



WISDOM
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Words of Wisdom

How Do You Buy Low And Sell High

Most investors know that the goal to buy low and sell high is one of the golden rules of investing, but to achieve it is one of the most challenging and elusive aspects of investing. The financial services industry, brokers, mutual fund companies and the news media spend a great deal of time creating an appearance that they know how to forecast. They try to tell us with ads, magazines, products or other types of recommendations or strategies that they actually know when the right time is to do something. Often our emotions pull us to do the exact wrong thing at the wrong time, even though it feels right when we do it.

Our last event at Lavender Crest was attended by 145 clients and guests. The topic was **REBALANCING**. It was designed to show how our portfolios are structured to accomplish this most challenging golden rule of investing to buy low and sell high. Rebalancing is not market timing.

After a portfolio is constructed with appropriate asset allocation that meets a client's risk tolerance, consistent and disciplined rebalancing is the process that assures our clients that their allocations remain consistent with their risk tolerance while capturing market returns. In other words, an automatic system that buys low and sells high.

This newsletter is an effort on our part to provide you with another source of educational information about how to accomplish financial peace of mind. We all know knowledge is power. It is important to know you do not have to know everything to be a successful investor; you just need to know the right things!

If you are a client, give us a call to schedule a time to review your 20 Must Answer Questions, if you have not done so in a while. If you are not yet a client, schedule a time for us to have a risk assessment discussion regarding your portfolio and help you inventory your answers to the 20 Must Answer Questions to achieve your financial peace of mind.

All the coaches at Wisdom recently made a trip to Cincinnati to update our film, Navigating the Fog of Investing. As soon as the film is completed, which we expect within a few weeks, we will schedule opportunities for our clients and their family, friends and guests to see the movie to help add to their knowledge about prudent investing.

All the best,
Dennis Duffy



James Nash, Dennis Duffy, John Bean, Greg Heaton, Robert Nash, Curtis Ford

WISDOM FINANCIAL SERVICES, L.L.C.



**“Before you speak, listen. Before you write, think.
Before you spend, earn. Before you invest, investigate.
Before you criticize, wait. Before you pray, forgive.
Before you quit, try. Before you retire, save.
Before you die, give”. - William A. Ward.**

YOU DON'T NEED TO WAIT UNTIL RETIREMENT

A commonly shared misconception about 401(k) plans is that the participant must sever from their employer before they can move money from their 401(k) plan to a more flexible IRA.

The good news is that approximately 70 percent of

401(k) plan documents allow for in-service transfers to IRAs. Because there is no requirement for a 401(k) plan to allow for in-service transfers, you will need to check with your plan administrator to find out if in-service transfers are allowed.

5 REASONS TO ROLL A 401(k) TO AN IRA

Why would a 401(k) participant want to move his money out of a 401(k) and roll it into an IRA? Here are some thoughts on the issue:

1. Most 401(k) s and other company plans have limited investment options.
2. Plan guidelines can restrict the owner's access to his money.
3. Direct rollovers avoid the 20 percent mandatory withholding.
4. 401(k) s have limited distribution flexibility for the children and grandchildren who are likely to inherit when both the owner and spouse are gone.
5. Most 401(k) plans do not allow the Roth IRA conversion.

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The recent turbulence on Wall Street has many 401(k) owners frustrated while looking for safety and competitive interest rates. They are also looking more closely at the fees and loads they are paying while their money is at risk.

Call us today to schedule a coaching session to answer questions about your 401(k) and discover why you may want to consider an in-service IRA rollover.

1. How much risk are you taking in your portfolio?
2. How truly diversified is your current account?
3. What could you expect from a best-case scenario based on your current holdings?
4. What could you expect from a worst-case scenario?
5. Where does your mix of assets fit on Harry Markowitz's Efficient Frontier?
6. What are your hidden costs?
7. Are you buying the same stocks in multiple funds?

We are excited to announce that Wisdom is literally everywhere!

Visit our website at www.wisdomfinancial.net. Save the site as a bookmark on your computer. This site provides access to our video blogs and educational content.

