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FINANCIALink®

Your Money Management Newsletter

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*Snap***SHOTS**

MORE WAYS TO SAVE

Consumers around the globe report that they have adopted these cost-saving household practices in response to the recession and uncertain economic conditions.

Source: Nielsen, 2010

Up **FRONT**

48% of U.S. workers are completely satisfied with their work environments, including their co-worker relationships, schedule flexibility, and workloads.

Source: Gallup, 2010

Quick **HITS**

Between 1989 and 2009, the number of U.S. households owning mutual funds grew from 23.2 million to 50.4 million.[1]

Americans reported spending 23% of their online time in 2010 on social networking sites, up from 16% a year earlier.[2]

Banks are now required to get a debit-card user's permission before they can charge overdraft fees on point-of-sale purchases and ATM transactions.[3]

More than 15 million 401(k) accounts are owned by former employees.[4]

Eighty percent of pre-retirees believe they will enjoy better-than-average health in retirement.[5]

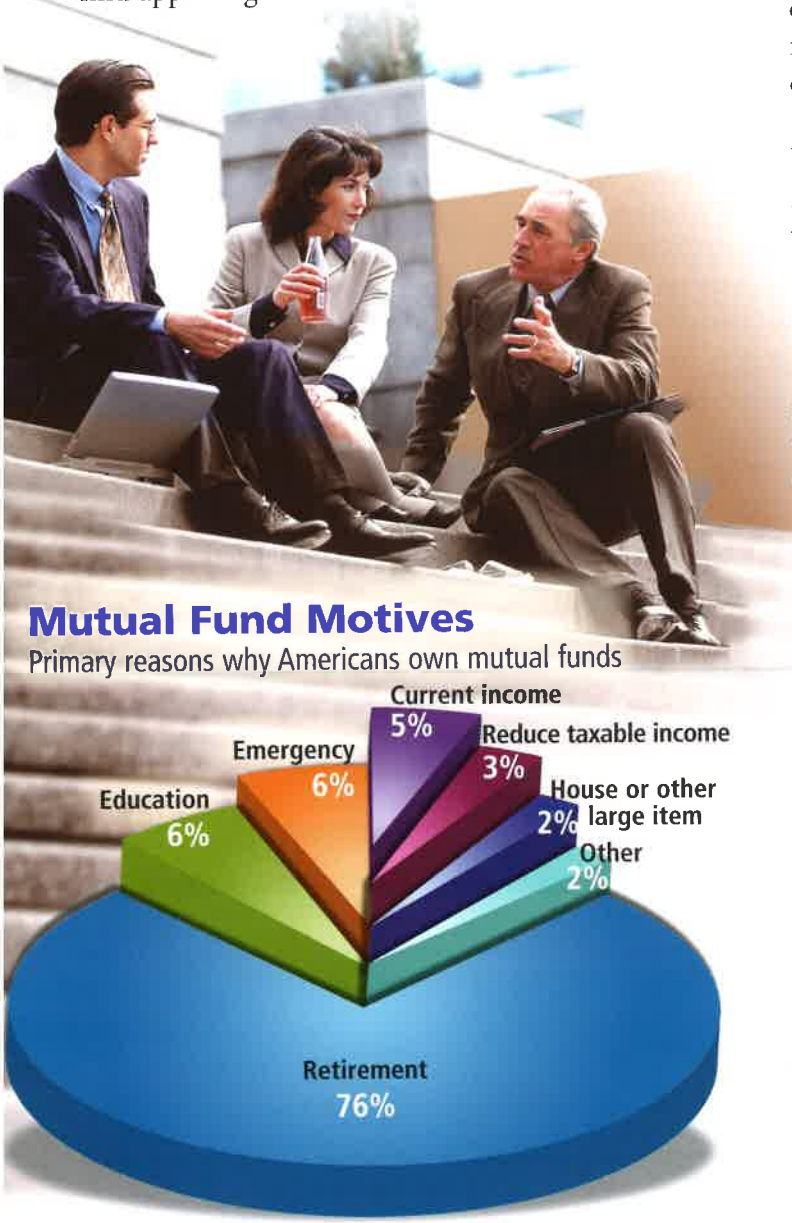
Sources:
1) Investment Company Institute, 2009
2) Nielsen, 2010
3) National Foundation for Credit Counseling, 2010
4) *The Wall Street Journal,* August 2, 2010
5) *Journal of Financial Planning,* September 2010

Practical insights for your **FINANCIAL GOALS**

Understanding America's MUTUAL ATTRACTION

The total value of U.S. mutual fund assets reached nearly $11 trillion in 2010. That's more than the annual economic output of Japan, India, and Germany *combined*.[1-2]

Americans have flocked to mutual funds over the past two decades. About 50 million households owned mutual funds in 2009, more than double the 23.2 million shareholders in 1989.[3] Why have mutual funds become so popular? It could be because they offer features and benefits that many investors find appealing.



