

FINANCIALink

Your Money Management Newsletter



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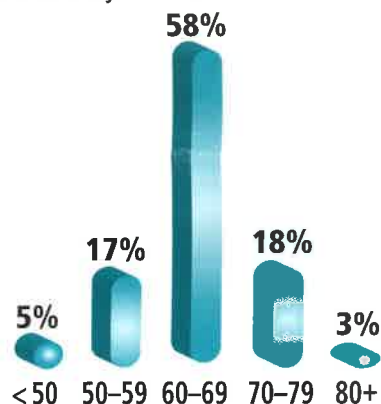
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SnapSHOTS



Gen X and Gen Y Eye Retirement

Americans aged 19 to 39 were asked the age at which they think they will retire.



Source: EBRI, 2008

Up FRONT

46% of Americans are in favor of allowing workers to opt out of Social Security in favor of implementing their own retirement strategy; 38% were opposed to this idea.

Source: Rasmussen Reports, January 4, 2009



Quick HITS

At any given point in 2007, there were about 52 million family caregivers; 34 million provided an average of 21 hours of care a week during the year. Estimates put the economic value of this unpaid care at around \$375 billion, up from \$350 billion in 2006.¹

Fifty-seven percent of Americans say that taxpayers shouldn't pay more than 25% of their incomes in taxes.²

In 2000, exchange-traded funds held \$65.6 billion in assets. In 2009, the figure is substantially higher: \$449.7 billion.³

Fourteen percent of loans between family and friends end up in default, compared with less than 3% of consumer bank loans.⁴

One-quarter of middle-income investors refused to open their 2008 fourth-quarter 401(k) statements.⁵

Sources:

- 1) AARP, 2008
- 2) *InvestmentNews*, April 6, 2009
- 3) Investment Company Institute, 2007, 2009
- 4-5) *Journal of Financial Planning*, April 2009

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Practical insights for your **FINANCIAL GOALS**

Prepare for **YOUR CARE**

Talking about the cost of nursing care and assisted living is probably not your idea of a good time. But many Americans face the possibility of either needing specialized care or providing care to family members during their lives. Sixty-five-year-olds face up to a 49% chance of needing nursing-home care at some point in their lives.¹

Unfortunately, for those who need specialized nursing care, the costs are high. The national average nursing-home cost is \$76,460 per year.² In some states, this figure can be much higher. Assisted living may cost about \$36,000 a year.³ And all these costs are expected to continue rising in the future.

People who haven't prepared financially for the cost of assisted living or long-term care may have to rely on family members for the care and attention they need. In 2007, about 52 million family caregivers provided care at some point in the year, and 34 million provided an average of 21 hours of care a week.⁴ Estimates put the economic value of this unpaid care at around \$375 billion.⁵ This staggering figure doesn't consider the financial opportunities lost as a result of providing care or the financial setbacks experienced by the caregivers.

The toll exacted on loved ones who provide care can be more than financial. Caring for a family member

can be incredibly time-consuming. More than half (53%) of those who tend to a loved one provide 40-plus hours of care a week.⁶ One-quarter of caregivers have been fired from a job or forced to quit due to family needs.⁷ Statistics also show higher rates of divorce among caregivers as well as a decrease in life expectancy by as much as 10 years.⁸

It may be uncomfortable to contemplate the potential need for assisted living or skilled nursing care, but not being prepared for this eventuality can be even more difficult in the long run. If you have questions about your own future or are wondering whether your parents are prepared, the first step is to begin with a frank discussion. We can help you get started.

1-2) *2009 Field Guide*, National Underwriter

3) National Clearinghouse for Long-Term Care Information, 2008

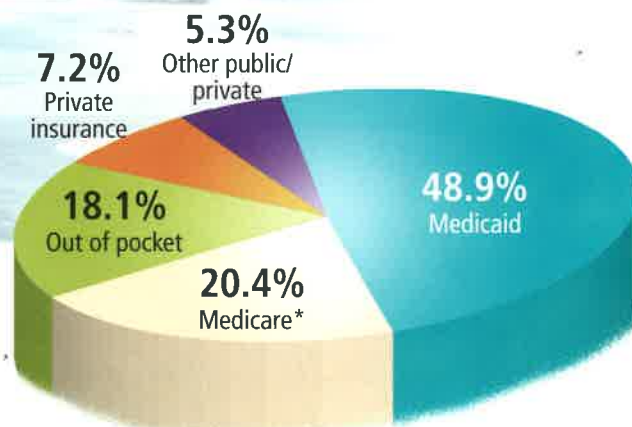
4-5) AARP, 2008

6-7) *InvestmentNews*, September 1, 2008

8) *Journal of Financial Planning*, December 2008

Who Pays?

Although Medicaid pays for almost half of Americans' long-term care, it isn't an option for people with reasonable income and assets. These national percentages include the care by paid caregivers but not the unpaid "informal care" given by family caregivers.



