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SENIORS/BOOMERS NEWSLETTER

"THE RETIREMENT EXPERTS"

April 2012

There's still time to book a seat at the two upcoming 'workshops' next week .. Details on the back page!!

...Let your '*winners*' run.... ....Cut your '*losers*' short....

After the moon-shot we've had with stock prices since October, 2011 - up 28% - it's probably time to be a little more cautious with our winnings, and more judicious with our losers. We all love the effect it's had on our portfolios, but this is not the time to get overly complacent.

As the caption above states, cut your losers quickly in order to have more money to invest with later. Depending on the kind of stock I purchase, I usually keep a trailing stop loss of 15-20% (you don't want to be shaken out of a position too soon in a volatile market with wide swings). But, because of the quick rise in the market averages over the past 7 months, I've lowered my stop to between 10-15%.

I've seen more than a few Pollyanna's on the financial television networks telling everyone who would listen, that we're off to the races with this market. The sky is the limit. A rising tide lifts all boats. The market is dirt cheap. Yadayadayada.

These same experts also bemoan the few (the fools) who are signaling yellow caution flags. As the old saying goes: Never argue with an idiot. He will drag you down to his level and beat you with experience. Sometimes it's worthwhile to listen to the idiot.

I've been quite bullish on the market since last November, and still think some stocks…not all…are destined to go higher. This is why it's important to let your winners run. Don't cut the cord too soon. Just keep your trailing stop loss in place so your winner doesn't turn into a loser.

No matter what, keep dividend paying stocks in your portfolio. They hold their values well in both up or down markets. Richard Russell has been writing about Dow Theory since 1958, and has said, 'He who understands interest- earns it. He who doesn't - pays it'.

It's been reported that the central banks from around the world have shoveled close to $8 trillion into the global economies. Some of this money has obviously found its way into equity prices. But, again, we need to protect our investments.

The European debt debacle is not over yet. In scouring the landscape and evaluating the various economies, it's like judging a beauty contest to see who is the least ugly! More defaults like we saw in *Greece* could put the world stock markets on a slippery, *greecy* slope.

WHAT TO DO NOW?

1. Diversify your portfolio using all the different asset classes: stocks, corporate bonds, emerging markets, international markets, commodities, etc.

2. Invest in precious metals and/or the companies that mine them. Gold miners have

disproportionately underperformed gold bullion prices for over a year.).

3. Buy companies who have demonstrated strong pricing power. You know, the ones that make things that we can't do without. Groceries, medicines, razor blades, toilet paper, etc.

4. Don't be afraid to look at foreign Bonds from developed and even, developing countries. These usually pay higher coupons and are frequently denominated in a foreign currency...i.e.; not in U.S. dollars.

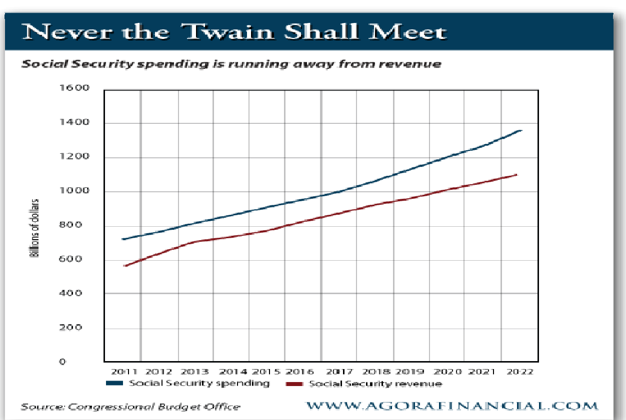
5. Inflation-indexed bonds. For instance, Treasury Inflation Protected Securities (TIPS) keep pace with inflation.

6. Look for companies that get the majority of their sales & profits overseas. Many companies in the S&P 500 fall into this category. When they repatriate their earnings, those Rubles, Yen, Yuan, Reels, etc. they will buy more U.S. dollars when converted which leads to a robust bottom line.

SOCIAL SECURITY

This next piece should give everyone pause, as we take a look at the deficit we keep running with social security. All those payments we send into the government, and which are supposed to be placed in a *trust fund,* are in fact being used to fund other government expenditures.

As the chart below shows, we are significantly outpacing benefit revenue with benefit spending…and the gap only gets wider the further out we go.



Although no one truly believes that benefits will be cut for existing recipients, the reality is that there will probably less generous cost of living increases going forward, as well as some fundamental changes for future beneficiaries.

This leads to the next piece of this puzzle. Who is going to be supporting the social security system in the future? Our kids of course. So, what's happening with many of our kids who are today in their 20's and 30's?

Well, according to a new report out by CNNMoney, 85% of the college grads from last May have gone back home to live with mom and dad. That's up from….**67%** recorded in 2006.

