

A Guide To Your Retirement Planning - Volume III - Number 3

Welcome to Your Retirement, our monthly web-newsletter with information that can help you with your retirement planning efforts. We provide straight-forward, easy to understand, unbiased and candid information. Feel free to use this information and to also pass it along to your friends and associates. You will find previous issues of our newsletter on our website. If you are interested in additional information that can help you, be sure to check out our web site; retirementplanningconsultants.com or contact Robert R. Julian, at rrj1@cornell.edu

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What You Should Know: How Will Inflation Impact Your Retirement

As your parents or grandparents told you --- during World War II, you could buy a loaf of bread for 10 to 15 cents, a new car for less than \$1,000, and an average house for around \$5,000. In the 21st century, bread, cars, houses, and just about everything else costs more --- a lot more. Inflation has averaged about 4% over the last 70 years.

The value of \$100,000 over time with 4% annual inflation	
Year	Value
0	\$100,000
5	\$82,000
10	\$67,000
15	\$55,000
20	\$45,000
25	\$37,000
30	\$30,000

Inflation is the increase in the cost of living, expressed as a percentage increase over the previous year's prices. This sounds harmless enough and happens slowly enough so that we usually can't perceive it happening.

However, inflation is probably the single biggest threat to meeting your retirement needs.

Even very small changes in the inflation rate can make a significant difference in the amount of money you will need to pay for your living expenses in retirement.

A little inflation is normal. In recent years, the annual inflation rate has been in the 2-4% range. But even these small percentages (much less than the 10 -12 - 14% that we experienced in the late 1970s and early 1980s) can change prices dramatically over the years because prices grow like a compounding investment.

Inflation is also critically important when you consider the trade offs you must make when you invest. As we all know, high risk investments pay potentially higher returns. But if

you place your funds into “safe” investments that pay low returns, you then run the risk of earning less than the rate of inflation. If you don’t consider inflation, you could find yourself with an income that looked good when you did your planning, but may provide insufficient funds when you retire.

Inflation is a gradual decrease in the value of your dollars and this will increase the dollars it takes to live on. The value of \$100,000 will decrease by almost 50% (\$55,000) in only 15 years.

How does --- should inflation affect your retirement --- financial planning. What can you do about it?

“Inflation is as violent as a mugger, as frightening as an armed robber and as deadly as a hit man.” Ronald Reagan, 1911 – 2004, 40th U.S President

Our Brand New 2006 Workshop: Saving – Investing For Retirement --- A Simple Approach: You Can Do It

We feel its time for a brand-new approach and the first criteria that we considered when we began to put it together was to demystify - simplify the process.

Investing does not have to be complicated. You don’t have to be an investing genius or a mutual fund picking wizard. You don’t have to select from 14,000 mutual funds that are available. For many of us, index investing can simplify the process. Utilizing index funds to build a retirement nest egg has been endorsed by some of our greatest investors and academics --- Warren Buffett, Benjamin Graham, Professor Burton Malkiel.

Do you know that the research shows that index funds regularly produce higher returns for investors than do actively managed funds --- 80% of actively managed funds fail to beat their index. The research concludes that, long-term, few professional money managers outperform a passive index - and those who do so in one period regularly fail to repeat it in another period.

Many investors are a bit wary of the concept of investing in the entire stock market as represented by unmanaged index mutual funds. But, some of the most sophisticated investors in the U.S., the administrators of institutional pension funds, invest billions of dollars in index funds. They are the people who have the responsibility to do the right thing for many thousands of employees who are counting on their pension fund when they retire.

There are a number of approaches you can take. In our workshop we will look at and discuss 10 simple, lazy-low-maintenance portfolios. What is the aim of this approach? It is to produce a portfolio of low-cost mutual funds investing in asset classes that are likely to outperform the S&P 500 Index and many, if not most actively managed mutual funds. You can take a look at our Simple Portfolio #1 on page 3 of this newsletter.

Talk to the people in your benefits – compensation – HR office about this workshop and how it can help you and your fellow employees. Ask them to get in touch with us so that we can bring this informative program to your work place. We think you, the average investor, can gain a great deal from participating in this workshop.

