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# Financial focus

ADDRESSING THE NEEDS OF INDIVIDUAL INVESTORS AND PLANTING THE SEEDS TO “PLAN WELL.....LIVE WELL!” AND TO SECURE YOUR FUTURE.

*“How am I doing? Is my cash flow better than last year? As you review your portfolio remember your allocation guidelines and pare back on those assets and classes that have become over-weighted...”*



## Retirement myths

Stop worrying. If you plan, you won't have to work forever. The 401k system doesn't work, your nest egg will never recover from the last meltdown, and Social Security will soon disappear. It seems that the only news we hear is bad. But the conventional wisdom isn't always right. Here are five pernicious retirement fallacies: **MYTH:** You need a traditional pension to retire worry-free. Your grandfather received a generous pension check each month until he died. You on the other hand, must save on your own in a 401k plan that shrank like a cheap sweater when the market swooned. **REALITY:** A pension is a reliable source of income, but you can manage without one.

**MYTH:** You're not saving enough. Economists at Boston College sounded a series of alarms last October when they declared that 51% of Americans might not be able to maintain their standard of living in retirement. **REALITY:** Many of us are saving plenty. Other think tank economists are much more optimistic, but their research usually doesn't make headlines. They conclude that about 8 in 10 of us will have enough money to retire worry-free. Why the discrepancies?

Mainly due to different assumptions about how much money you'll

need to live on in retirement. If you figure you will need to replace half of your income rather than 70 to 80%, many more Americans appear to be able to retire comfortably. **MYTH:** You're making a mess of your 401k investments. A 2009 survey of 3 million participants in about 2200 defined contributions plans by Vanguard showed nearly 3 in 10 investors held "extreme" asset-allocation positions: Either no stocks or were 100% invested in them. **REALITY:** Those surveyed don't take into account individual circumstances. It's possible that a married couple coordinate their 401k plans by choosing the best of the stock fund offerings in the husband's account and the best bond offerings in the wife's account. The studies often provide an incomplete picture of our assets.

**MYTH:** The market will crash when the baby boomers retire. That's because they will have to sell stock holdings en masse to raise cash to retire on. **REALITY:** Demographics alone don't drive the stock market. The Congressional Budget Office dismissed this nightmarish myth last September. It found no reason to think that baby boomers would retire and quickly sell the financial assets that they had accumulated. Continued ....

## MARKET WATCH



Whew! The recent turmoil has been upsetting to many. We, on the other hand, have our ducks in order and our cash flow working. Of course, many of you are still building your portfolio and not reaping the benefits of your plan. Stay focused, do not sell in a down market as it is very difficult to recover. Now that the tax season is over, review where you are. Do you need to rebalance? Is your 401k or IRA out of sync? If you need to review, add to your portfolio or have had changes in your life since last year, don't hesitate to call. Take an active role in your planning to ensure that you "Plan well.....Live Well!"



Bandit

**“Quick Start” Details:**

Fill out the Confidential Questionnaire from our website and either fax or email prior to our meeting. I will review your information, and concerns you want to address prior to your arrival. This way, we will be ready to get to work immediately, as soon as you arrive. A “Quick Start” working session is exactly that, you and I get right down to business and arrive at a workable solution to your financial concern. The cost is based on time, usually about 2-3 hours, this includes the time we are working together, as well as one hour preparation work and a written summary of any recommendations Fee: \$500.

# Getting the most from your plan!

*Times change, your family dynamics change  
does your financial plan need to change?*

The U.S. Survey of Consumer Finances shows that household wealth declines only gradually as people enter their retirement years.

**MYTH:**

You’ll go broke if you retire into a bear market. The media repeat this warning frequently, since bear markets, defined as a drop of 20% in the S&P stock index, have occurred about every 3 years over the last 80 years.

**REALITY:** You will survive

because your portfolio can recover. After the 2008 downturn, the investment advisory firm Financial Engines explored whether investors who suffered large losses in their 401ks would have to work 5 to 10 years longer than they had hoped. The firm

found that even people who were within 5 years of their planned retirement dates could recover by modestly increasing their savings and slightly delaying retirement. Many can repair the damage by improving diversification.

**Quick Start Topics:**

Evaluation of your 401(k)

Asset Allocation Review

Retirement Cash Flow

Mutual Funds & Investing basics

Review your goals and risk

tolerance profile.

## SMARTER INVESTING: THE NEW NORMAL



The “New Normal” may be the repeated volatility we are experiencing. You have a plan, do not deviate. Certainly you take stock at least once or twice a year, review your personal performance, and tweak your holdings when necessary. Cash is king, so keep some powder dry (emergency fund) and continue to focus on your plan and you will succeed!



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