the second quarter of 2010 falling 15% from April highs leaving all major indices down for the year: the S&P 500 -7.87%, Dow Industrials -6.67% and the NASDAQ -7.39% year to date.

Although the U.S. economy remains vulnerable to future regulatory reforms and contagion from European debt problems, there are bright spots. Many Americans are paying down debt like never before, increasing their personal savings and U.S. corporations are holding more cash on their balance sheets than in recent history. When this cash is unleashed, a bull rally is likely to ensue. Increased dividends, stock buyback programs, mergers and acquisitions will benefit shareholders. Our strategy is to sell into short-term summer rallies and have cash on hand to take advantage of likely dips. Sectors we will target for profit taking include gold and U.S. Government Bonds, while reducing exposure to lower-yielding and higher-risk positions.

Comprehensive income tax planning, in light of increased taxes and sun-setting tax advantages, are encouraged before the end of the year. Based on dozens of client reviews we have conducted during the second quarter of 2010, we can share that there is no single solution to be applied to all clients. Some want to accelerate capital gains to avoid next year's tax hikes while others will feel this is unnecessary. Roth conversions are proving excellent estate planning strategies while others feel the value is not worth paying the income taxes over the next few tax years. Increased tax on stock dividends may force clients to take more risk to net the same after-tax income stream. Bottom line: comprehensive discussions, including with your income-tax professional are strongly encouraged.

This June, United Asset Strategies, Inc. held an annual blood drive for the benefit of L.I. Blood Services. In its fifth year, we are pleased to report the collection of more pints this year than last and the involvement of neighboring office buildings for the first time. Thank you to all that participated.

**The Professional Staff of United Asset Strategies, Inc.**