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Getting To The Nitty Gritty: Older Workers Going Back To Work --- Why And How

A number of recent reports have looked at how and why a substantial segment of older Americans return to the work force after retiring.

According to one survey conducted for Putnam Investments by Brightwork Partners, a research firm that screened more than 17,200 workers, about 10% of workers 40 and older are retirees who've returned to the work force. Of those former retirees, about 68% returned to work because they wanted to, while 32% felt they had to because they needed money or health insurance. Some 7 million Americans have recently retired only to return to the work force.

A second study conducted by the Families and Work Institute and Boston's College Center on Aging & Work, finds older workers who are self-employed - particularly those who not only work for themselves but also employ others - are likelier to be happier with their work situation than those who work for someone else. While job satisfaction was about equal for all three types of workers studied - wage-and-salary workers, self-employed and small-business owners - the small-business owners were less likely to want to switch jobs.

The Putnam survey looked at why retirees decided to return to work and found that those who were forced to, due to tight finances or lack of health insurance, tended to be less happy. Those who returned to work because they wanted to were more satisfied with retirement overall, with 56% of those who chose to go back to work very satisfied with their retirement and just 16% of those forced to return being very satisfied.

An AARP Study found that 61% needed the money, 54% have a desire to stay mentally active, 52% need the health benefits, 49% a desire to stay physically active, 47% a desire to remain productive or useful, 37% a desire to do something fun or enjoyable, 29% a desire to help other people, 24% a desire to be around other people, 17% a desire to learn new things and 14% a desire to pursue a dream.

What are older workers looking for? They don't want stress and they don't want anything physically demanding. They also want to find meaning in their work. They want health-care benefits. They don't want to get penalized by various rules and regulations for working. And they want what researchers describe as a phased or partial retirement.

Obviously, older workers go back to work for a number of reasons. Whatever they are, Ellen Galinsky, president of the Families and Work Institute, a New York-based nonprofit research group that studies workplace and family issues, states, "We have to pay attention to how we're going to support an older generation ... if you retire in your 50s and 60s, you're going to live for 20, 30 more years."

“The true way to render ourselves happy is to love our work and find in it our pleasure.” Frank Lloyd Wright, 1867 – 1959, one of the most prominent and influential architects of the first half of the 20th century.

Our Brand New 2006 Workshop: Saving Investing For Retirement --- A Simple Approach --- Simple Portfolio #1.

Many investors are moving toward a simple easy, lazy-low maintenance approach to investing? Why? Because it works.

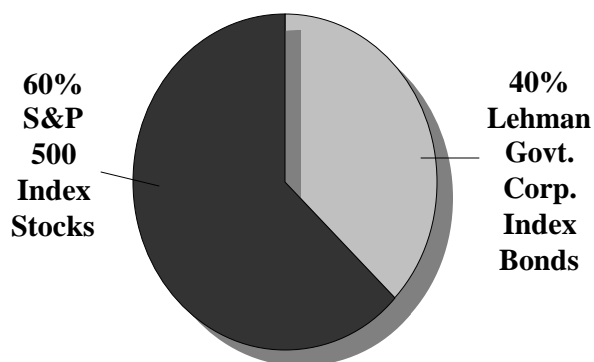
More than 100 years of academic research has concluded that index funds are an investor's best investment.

Fees are much lower for index funds --- .20% vs 1.50% for actively managed funds. No loads --- some funds will charge 5% or more when you invest --- \$1,000 invested will be worth \$950 or less at the end of the first day of your investment..

In our workshop we will look at and discuss 10 simple, lazy-low-maintenance portfolios. What is the aim of this approach? It is to produce a portfolio of low-cost mutual funds investing in asset classes that are likely to outperform the S&P 500 Index and many, if not most actively managed mutual funds.

Simple Portfolio #1

Portfolio #1 is the standard pension fund portfolio. In it, you will see that 60% of the investments are in the S&P 500 Index and 40% in the Lehman Government - Corporate Bond index. You will see that over a period from January 1973 - December 2004, it had an annualized return of 10.5%. How does this compare to the returns you are now receiving?



