MoneyLink

Your Link to Meaningful Wealth Accumulation

7 Lies That Steal Our Retirement Money

Fourth Quarter, 2013

"The lies that wreak the greatest damage are the ones we tell ourselves." Anonymous

Ever had someone really close to you lie to you? Ever had someone deceive you in such a way that it might take years to recover from the emotional or financial impact of their dishonesty?

What steps would you take to avoid ever falling into that trap again? Would you make a phone call to try to set things straight? Would you venture to trust a third party who might have the wisdom you need to recover your losses safely and efficiently?

In the financial world, very often the most damaging lies are indeed those which we tell ourselves. It's not that we mean to be dishonest. We simply buy into, bank upon, and often spread untruths that end up crippling our financial prospects and draining life out of our long-term dreams of retirement.

Here are seven of the most common myths, untruths and lies that many people believe -- falsehoods which rob them of their retirement wealth:

#1 Money is safe in a savings account.

This might sound funny, but it's true. Savings accounts are rarely the best place to save money. While bank accounts are often insured by Uncle Sam and protected by the bank, bank accounts very rarely pay sufficient interest to keep

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Vital Issues for You to Consider:

- **5 Credit Issues You Can Easily Avoid**
- **Why Your 401(k) Isn't Going to Be Enough**
- **RED FLAGS! Listen Carefully To Avoid Trouble**

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up with the rate of inflation. That means, even if your balance is slowly increasing, your actual purchasing power is eroding. NOT GOOD!

#2 The neighbors are really rich.

It may look like the Quigleys next door have everything, but you have no idea what their true financial picture looks like. Olympic sprinters know focusing on your competitors is a sure-fire strategy for failure. Let us help build your wealth strategy, and leave the Quigleys to themselves.

#3 Everybody works to full retirement age.

Not so. For lack of good planning, many are forced to continue working well beyond customary retirement age ...and some strategize well enough to retire early and comfortably. What's your preference?

#4 There's a secret formula to successful investing.

Once again, not so. Like a winning coach, a successful planner knows all the elements of his game, strategizes carefully, adapts to circumstances, and uses the tools at hand for maximum gain. Investments, risk factors, tax strategies, insurance, expenses and fees are all critical to accumulating wealth.

#5 I can always save later.

As the old saying goes, "You don't fatten a pig on market day." Building real wealth involves time, and more time is always an advantage. Start early, and invest consistently and wisely.

#6 It's already too late.

Again, not so. By giving us a chance to review your finances with you, we should be able to identify and re-direct dollars you're now spending very inefficiently. You very often don't need to earn more to jump-start your wealth plan; you simply need to re-organize your current resources.

#7 I can do it by myself.

Well, maybe so. You can also study medicine and treat your own family, learn carpentry and build your own house, or take up auto mechanics and build your own car. But do you really want to do that? Would the outcome be more attractive, effective or efficient?

In the same way, would you ever consider entering a fantasy football league and then stubbornly insist upon drafting yourself for every available position? Does that sound like it might be a winning strategy to you?

Successful wealth accumulation is not a game. It's not a scenario where, if you lose, you pat the winners on the back and start a new game the next day. It's your life. It's your future.

Act wisely. Call now and see what we can do for you.

Source: Ning, David. "Lies We Tell Ourselves about Retirement" U.S. News & World Report & Yahoo! Finance. January 25, 2013

Red Flags!

Every industry has its own leeches, chameleons and cockroaches. Even as good, talented financial advisors work to honestly build wealth for their clients, there are always a few out to take dishonest advantage.

How do you identify and avoid the bad apples?

Here are a few catch-phrases that should serve as "red flags," signals to prompt you to walk away or, at least, seek counsel before you invest:

1. **"Listen, other experts just don't understand this!"**
2. **"This is brand new and different!"**
3. **"This opportunity won't last!"**
4. **"It's the returns that matter -- not the fees!"**
5. **"Listen, just trust me!"**

Don't risk your future on fly-by-night "experts" and get-rich schemes. Trust only credentialed advisors who work alongside you, listen carefully, and clearly explain their strategies.

