SENIORS/BOOMERS NEWSLETTER

"THE RETIREMENT EXPERTS"

October 2008

and then be patient. Waiting on the sidelines for the good news to appear usually means that you'll be re-joining the party sometime after midnight.

3) Look for large cap dividend paying companies with strong exposure to overseas markets.

4) Beware of very high dividends however (anything over 7-8 %.). There is usually a fundamental problem with the company.

4) If you've experienced 10-15% drift in your asset allocations, this would be a good time to look at rebalancing your portfolio. Remember, an eight to twelve asset class portfolio will give you better returns with less risk.

5) If you're nervous about buying a new stock that you like, and wonder what the market might do next, consider dollar cost averaging into that position over a 3-4 week period.

6) Don't turn *paper losses* into real losses. This market will improve.

7) Disregard the media noise. They're paid to sell advertising. Only pay attention if it involves one of your stocks.

Global Investing Opportunities

Did you know that three of the world's top four global economies are in Asia? China, Japan & India. Did you know that China has 58 cities with a core population (not metropolitan) in excess of 1,000,000 people? China's GDP is projected to pass ours by the year 2020. So why aren't we investing like we should?

According to recent statistics, the typical U.S. investor holds at least 85% of his stock portfolio in domestic stocks. That is in spite of the fact that the U.S. stock market accounts for less than 45% of the world's total stock market value. (It could be less because of recent events).

Charles Ellis, author of "WINNING THE LOSER'S GAME" explains that the best risk adjusted returns can be achieved by matching the market capitalization weightings of the global markets. For example, for the portion of your asset allocation devoted to stocks (probably around 60-65%) it should be proportioned roughly 45% to U.S. stocks; 47% to developed foreign markets and 8% to developing foreign markets.

Having a global portfolio has two distinct advantages:

1- You are diversified away from having total dependence on one country/market. If it goes down, you also have money elsewhere.

2- You end up hedging various currencies (including the U.S. dollar) by virtue of having a basket of stocks in a basket of countries.

If you need help with Global Investing, please contact my office.

What's the effect of a falling $$???

No one knows where the value of the U.S. dollar is headed, but it pays to think about current events to gauge how we should invest.

Let's start with the $700 B. bailout. With the Fed running the printing presses at full throttle, it's a pretty good bet that the value of the dollar will decline (supply vs. demand). If that happens, interest rates will probably go higher.

A falling dollar generally means that we'll begin to import inflation and, at stated, see higher interest rates come along for the ride. So, who will benefit?

- Blue chip stocks selling consumer staples. These are industries that manufacture tobacco, prescription drugs food/beverages and household products.
- Companies with no debt and lots of cash.
- Gold or gold mutual funds/ETF.
- Commodities & natural resources firms.
- Treasury inflation-protected securities.

BEWARE:

- Bonds & bond funds. Pick carefully!
- Financial sector stocks.
- Consumer discretionary companies.
- Department Stores.

Titling Assets to Benefit Your Heirs

There's more to retirement than managing assets; you must also ensure that those assets are titled correctly. But people commonly make mistakes in titling their assets, and these mistakes can have major implications for the owner of the assets and his or her loved ones.

There are a number of titling options, including joint tenancy with right of survivorship (JTWROS), tenancy by the entirety, tenancy in common, and sole ownership. Trusts and wills complicate the mix.

Most married couples have assets—the house, the bank account, and the brokerage account—that are titled jointly. But that can cause problems, particularly in second marriages, because the titling on accounts overrides the will. So regardless of what your will says, your surviving spouse gets everything.

For example, let's say you create beneficiary instructions in your will indicating that your son should inherit your mutual fund. You assume that at death, all of your assets will be disposed of through the instructions in your will. But you overlooked something: The mutual fund is titled as joint tenancy with rights of survivorship. And the distribution procedures stipulated by the rules of joint tenancy with rights of survivorship would, in fact, supersede the disposition of this asset over any provisions of the will. As a result, your second wife—your son's stepmother—would receive the assets.

That's just one of many consequences that can result when titling mistakes complicate the process of passing on wealth. Assets could be unavailable to surviving owner(s). Assets could be distributed to the wrong recipients. Assets could be distributed at a time that is not desired or expected. Or, asset distribution could result in undesirable tax consequences.

Call me or complete the attached reply coupon to request some additional information.

Why Joint Ownership Can Put Your Assets at Risk

Probate is the legal process of wrapping up a person's affairs, paying their bills, and distributing their assets. And it is not uncommon for this to take several months to go through the court system. The expenses involved can potentially include property appraisal, executor fees, court costs, plus legal and accounting fees. The amount varies depending on your state and the local practice in your community.

To avoid this burden on their loved ones, seniors frequently transfer assets into joint-tenancy ownership with their intended beneficiaries. Although this strategy can reduce settlement costs by eliminating probate, it could open up another set of problems.

Assets held in joint-tenancy automatically go to the surviving owner when you die. However, while you are alive, the joint owner can legally withdraw part or all of the money in the account without your permission. In addition, if he or she gets into financial or legal trouble, the property could be at risk to creditor claims. Rather than making a beneficiary a joint owner of your property to simply avoid probate, you might consider another idea.

An individual can own certain assets and list a beneficiary. At the owner's death, the assets pass to the named beneficiary and avoid probate. While you are alive, your beneficiary does not have access to your account. You can change beneficiaries at anytime, and you might even be allowed to name a contingent beneficiary.

A **Payable on Death** (P.O.D.) registration applies to bank, savings and loan, and credit union accounts, as well as United States savings bonds. On the other hand, a **Transfer on Death** (T.O.D.) registration is used for securities such as stocks, bonds, and mutual funds (but only if the securities firm allows it). With both of the above, the beneficiary receives the funds by offering proof of identity and a copy of your death certificate, regardless of the provisions in your will. Please note that the assets will still be included in your estate when you pass away. Estates that exceed $2.0 million are subject to federal estate taxes.

If you are looking for ways to pass property to your heirs in an efficient manner, please complete and return the enclosed coupon. You'll also receive a free estimate on your possible estate tax liability.

Valuable Free Newsletter Information

Please send me information on these items mentioned in your newsletter:

- ☐ Global Investment Opportunities.
- ☐ Titling Accounts.
- ☐ Beneficiary Designations.

I would like to order a copy of these booklets (enclose $1 for each)

- ☐ Avoid Mistakes in Buying Long-Term Care Insurance
- ☐ Annuity Owner Opportunities: Tips and Ideas That Could Save Thousands
- ☐ Understanding Mutual Funds
- ☐ Six Strategies to Help Retirees Reduce Taxes and Preserve Their Assets
- ☐ Helping You Avoid IRA Distribution Mistakes (And Reduce Your Taxes)
- ☐ CD Shoppers' Guide
- ☐ Creating a Retirement Income You Cannot Outlive
- ☐ Keep the IRS out of Your IRA
- ☐ Leaving a Legacy
- ☐ Protect your Investments (a guide to investing without losing a penny)
- ☐ Law Points for Senior Citizens (78 page guide)

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