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FINANCIAL DIRECTIONS

SETTING YOUR COURSE FOR FINANCIAL SECURITY

WHAT TYPE OF INVESTOR ARE YOU?

Do you understand your tolerance for risk? Perhaps you haven't given much thought to these questions. But when it comes to your retirement savings, you should know how much risk you are willing to take in exchange for the potential of greater returns.

Should you be invested in growth stocks or income stocks? Perhaps you should consider fixed-income investments. I can help you develop a realistic strategy built around your needs and expectations — a strategy that's aligned with your risk tolerance and time horizon. I look forward to meeting with you. It's your retirement to enjoy — if you plan for it.

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6 STEPS TO HELP BUILD YOUR FINANCIAL SECURITY

A financially secure retirement doesn't just happen. It takes planning and commitment and, most importantly, money — retirement is expensive. Yet, according to the U.S. Department of Labor, despite the fact that the average American will spend 20 years or more in retirement, fewer than half of Americans have calculated how much they need to save for their later years.[1]

It doesn't have to be this way — here are six steps to help build your financial security.

1. **Work backward** — Figure out when you'd like your retirement to begin. Do you plan to retire at age 50, 65, 75? Now you have an idea of how long your savings need to last.
2. **Figure out how much money you'll need** — What do you want your retirement to look like? Make sure you and your spouse or partner share a common vision. Then you can begin to estimate what your living expenses will be. Try breaking it down into monthly targets which are more manageable.
3. **Determine your earning potential** — Determine what you'll be able to earn during the remainder of your working years. This can help you adjust your plan accordingly and manage current expenses.

[1] *http://www.dol.gov/ebsa/Publications/10_ways_to_prepare.html*

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QUESTIONS

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ANSWERS

WHAT IS RETURN ON INVESTMENT (ROI)?

Return on investment measures the gain or loss generated on an investment relative to the amount of money invested. ROI is usually expressed as a percentage.[1] A company may use the calculation to compare the ROI on different potential investments, while an investor could use it to calculate a return on a stock.

The return on investment formula is:
ROI = (Net Profit/Cost of Investment) x 100

How it works: For example, an investor buys $1,000 worth of stocks and sells the shares two years later for $1,200. The net profit from the investment would be $200 and the ROI would be calculated as follows:

ROI = (200/1,000) x 100 = 20 percent

It's important to note that the basic ROI calculation does not take time into consideration. It's more desirable to get a 20 percent return over one year than it is over two years.

[1] *http://www.investinganswers.com/financial-dictionary/technical-analysis/return-investment-roi-1100*

STAY ON COURSE THROUGH THE EXPECTED AND THE UNEXPECTED

One thing is constant in life: change. And although it's impossible to predict every turn of events in life, with advance planning and an advisor you trust such as me, you can stay on course through both the predictable and the unexpected.

When you experience a major event, such as marriage, divorce, the birth or adoption of a child, etc., you may need to adjust your savings and investment strategy. Consider these examples:

- **Marriage —** As you determine important financial goals together as a couple, such as buying a house or starting a family, you'll need to find an investment strategy you can each agree upon — a middle ground. I can help you think through budgeting, setting financial goals and determining who will pay for what.
- **Birth of a child —** Now you have a little one to protect — make sure you have adequate life insurance. Think about funding future needs such as a college education. I can help you navigate 529 plan options — the earlier you begin to contribute, the better off you'll be.
- **Getting divorced —** Breaking up typically has a dramatic impact on your financial situation. You'll need to update your savings and investment strategy and your will. Post-divorce planning may also involve re-establishing credit, rethinking your budget and retirement plans, and changing the beneficiary of your accounts so that your savings won't revert to your ex-spouse.

I CAN HELP YOU PREPARE

When life changes, your financial situation does, too. I can help you prepare financially for major milestones — from beginning a new career to leaving a legacy for your grandchildren. At every stage of your life, I can work with you to evaluate your current financial needs and your future goals. With sound planning you can stay on course during the unexpected and the predictable.