Annualized Return From January 1973 – December 2004
Portfolio 1 - 10.5%
\$100,000 grew to \$2,226,637

Talk to the people in your benefits compensation HR office about this workshop and how it can help you and your fellow employees. Ask them to get in touch with us so that we can bring this informative program to your work place. We think you, the average investor, can gain a great deal from participating in this workshop.

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“The financial services industry has a dark secret, one that costs global investors about \$2.5 trillion per year. ... The dark secret is that managers don't beat markets. The fact is that markets outperform managers by a substantial margin over long periods of time.”

Mark Hebner, *Index Funds: The Twelve Step Program for Active Investors*

This Month's Question: Why Can't We Buy Low And Sell High

It's the golden rule of investing --- "Buy low, sell high." Unfortunately, for too many of us investors, we haven't been able to master that behavior. The research indicates that investors tend to follow recent performance and buy into mutual funds when they are at their peak.

We tend to trade in and out of funds at the worst possible time as we chase performance. During a 12 year period, the average stock mutual fund posted a yearly return of 12.3% (versus 15.4% for the S&P), yet the average investor in a stock mutual fund earned 6.3%. That means that over the 12 year period, the average mutual fund investor would have made nearly twice as much money by simply buying and holding the average mutual fund, and nearly three times as much by buying and holding an S&P 500 Index fund. Factoring in taxes would make the differences even more dramatic. Burton Malkiel, Professor of Economics at Princeton University, in his book, *Random Walk Guide To Investing*, states that perhaps we should "just pick the (mutual fund) managers who have demonstrated superior performance." However, he says, "The problem is that there is no persistence to good performance." He adds that just because a manager beats an index in one period, there is absolutely no guarantee that the performance will be repeated in the next.

Malkiel examined the lack of persistency in fund returns over periods of the 1960s through the early 2000s. "The top funds of the sixties had dismal performances in the seventies, and most of them went out of business. The top funds from the seventies (those that actually did beat the market) badly performed the market in the eighties. And the top funds of the eighties underperformed in the nineties."

What did Malkiel find when he looked at the funds from 2000 - 2002? "Yesterday's geniuses turned into today's disaster. Those top funds' performance declined twice as much as the market as a whole, producing losses for investors."

“When an investor says ‘I own last year’s best performing fund’ he usually forgets to add ‘unfortunately, I bought it this year.’” Jonathan Clements, Wall Street Journal Columnist

A Retirement Diary: How Much Money Will You Need In Retirement

Whenever I asked Mom about her retirement, her first response was always, "Bob, I'm going to run out of dollars before I run out of days." I thought of Mom as I was looking at a report --- The Consumer Expenditure Survey --- provided by the U.S. Census Bureau. The Bureau collects household income and spending each year and they publish the national averages. As you can see from the chart, the information is broken down into many categories, including by age.

Avg. Household	45-54	55-64	65-74	75 and Over
Income before taxes	\$64,974	\$53,162	\$35,118	\$23,890
Annual expenditures	48,748	44,330	32,243	23,759
Food at home	3,528	3,114	2,877	2,195
Food away from home	2,700	2,445	1,602	1,107
Housing	15,476	13,831	10,052	8,257
Apparel and services	2,029	1,791	1,252	674
Transportation	9,173	8,449	5,731	3,178
Health care	2,550	3,007	3,588	3,584
Entertainment	2,565	2,297	1,371	896
Insurance and pensions	5,323	4,838	1,853	696
Personal taxes	4,051	2,856	1,556	479

Let's take a look at some of the highlights.

Income before taxes: What is interesting here is that the average household led by someone 75 or older lives on \$23,890 a year. Why? Is it because they don't have any additional income? Have they used up most of their savings? Inability to find part-time work? Do they intend to leave a nest egg for the children?

Annual expenditures: You will notice that the 65 - 74 and 75 and over group spend just about all of their income. Food: The 45 - 54 group has 2.7 people while the 75 and over household has 1.5 and that is the biggest reason for the decline in food expenditures.

Housing: According to the survey, average annual mortgage costs dropped from \$4,061 for the 45 - 54 group to \$408 for the 75 and older group. The older group has pretty much paid off the mortgage.