Source: National Clearinghouse for Long-Term Care Information, 2009

*Medicare pays for skilled nursing care only when specific conditions are met.

A New Way to **DIVERSIFY**

With nearly \$450 billion in assets and growing, exchange-traded funds may be ready for their turn in the spotlight.¹ The number of ETFs has grown from 80 at the end of 2000 to 737 at the start of 2009.²⁻³ Although these investment vehicles have entered the mainstream, some investors may feel that ETFs are shrouded in mystery.

Yet once you demystify them and understand how they work, you will be in a better position to determine whether exchange-traded funds may be appropriate for your portfolio.

WHAT IS AN ETF?

Exchange-traded funds are unique investments that resemble mutual funds in some ways and behave like stock in other ways. ETFs are baskets of securities put together by investment companies. They are usually assembled to track an index, sector, or other group of stocks.

Individual shares of ETFs are similar to individual shares of stock in that they can be traded, causing prices of those shares to fluctuate throughout each trading day. The prices of ETF shares tend to track the value of the underlying securities, although supply and demand for the shares themselves can affect share prices relative to the underlying securities. The principal value of exchange-traded funds will fluctuate with changes in market conditions. Shares, when sold, may be worth more or less than their original cost.

WHAT BENEFITS DO ETFs OFFER?

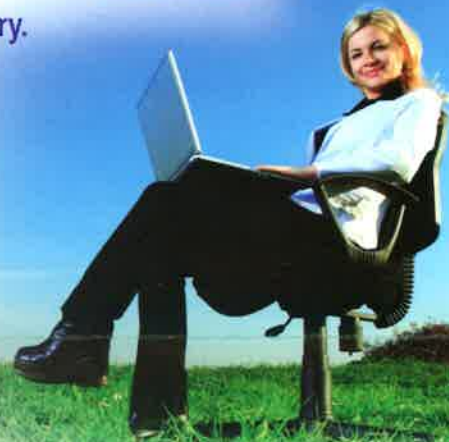
Because a single share of an ETF represents an entire portfolio of investments, ETFs offer a way to diversify that could be cost-prohibitive for investors to achieve by directly purchasing the underlying investments. Investors can use ETFs to target specific indexes, sectors, or types of securities to match their financial goals. Diversification does not eliminate the risk of investment losses; it is a method used to help manage investment risk.

Typically, ETFs are passively managed and, as a result, may offer lower expense ratios and greater tax efficiency than mutual funds. Also, there are no sales loads or minimum investment amounts associated with ETFs; however, investors usually need a broker to buy ETF shares and typically have to pay a commission.

Call today to discuss whether ETFs deserve a place in your portfolio.

1-2) Investment Company Institute, 2009

3) Investment Company Institute, 2007



Up and Coming

In 2000, ETFs held \$65.6 billion in assets. In 2009, the figure is substantially higher at \$449.6 billion. Here's how these assets are divided (in \$ billions).



Source: Investment Company Institute, 2007, 2009

Exchange-traded funds and mutual funds are sold by prospectus. Please consider the investment objectives, risks, charges, and expenses carefully before investing. The prospectus, which contains this and other information about the investment company, can be obtained from your financial professional. Be sure to read the prospectus carefully before deciding whether to invest.

One Final LETTER

The passing of a loved one is never easy, but it may be even more difficult when the documents and instructions that the survivors need to make decisions and manage the aftermath are missing or incomplete.

The last thing most people want is to leave their heirs puzzling over their final wishes. So in addition to having crucial legal estate documents in place, it may be helpful to prepare a letter of instructions to communicate final wishes to loved ones.

A letter of instructions is not a legal document, but it does enable you to clearly state your preferences for many important issues such as organ donation, funeral arrangements, and any other details that are not enumerated in a will or a trust. It can also provide an easy way to list important financial documents and their locations, share final wishes, and provide the names of financial advisors, attorneys, insurance agents, and accountants. The letter might also contain specific information such as account numbers, policy numbers, and login IDs and passwords.

Many of the items in a letter of instructions may be subject to change, so it's important to review and update the letter periodically. If the letter of instructions includes sensitive information, store it somewhere safe, in a location accessible to family members who may need it at some point.

You don't need to consult a lawyer when drafting a letter of instructions. And although it doesn't take the place of a will, a letter of instructions can supplement your other estate documents and help your family and friends manage through a painful transition.

This information is not intended to be legal advice. You should seek legal guidance from an independent legal professional.

"A letter of instructions can communicate final wishes to loved ones."



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Preparing for retirement isn't easy when you have to consider saving enough money, fluctuations in the markets, and potential costs of long-term care. Call today for help to stay on track to reach your objectives.

Working toward a better financial future,

A handwritten signature in black ink, consisting of stylized, overlapping loops and lines.