O.K., so we have a problem with the number of kids who got out of college with degrees, expecting to find work. This only gets worse. The unemployment rate for people between the ages of 20 to 24 stands at about 14%. The '**underemployment'** rate is (are you sitting down?) **46%.**

Taking this train of thought to its next logical point, what is happening to these graduates who are laden with student debt to pay, and with no job with which to pay it?

Total student loan debt in the United States is sitting at a mind blowing, staggering $1 trillion as of this year. According to the Federal Reserve, 27% of all that outstanding debt load is now 30 days or more past due. That's $270 billion of student loans that are no longer current. (This doesn't count those who are still in school, or who have arranged postponed payments due to financial hardship). This chart tells the story.

The Cost of Living...

... in your parents' basement: Ten states with the highest average student debt

New Hampshire	$31,048
Maine	$29,983
Iowa	$29,598
Minnesota	$29,058
Pennsylvania	$28,599
Vermont	$28,391
Ohio	$27,713
Indiana	$27,001
Rhode Island	$26,340
New York	$26,271

Source: Project on Student Debt

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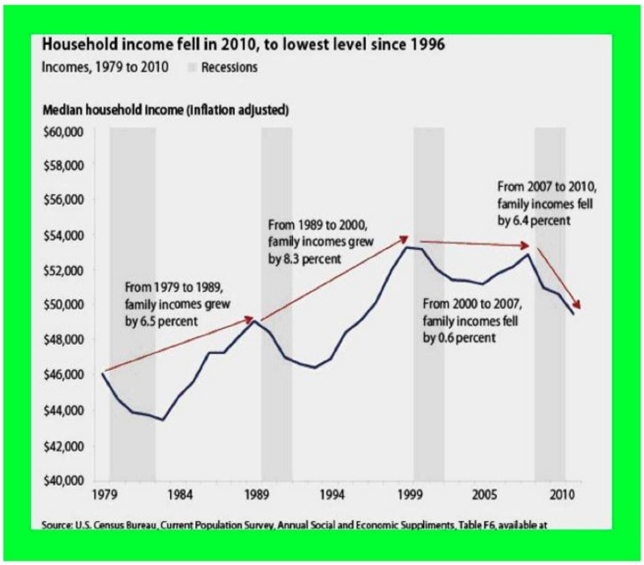
Among men with a degree, age 23-29, their average inflation adjusted wage fell 11% over the past ten years. For women the same age, their drop has been 7.6%...but don't forget these same women are still making less than a man doing the same work.

So, using the next logical progression, young people making less money will pay less into social security. Ergo, the gap indicated in the first chart can only get wider and wider. Next, putting the cherry on the cake, we have this last illustration:



Finally, the last thought that has me troubled is, these same young adults, saddled with debt fresh out of college that they cannot afford to pay off and making lower wages than a decade ago, will have difficulty setting up households, starting families, saving a 20% deposit and buying their first house.

THIS IS NOT A PRETTY PICTURE FOR THEM. THIS IS NOT A PRETTY PICTURE FOR SOCIAL SECURITY!

MISCELLANY ☺

☺ If you're looking for a summer rental, there are 4 terrific sites to help with your search.

www.HomeAway.com
www.FlipKey.com
www.Airbnb.com
www.VRBO.com

A particularly good site for U.K. rentals can be found at www.WyndhamRentals.com

☺ I'm sure, at sometime during every week, you're tired of waiting to speak with a customer service rep on the phone. If you have a cell phone and can be bothered sending a text message, you can get someone to call you back within minutes by sending a text message with the company's name to (936)225-5757.

If you have a smart phone, you can download FastCustomer's app which will give you access to more than 3000 companies.

☺ Seeking important information on how to understand your lab test results can be found at, http://LabTestsOnline.org/understanding

☺ You can retrieve a guide to medications and treatments from the American Chronic Pain Association at www.theacpa.org

☺ For you trivia buffs, find out what happened in any given year since 1900 at www.infoplease.com/yearbyyear.html

☺ Finally for this month, you can sign up for alerts about weather, natural disasters, power outages and other emergencies by going to www.EmergencyEmail.org

If you would like free information on any of these subjects discussed in this month's newsletter, please complete the enclosed reply coupon or call my office for a free consultation.

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LUNCH & LEARN

WORKSHOP # 3

"Drawing Down Assets" (Rules of the Road)

-Understanding your **true** income needs.
-Which assets do you spend first?
-Mismanaging Retirement Assets.
-Creating *bullet-proof* income.

Place & Time

3 Werner Way, 3rd Floor, Lebanon, NJ

Friday April 6th from 12-1pm

Call 24/7 to reserve at 908-693-7194

WORKSHOP # 4

" 4 Mistakes You Cannot Afford To Make "

1) Failure to understand investment fees.
2) Lack of investment diversification.
4) Chasing 'hot' mutual fund returns
5) Missing and/or incorrect legal documents.

Place & Time

3 Werner Way, 3rd Floor, Lebanon, NJ

Thursday April 5th from 12-1pm

Call 24/7 to reserve at 908-693-7194