Apparel and services: Fewer people in a household means, fewer people to clothe and in a good number of cases, older Americans no longer need a "working" wardrobe.

Transportation: More mature Americans don't drive as much --- no work commute --- and they don't replace vehicles as much as the younger groups.

Health care: No big surprise here --- health care expenses increase as we get older. As my Dad told me more than once --- "Every day a different part of my body hurts or it needs some repair." That's why the 75 and older crowd spends 41% more than the average 45 - 54 household.

Robert Brokamp, writing for The Motley Fool, asks the question -- --What does this mean for you? Brokamp feels that "these spending patterns will affect your investments. Since consumers drive more than two-thirds of the economy, I wonder what will happen as older folks --- who don't, or can't spend as much --- make up a greater proportion of the population." He asks what will happen to the revenues of stores like Kohl's and Sears. "Since the only category that rises as people age is medical expenses, should everyone just invest in Merck and Pfizer."

How will your numbers compare to those in this survey? What and how will you be spending your dollars in your retirement? Will your spending mirror the age categories? How much change do you expect? Brokamp states, "Knowing exactly how much you will spend and comparing it to the income you expect will answer the question of whether you're able to retire."

"You cannot keep out of trouble by spending more than you earn."

Abraham Lincoln, 1809 - 1865, 16th President of the U.S.

What's Ahead: Fidelity Magellan Takes On A New Look --- And New Stocks In Its Portfolio

Since so many investors own the Fidelity Magellan fund, a good number of them (those who haven't jumped ship) will be taking a good look at how Harry Lange, the new fund manager, performs. Kathie O'Donnell, a columnist for CBS MarketWatch.com reported in January that Fidelity Magellan looks a lot different now that Lange is the manager. O'Donnell reports on the top 10 holdings in the fund and they look quite different than they did in 2005.

Nokia Corporation now claims the #1 spot from General Electric (now #5). Rounding out the top ten are UnitedHealth Group, Schlumberger Ltd., Google Inc., Genentech Inc., Symantec Corp., Yahoo Japan Corp., Nomura Holdings Inc., and Mitsubishi.

Nine stocks were bumped from Magellan's top 10: Microsoft Corp., Exxon Mobil Corp., American International Group, Home Depot Inc., Citigroup Inc., Johnson & Johnson, Intel Corp., Lowe's Companies Inc. and Pfizer Inc.

Lange replaced Robert Stansky as the manager of the fund that made Peter Lynch famous. In the early days, Lynch --- some feel he is the greatest stock picker ever --- led Magellan and their returns enabled it, for many years, to be the largest (in terms of total assets) and most popular fund with investors. However, since he left the fund in 1990, the returns have been lackluster. In 1999, Magellan had \$105.9 billion in assets. As of December 31, 2005, Fidelity Magellan was the fifth largest fund with \$51 billion in assets --- a loss of over 50%.

The replacement of Stansky followed continued criticism of the fund's investment performance.

Jim Lowell, editor of Fidelity Investor, an independent newsletter upgraded Magellan after Fidelity announced the change, "Right away I moved from my sell [rating] to a buy because I knew that Magellan under Lange was going to be returned first of all to a growth-fund trajectory by virtue of Lange's focus on technology and that it would be a significantly more globally oriented portfolio."

If you own Magellan, is this a sign that Magellan will gain new investors and assets? Should you buy more shares? Or, should you join the thousands of investors who, last year, were so unhappy with Magellan that they got rid of their shares? And how about companies like Microsoft and Lowes --- their 401(k)s no longer offer Magellan as an investment option for their employees.

What is the risk involved here in buying or selling or staying put? How do you react? Are you an evaluator, a buyer or a seller? Why?

Building Your Nest Egg: Lifestyle Funds - Popular But Should You Buy Them

Lifecycle funds were designed to make retirement investing easier. They succeed in doing so, but in spite of the growing popularity, there are reasons why you might want to avoid them.

Lifecycle funds (also known as age-based funds or target-date funds) were first introduced in the 90s. They are commonly found in 401(k) plans as they are geared toward those who are investing for retirement.

