

## News and Events

- September 21-23, Karen & Laura attended the Raymond James 2010 Advanced Estate Planning Institute in Atlanta.
- September 28th, Karen was a panelist on a *Financial Savvy Panel*, sponsored by Verve Magazine held at the Chamber of Commerce
- October 24<sup>th</sup>, Karen and Laura will sponsor the "Asheville WOW, Women on Wine" which will raise money for *Beauty Through Cancer*
- October 29<sup>th</sup>, Laura will host 12 women in wealth management to our beautiful Western North Carolina mountains, of which 3 were listed in Barron's Top 100 Women in Wealth Management. Knowledge will be exchanged, and great fun will be had.

## Market Commentary

In mid-September, the NBER, a private research group, declared that the United States recession, which started in December 2007, was officially over eighteen months later in June of 2009. If true, this means the end of the longest recession we have experienced since World War II. Previously, the longest post-war recessions were those of 1973-1975 and 1981-1982, both of which lasted 16 months.

While this sounds like good news, how many of us feel really great about the economy and our short term outlook? I expect things to continue to be volatile for the next 6 months to a year. I heard an economist put it this way when he talked about market volatility "If you hit a dog with a stick enough times, just picking up the stick will make the dog cringe". Reaction to daily news explains some of the volatility.

Although all of us have been concerned about market volatility and the risk of loss in the stock market, as the economy gets on better footing, rising interest rates pose their own set of risks and can have a big impact on bond valuations. Now more than ever it is important to build a well diversified investment portfolio based on your risk tolerance and your time horizon.

## Women, Don't Delay Planning for Retirement

*The following article, written by Karen Clerici, was published in the Asheville Citizen-Times in the Business section on Sunday, September 19<sup>th</sup>:*

I worry when a new client comes to me and wants to start planning for retirement and retirement is just a few years away. Planning for retirement is a long term project and women may face a different set of circumstances than men. In general, we earn less, live longer and spend fewer years in the work force.

The fact that we live longer than men is good and bad news. By 2030 there will be 11 million women in the 65-69 age group compared to 9.75 million men.<sup>1</sup> Women represent 85 percent of the population aged 100+ years.<sup>2</sup> And a woman that lives to age 65 has a 50% chance of living to age 88 and a 25% chance of living to age 94.<sup>3</sup>

The salary gap is real. Compare \$35,102 for real median earnings for women age 15 and older working full time, year round, to men, who earn \$45,113.<sup>4</sup> Over 30 years that could add up to more than \$300,000. And many women take time away from their careers to raise a family or help care for aging parents.

It's alarming that forty percent of married women are not involved in financial decision making.<sup>5</sup> If you aren't involved and outlive your husband, what could be a worse time to have to learn about your personal finances? What if your husband hadn't calculated whether you have enough money to last through retirement, what do you do then?

Maybe that explains why 1 in 10 female retirees and 1 in 5 single women over age 65 live on less than \$10,000 a year in this country<sup>6</sup>

So, what is a woman to do?

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### Lunch Breaks

Karen and Laura are out of the office during the lunch hour quite often. It might be to meet a client for lunch; attend an Asheville event; or meet with someone from one of investment companies we utilize. When both Karen and Laura are out, it can be hard for Carrie to take a lunch. When this happens, we have changed our procedures which will now allow Carrie to forward the phones to voice mail for an hour and take her lunch break from 12:30pm – 1:30pm. If you call during one of these lunch breaks, please know we will be back in touch very shortly.

### Year End Planning

It is never too early to begin planning. 2010 may provide favorable conditions for Charitable Giving. Please contact us if you have an interest in exploring these opportunities.

### Annual ADV Offering:

Webb Investment Services, Inc. is required under the North Carolina Investment Adviser Act to offer you our disclosure document annually. Copies of my Uniform Application for Investment Registration (ADV Part II) are available upon request. Call my staff if you would like a copy.

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First, there is some good news about being a women and investing for retirement. Women seem to be better at investing than men.<sup>7</sup> Women don't trade stocks as actively as men, which can mean lower transaction costs. And women appear to be better long-term investors. Men tend to be more confident and don't listen to unbiased advice as frequently, which can lead them to make decisions based on emotion and fear during volatile times. Women are also more likely to participate in a retirement plan than men.<sup>8</sup> and, while there is still a salary gap, 18% of wives earned more than their husbands.<sup>9</sup>

I always start with a monthly income and expense worksheet. Know where you are spending and weed out things you don't need. I cancelled a cable movie package and saved \$720 per year. If you switch from going out to lunch every day to bringing lunch three times a week, you will save \$51,900 over a 15-year period, assuming a \$20 per week savings.

Next, save up an emergency fund of readily available cash. Two months of income is appropriate for many people. This allows emergencies like a new roof on your house or a car repair to be covered with cash instead of going into debt through a credit card or loan.

If you work for a company that sponsors a retirement program, like a 401(k) or Simple IRA, take advantage of it. Not only are you using pre-tax money to fund the account, it is growing tax-deferred and companies often match some of your investment dollars.

Next, if you have extra income at the end of each month, set up a systematic program to invest some of it. Most mutual fund companies will automatically pull \$50 or more from your checking account monthly. Systematic investing can be more successful than just trying to send in a check at the end of each month.

Focus on investing fundamentals. Read some books, read the *Wall Street Journal*, talk to an advisor, but please don't assume you are gaining knowledge by watching TV shows about investing. Their main focus is on their ratings, not ensuring that some nice woman in Asheville can retire. Know the potential advantages of diversification. Understand the effects of inflation and taxes on your retirement.

Identify and prioritize your retirement goals. What is important to you? Make a list of your required expenses in retirement versus your desired expenses - you need to be able to cover the essentials.

If you have a mortgage, it may make sense for you to make a few extra payments each year and decrease the size of your mortgage or pay it off entirely by retirement. There are calculators available to analyze how an extra payment or two a year will impact how much you save in interest payments and can show you the year your mortgage would be paid off.

Finally, go through those exercises of budgeting, prioritizing and goal-setting annually. Your strategic financial plan will change as life events occur. Perhaps you inherit some assets. Or you are put in the position of helping pay costs for an elderly relative. Revisiting your strategy and adjusting it over time allows your plan to mature with you.

The information has been obtained from sources considered to be reliable, but we do not guarantee that the foregoing material is accurate or complete. Any opinions are those of Karen Clerici and not necessarily those of RJFS or Raymond James. Diversification does not assure a profit or protect against loss.

1 National Institute on Aging. Expanding aging US Population. Septmeber 2008

2 Time Magazine. Why Do Women Live Longer Than Men? August 2008

3 Annuity 2000 Mortality Table, Society of Actuaries.

4 Institute for Women's Policy Research. August 2008

5 [www.soundinvesting.org](http://www.soundinvesting.org) January 2009

6 Report finds Women Can Anticipate Nearly half the Retirement Income of Men, FoxBusiness. May 2008

7 FiLife in partnership with the Wall Street Journal. The Male and Females investment style.

8 Employee Benefit Research Institute. October 2008

9 US Census Bureau. January 2008.