SAVING AND INVESTING — KNOW THE DIFFERENCE

Many people use the terms interchangeably and although they are related, they are very different from one another. Both saving and investing, however, are crucial to help ensure you reach your financial goals in the short, medium and long term. What's the difference between them? Two key words: risk and liquidity.

SAVING: LOW RISK, HIGH LIQUIDITY

Saving is the process of setting cash aside and parking it in low-risk, cash or near-cash securities that allow you access to your money at any time. Examples include FDIC-insured checking accounts, savings accounts, short-term certificates of deposit and United States Treasury Bills. Saving, by definition, involves the protection and preservation of money from loss. What's the trade-off? A low(er) rate of return.

INVESTING: HIGHER RISK, LOWER LIQUIDITY

The focus of investing is an increase in your net worth. Investing offers the opportunity for greater return. However, risk and reward travel side by side. Along with the opportunity for greater return comes the trade-off: increased risk and decreased liquidity. In general, the higher the return, the greater the risk.

You have a host of investment choices, including:

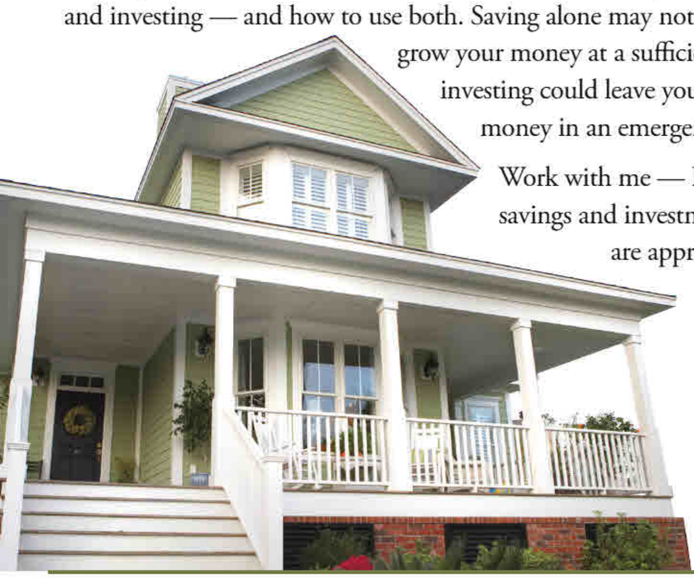
- **Individual securities —** Stocks and bonds
- **Pooled investment products —** Mutual funds and exchange-traded funds (ETFs)
- **Real estate**
- **Taxable or tax-deferred accounts —** 529 college savings plans, 401(k)s or IRAs
- **Nontraditional investments —** Such as precious metals

SAVING *AND* INVESTING

Getting the most from your money means understanding the difference between saving and investing — and how to use both. Saving alone may not provide the opportunity to grow your money at a sufficient rate. Yet, relying solely on investing could leave you without easy access to enough money in an emergency.

Work with me — I can help you find a mix of savings and investment options that you feel are appropriate for your goals, time horizon and risk profile.

Please note that all investing is subject to risk, including the possible loss of the money you invest.



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INFLATION: THE NOT-SO-OBVIOUS INVESTMENT RISK

There are several different types of investment risks, some more obvious than others. One risk that people often don't think about is the risk that their invested money won't grow enough to keep pace with inflation — the general increase in the cost of goods and services over time. The more goods and services cost, the less your money buys.

Although you can't control the rising cost of what you buy, you can help protect yourself against inflation by investing in assets that have the potential to grow faster than the inflation rate. When considering a long-term investment, it's important to take inflation into account.

Consider this: An item that costs $100 today would cost $134.39 in 10 years given a 3 percent inflation rate. To look at this another way, $100 that you have today would be worth only $64.19 in 15 years given a 3 percent inflation rate. Inflation over time erodes the value of money.[1]

Although the threat of inflation has been somewhat reduced since the economic downturn of 2008, some analysts expect inflation to play a bigger role as the economy continues to grow. If you're concerned about inflation, let's get together. I can help you find investment options that have the potential to grow faster than the inflation rate. Call me today.

[1] *http://www.buyupside.com/calculators/inflationjan08.htm*