It's no surprise that lifecycle funds came into existence. Investing properly for retirement can be a pain. Investors have to determine their asset allocation, rebalance, and adjust their asset allocation over time.

For example, Joe might decide that he wants 80% of his money in stock mutual funds and 20% in bond mutual funds. Then each year he rebalances his portfolio because the stocks may outperform the bonds one year, causing his allocation to be 82% stocks and 18% bonds or the opposite could happen in other years. Then, as he approaches retirement, he might reduce his stock holdings to 20% and increase his bond holdings to 80%. This is a simplified example as there is more to asset allocation than just choosing between stocks and bonds. Many investors are attracted to lifecycle funds because they take care of all the asset allocation and rebalancing issues. There are hundreds of lifecycle funds to choose from.

While this movement toward simplicity is understandable, those who own life-cycle funds might ultimately wish they had made a different choice. The problem with this age-based approach is that it considers nothing but the owner's nearness to retirement. These funds work mechanically from the perception that young investors who are years away from retirement can take a more aggressive investment approach than older investors--who want to protect their retirement nest egg.

Age is important in an investment strategy, but it's never everything. There are other critical issues that these popular life-cycle funds, with their focus on age, fail to take into account.

For example, consider the issue of individuality. Just because two people are the same age doesn't mean they have the same investment needs or tolerance for risk. A 38-year-old who has worked consistently for the past 15 years at the same job and put the maximum into his firm's 401(k) has different needs than a 38-year-old who held a number of positions in his career and did not enroll himself in an investment plan until he was 32. The late starter might want to make up for lost time and now seek a more aggressive investment portfolio. The first worker might see a greater need for a conservative approach to protect the nest egg he has already built.

Despite these differences, life-cycle funds that use age as the sole criteria --- treat these two workers in exactly the same way. Each might do better drawing from an array of life-style funds, with one opting for a conservative approach while the other chooses an aggressive asset mix.

Dustin Woodard, in his *Your Guide To Mutual Funds*, offers his evaluation. "For those who aren't willing to spend the time making the appropriate adjustments to their portfolio over time, lifecycle funds might suit them well. For those who are willing to spend more time to create an appropriate retirement portfolio for themselves, life cycle funds should be avoided."

Milton Ezrati, the senior economic strategist at Lord Abbott and affiliate of the Center on Economic Growth in the Department of Economics at The State University of New York states,

"From the most selfish of perspectives, it is bewildering why any financial adviser would recommend a life-cycle or age-based investment. Because the approach effectively locks the investor into a preset schedule, the decision blocks any need for additional advice--effectively putting the adviser out of a job. But aside from such motives, advisers have good reason, for their clients' sakes, to pause before putting plan participants into a life-cycle or age-based approach. The basic rigidities and lack of individuality in these funds argue against them.

Interesting Perspective: Top 20 List of Investor Mistakes

Much of economic and financial theory is based on the notion that individuals act rationally and consider all available information in the decision-making process. However, researchers have uncovered a surprisingly large amount of evidence that this is frequently not the case. Dozens of examples of irrational behavior and repeated errors in judgment have been documented in academic studies.

[Peter L. Bernstein](#) in *Against The Gods – The Remarkable Story of Risk*, states that the evidence "reveals repeated patterns of irrationality, inconsistency, and incompetence in the ways human beings arrive at decisions and choices when faced with uncertainty."

A field known as "behavioral finance" has evolved that attempts to better understand and explain how emotions and cognitive errors influence investors and the decision-making process.

People make and share a lot of common mistakes. Now, with the appropriate drum roll, we introduce the Top 20.