Source: Kristof, Kathy. "The Five Most Costly Lies in Finance" CBS MoneyWatch. January 3, 2011

5 Credit Issues You Can Easily Avoid

Ever been in a retail establishment, perhaps an upscale boutique or a restaurant, where cash was simply no good? Especially for mature Americans who grew up believing in the strength of the "greenback," that experience can be a little disconcerting. And yet that's the way of the world. In today's society, you need credit...and your credit rating is very much an index that important parties use to decide whether you can be trusted.

Here are five pitfalls which cause millions of people financial hardship, especially older Americans.

#1 We Use Too Much Credit!

People who build effective wealth strategies know that credit is a tool. Just like a carpenter doesn't use a circular saw to start his car, so savvy spenders shouldn't pile up credit card debt covering daily living expenses. A good rule is to never use more than 35 percent of your available credit and don't rack up amounts you can't pay off at the end of the month.

#2 We Use Too Little Credit!

You need a credit rating to buy a car, get a mortgage, or qualify for discounts on home or auto coverage. Once again, your credit rating is used as an index by which important parties decide whether you can be trusted.

#3 We Co-Sign!

If you co-sign for a loan and the primary borrower is tardy making payments or defaults altogether, your own credit rating will take a beating. You, the co-signer, are responsible. Do NOT co-sign for anybody.

#4 We Drown in Student Loans!

Consider this -- Americans owe between $902 BILLION and $1 TRILLION in student loan debt. Student loans are very serious! Before you take on debt to pay for higher education, ask a professional about alternatives.

#5 We Don't Check Our Credit!

Identity theft is an industry, and banks make mistakes -- two legitimate reasons to carefully monitor your credit report. A little vigilance can save you major headaches.

Consider this: our expertise lies in the accumulation of meaningful wealth -- using credit, investment, insurance and tax strategies. Take a responsible step. Call us!

Sources: (1) Detweiler, Gerri. "Five Credit Mistakes Older Americans Make" Credit.com. Sept. 4, 2013. (2) "Student Loan Debt Statistics" American Student Assistance. ASA.org. September 4, 2013

Older Americans Are Especially Vulnerable.

"Martha, I should have started working more than one day a year a long time ago."

According to an important 2012 study, Americans age 50+ juggle 32 percent more credit card debt than Americans under 50, wrestling with an average $8,278 in debt on combined credit card accounts.

A study by Kent State University showed that bankruptcies launched by elderly Americans surged by 150 percent from 1991 to 2007!

Source: Detweiler, Gerri. "Five Credit Mistakes Older Americans Make" Credit.com. September 4, 2013.

Why Your 401(k) Isn't Going to Be Enough:

"Don't worry, Mavis. I've got a plan. I'm going to move to Lukenbach, Texas, and become a country singer."

A well structured 401(k) plan with a generous employee match amounts to a quick and attractive return -- a savings bonus that's hard to pass up.

Yet, according to a new study from the Economic Policy Institute, a 401(k) plan by itself is not going to provide sufficient returns for a meaningful retirement.

For many companies, 401(k) plans replaced company pension plans. Yet, because participation is optional, most workers do not contribute enough to make their investment "work" as a retirement plan. In fact, it is only the wealthiest 20 percent of American households that average more than one year's income saved in these accounts.

As financial professionals, we often encourage clients to take advantage of 401(k) plans which carry a generous match. But we don't depend upon that alone to fuel retirement dreams.

More importantly, we work to help clients identify, invest and multiply their money so they can responsibly and realistically pursue their long-term dreams. Don't rely solely upon your 401(k). Come see us for more.

Source: von Hoffman, Constantine. "Study: 401(k) Retirement Plans Failing Most Workers" CBS MoneyWatch. Yahoo! Finance. September 4, 2013

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