Do not miss out on our E-blasts! Subscribe and receive links to our current video blogs and other educational information. It is easy to subscribe-just send an email to info@wisdomfinancial.net.

To ensure you receive all E-blasts we send you, add our email address info@wisdomfinancial.net to your address book or trusted senders list.

Follow us on Facebook! We have a fan page at www.facebook.com/WisdomFinancial. We frequently post videos, events, pictures, news and articles. We want our clients to become fans and spread the word to others they know!



SURVEY RESULTS

Americans Still Neglecting Retirement and Lament Financial Trouble

Even one of the greatest financial downfalls in U.S. History has not been enough to get people to take retirement planning more seriously, according to a new survey.

The report by the Society of Actuaries (SOA) found that a 2009 survey of pre-retirees and retirees mirrored the results of a similar undertaking in 2007, before the collapse of the financial markets. Namely, that Americans are neglecting their financial planning and are ill-prepared for their retirement years.

The study found, for example, that inflation and health care costs are the top two concerns of pre-retirees and retirees, but neither group is aggressively addressing those concerns through proper financial planning. Twenty-six percent of pre-retirees, for example, do not have plans to calculate how inflation may impact their income in retirement. Nearly half of retirees surveyed, 49% of pre-retirees expressed concern about having enough money to pay for adequate health care.

The report also found little change in the number of people planning to work as long as possible to afford retirement. Among the other findings:

- Slightly more than half of pre-retirees said they've already saved as much as they can.
- Less than one quarter of pre-retirees do not plan on completely paying off their mortgage.
- Twenty-eight percent of pre-retirees plan to retire from their primary occupation at age 65.
- About 20% of retirees plan to move to a smaller home or less expensive area.
- Eight percent of retirees said they plan to buy long-term care insurance, compared to 9% in 2007.

Individuals are clearly concerned about their retirement and the associated risks, but many are still not taking the necessary actions and planning to address these issues.

Another survey said that only two out of five respondents said they expect to have enough money to retire.

- While 18% expect retirement will be “an easy touchdown — I should make it comfortably,”
- 17% said they anticipate being “sacked — I think I’m going to come up short,” and
- 19% believe they will need a “Hail Mary — it’s going to take a miracle.”
- The remaining 22% characterized their retirement prospects as “a coin flip, probably 50-50.”
- When asked how they would have done things differently, 86% said they would have tried to save more.
- Specifically, 28% said they would have dined out less, while 19% would have brought their lunch to work more often.

Respondents over 65 in households with higher income and in households without children feel more positively about their retirement and their savings. Those in middle age with lower income and children reported the most negative outlook regarding retirement.

Finally, the Social Security Administration conducted a survey to try to answer the question, “How many people will be financially independent during retirement?”

Their results are disturbing. 48.7% of those over age 65 expect their total income to be less than \$20,000 per year! 28% expect their total income to be between \$20 - 40,000 per year. This means that 75% think their income will be less than \$40,000 a year!

Only 8.6% of survey respondents will have an income that exceeds \$75,000 per year.

Wouldn't now be the perfect time to meet with us to review and discuss your retirement objectives? The financial “peace of mind” we want our clients to achieve comes from setting reasonable expectations and achieving their goals.

Attend our next client workshop or call us to schedule a private consultation to discuss your situation.



P.O. Box 237
Geneseo, IL 61254

MAKE YOUR RESERVATIONS TODAY AT 800-959-8485

We encourage you to invite your family & friends.



**CLIENT APPRECIATION
EVENT**

**SATURDAY • JUNE 12, 2010
6:00 P.M.**

**Golden Leaf Banquet Center
Davenport, Iowa**

GUEST SPEAKER

DR. ALAN R. ZIMMERMAN

The Payoff Principal

*How Smart People Win Every Time
In Any Situation. . . And So Can You!*

MUST SEE PRESENTATION

**THURSDAY • AUGUST 19, 2010
6:00 P.M.**

**JUMERS CASINO & HOTEL
Rock Island, Illinois**

GUEST SPEAKER

MARK MATSON

Founder & CEO of Matson Money