1. Herding behavior, driven by a desire to be part of the crowd or an assumption that the crowd is omniscient;
2. Using mental accounting to treat some money (such as gambling winnings or an unexpected bonus) differently than other money;
3. Excessive aversion to loss;
4. Fear of change, resulting in an excessive bias for the status quo;
5. Fear of making an incorrect decision and feeling stupid;
6. Failing to act due to an abundance of attractive options;
7. Ignoring important data points and focusing excessively on less important ones;
8. "Anchoring" on irrelevant data;
9. Overestimating the likelihood of certain events based on very memorable data or experiences;
10. After finding out whether or not an event occurred, overestimating the degree to which they would have predicted the correct outcome;
11. Allowing an overabundance of short-term information to cloud long-term judgments;
12. Drawing conclusions from a limited sample size;
13. Reluctance to admit mistakes;
14. Believing that their investment success is due to their wisdom rather than a rising market;
15. Failing to accurately assess their investment time horizon;
16. A tendency to seek only information that confirms their opinions or decisions;
17. Failing to recognize the large cumulative impact of small amounts over time;
18. Forgetting the powerful tendency of regression to the mean;
19. Confusing familiarity with knowledge;
20. Overconfidence.

Warren Buffett agrees: "Success in investing doesn't correlate with IQ once you're above the level of 25. Once you have ordinary intelligence, what you need is the

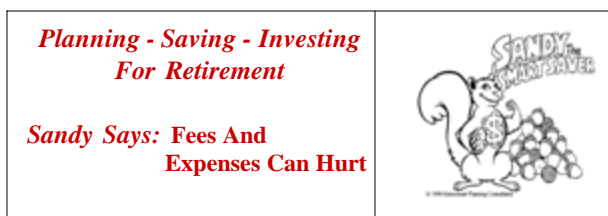
temperament to control the urges that get other people into trouble in investing."

Have you ever been guilty of any of the Top 20 mistakes? Food for thought on a thoughtful March day.

"A learned blockhead is a greater blockhead than an ignorant one."

Benjamin Franklin, 1706 - 1790, one of the most prominent of [Founders](#) and early [political figures](#) and [statesmen](#) of the [United States](#).

Sandy The Smart Saver: Hi, I'm Sandy The Smart Saver and I am here once again to give you some tips on planning-Saving-Investing For Retirement and I am still taking a light-hearted approach and still trying to make the whole saving-investing for retirement process a "fun" event. And of course, I am still not your average squirrel.



We all know one of the fundamental principles of economics. I can still remember way back in my college days when Professor Smith used to say, "There is no free lunch." And I always remember that when I think of the fees and expenses that we investors pay for our mutual funds.

Let me illustrate. Professors Terrance Odean and Brad Barber, researchers at the University of California at Davis, analyzed the records of 78,000 investors at a national discount broker. They examined their stock-picking performance from February 1991 through December 1996. What did they find? The average household in the study earned an annualized return of 17.7%. But the households that traded the most earned just 10% a year. One of the causes of the poor performance was commissions and other trading costs. Ouch!

A study by my friend John Bogle's Financial Market Research Center showed that mutual fund investors as a group pay on average 3.1% of their assets in costs annually. That may not seem like much but it would eat up 31% of a 10% market return. Ouch - Ouch!!!

With no-load or low-cost index funds, all of your money goes to work for you immediately. An expense ratio, expressed as a percentage, is the amount of money the funds sponsor extracts yearly to pay for management and other costs. An expense ratio of 1.42%, the average for diversified U.S. stock funds, means that the fund will take \$1.42 yearly for each \$100 you have invested. Ouch-ouch-ouch!!!

Hefty expenses don't seem to hurt that much when returns are booming. But when the market heads south (down), you will definitely feel the bite. And that is why fees and expenses should always be a consideration when you evaluate mutual funds for your portfolio.

As Professor Smith used to say ---"Any questions---class dismissed---and wake up the guy in the last row."

"Too many investors are focused on producing more eggs (high returns) but pay too little attention to the fox (costs) that robs the hen house. If you ignore the fox, soon there will be nothing left to produce more eggs."

Scott West and Mitch Anthony, "Story Telling For Financial Advisors - How Top Producers Sell", 2000

Sandy Cartoon:

Sandy: I just heard from my friend Bill that his stockbroker is having a hard time sleeping and he went to see his doctor.

Wife Camille: What did the doctor tell him?

Sandy: Have you ever tried counting sheep?

Wife Camille: And....

Sandy: The broker replied "That's the problem, Doc. I make a mistake and then I have to spend three hours trying to find it or cover it up."

Wife Camille: Ouch!!!!



Quick Takes #1: Another Take On Fees and Expenses

You may be getting tired of us telling you to watch out for the fees and expenses associated with the mutual funds you buy or own. But, we keep on writing about it because too many of us investors ignore this important piece of information.

The experts keep telling us that we should avoid funds with expense ratios higher than 1.2%. They also tell us that we can find plenty of good funds that will charge less than half of that.

And the second piece of important info is that we should look out for and be aware of sales charges, which are also known as 'loads.'

How important are fees? Hypothetical: Let's say that you have a \$10,000 investment in a fund that charges you are 5.25% load, 1.5% in annual expenses. Let's say that your fund is growing at 9% a year. After 10 years, you have a balance of \$19,528 and you will have paid out \$4,146 in fees and expenses.

Now, if you had that same \$10,000 in a no-load fund that charges 0.75% a year and we will assume that your fund is also growing at 9% a year --- what would happen? After 10 years with the no-load fund, you would end up with \$22,094. After 35 years with the no-load, your cheaper fund would be worth \$35,000 more than its expensive counterpart.

So, the question is, why would you want to give back to your mutual fund company an average of \$1,000 a year for 35 years. Wouldn't you prefer that the extra \$35,000 remain in your account rather than theirs????

Quick Takes #2: Doom And Gloom Awaits Retired Baby Boomers

There are those who feel that once our baby boomers start to retire in 2011, the U.S. will face a retirement crisis because of concerns about the size of their retirement nest egg and the future of Social Security.

However, the idea that all American workers should retire in their 60s with full financial security may be unrealistic. If most baby boomers fall short of that ideal, it simply will be history repeating itself. Some ask the question --- were the people who retired between 1950 and 2000 ready for retirement?

Dallas Salisbury, President and CEO of the Employee Benefit Research Institute (EBRI) says "The answer is consistently no, but they retired anyway. Their decision was, 'Whatever my income is, that is what I will live on.' They adjust their lifestyle: They move from a home to an apartment, or they go without supplemental insurance."

The fact that most generations have had it rough financially during retirement does not mean that the boomers' retirement prospects are nothing to worry about. They face special challenges, including a now-declining number of retirees with defined benefit pensions and full medical coverage. Salisbury adds that many boomers also will enter their golden years with larger credit card and mortgage debt than those who went before. "This will press them to adjust more quickly."

Stock Market – Investment Humor

A man goes into a pet shop to buy a parrot. The shop owner points to three identical birds and says: "The parrot to your left costs \$500."

The man asks, "Why does the parrot cost so much?" The owner says, "Well, it knows how to use a computer. He can diagnose system bugs."

The customer asks about the next parrot and is told, "That one costs \$1000 because it can do everything the other parrot can do plus it knows how to configure and use UNIX."

Naturally, the increasingly startled man asks about the third parrot and is told, "That one costs \$2000." Needless to say, this begs the question, "What can it do?"

The owner shrugs and replies, "To be honest I've never seen it do a thing, but the other two call him their stock broker."

Quotable Quotes

- *At twenty you have many desires which hide the truth, but beyond forty there are only real and fragile truths -your abilities and your failings. T. S. Elliot, 1888 – 1965, American-British poet and critic*
- *Much outcry, little outcome., Aesop's Fables Aesop 620 – 560 BC,*
- *The greatest advantage from gambling comes from not playing at all. Girolamo Cardano, 1501 – 1576 Italian mathematician, doctor, astrologer, and prolific writer*
- *Without a rich heart, wealth is an ugly beggar. Ralph Waldo Emerson 1803 – 1887 Essayist and poet*
- **Participation rates in defined contribution plans in the United States vary from 45 percent to 70 percent of the workforce, depending on which survey you read. Fidelity's fall 2005 retirement survey indicates that the typical American household has \$20,000 in retirement savings and is on track to replace only 56 percent of its pre-retirement income (counting pensions and Social Security), down from 59 percent last spring. No wonder many Americans express doubt that they'll have enough money to retire. Barbara Whelehan, Bankrate.com**
- **Not all that tempts your wandering eyes and heedless hearts is lawful prize. Not all that glitters is gold. Thomas Gray 1716 – 1771, English poet, classical scholar, and professor of history**

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