Source: Investment Company Institute, 2010

INVEST A LITTLE OR A LOT

A mutual fund is an investment company that pools money from investors and uses it to build and maintain a portfolio of securities. Each investor's ownership in a particular fund is represented by the number of shares that he or she owns. Many mutual funds offer low investment minimums, including some that allow you to get started for as little as $1,000.

WORKING WITH THE PROS

Actively managed mutual funds are run by professional managers who research and trade securities according to each fund's stated objectives. For example, some funds may focus on long-term appreciation whereas others may focus on generating current income.

When you buy shares in a mutual fund, you are also buying the expertise of the fund manager. Of course, there's no guarantee that a professionally managed mutual fund will not lose money, but the manager strives to position the fund to take advantage of changing market conditions.

EASY WAY TO DIVERSIFY

Many mutual funds invest in dozens to perhaps hundreds of securities, offering a level of diversification that individual investors would find difficult to maintain without also making a large investment of time and money. Diversification does not eliminate the risk of investment loss; it is a method used to help manage investment risk. The return and principal value of mutual funds fluctuate with changes in market conditions. Shares, when sold, may be worth more or less than their original cost.

No matter what your long-term investment goals may be, it's possible that there could be a mutual fund that offers what you are looking for. Evaluating how mutual funds could help you pursue your goals may be a good way to invest your time.

Mutual funds are sold only 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.

1, 3) Investment Company Institute, 2010, 2009
2) CIA World Factbook, 2010

Getting to Know Your **BENEFICIARIES**

Thanks to a popular 2007 motion picture, many Americans now have a "bucket list" — an inventory of accomplishments they hope to achieve in their lifetimes.

Although many bucket list endeavors require courage or tenacity, such as traveling to faraway places or writing a book, there's at least one task you can resolve to accomplish that is fairly simple but could have lasting benefits for your family, friends, and possibly a favorite charity.

DESIGNATE YOUR BENEFICIARIES

When you set up an IRA or participate in an employer-sponsored retirement plan, you are typically asked to fill out a beneficiary designation form. Although many people postpone the naming of a beneficiary, this can be a big mistake. IRAs and most retirement accounts are not subject to probate, and the assets will convey directly to your designated beneficiaries, regardless of different instructions in your will. Whoever is designated as your account beneficiary will inherit the proceeds directly, and it would be unlikely for a probate court to order a different result.

Failing to designate a beneficiary means your estate could inherit the money. Because your estate is not eligible for the same tax benefits that individual investors enjoy, your estate would be required to withdraw the assets over a shorter time period. By contrast, a correctly named beneficiary can preserve the tax-deferred status of the inherited funds and spread the tax liability over several years or even over his or her lifetime.

LIFE INSURANCE POLICIES, TOO

Life insurance benefits also convey directly to beneficiaries, independent of the probate process. Although it would be unusual to purchase life insurance without designating a beneficiary, it's not unusual for policy owners to fail to review their beneficiary designations on a regular basis.

The reasons you bought your life insurance policy and the people you want it to protect may change over time. But only you can change the designated beneficiaries on your life insurance policy. Major life events such as marriage, birth, divorce, or death may affect your choice of beneficiaries, and it's important to update your designations to keep pace with any changes in your life.

Estate conservation issues may be uncomfortable to face, but there's probably no other aspect that is as simple or inexpensive as designating beneficiaries. Keeping your beneficiary designations up to date can help ensure that your valuable assets go to the people you want to inherit them.

Do You Know Where Your Money Is?

More than 15 million 401(k) accounts in the United States are held by former employees. The dangers of leaving assets in a former employer's plan include an increased risk of losing track of the money, more paperwork, and difficulty viewing one's portfolio as a whole. It appears that the likelihood of leaving money in a former employer's plan increases with the account balance.

Balance	Workers who left money in a former employer's plan
Under $1,000	3%
$1,000 – $19,999	35%
$20,000 – $99,999	45%
$100,000 or more	46%

Sources: *The Wall Street Journal*, August 2, 2010; Hewitt Associates, 2009

NEW RULES *Are in the Cards*

In 2010, the federal government issued a dizzying array of rules and reforms affecting the plastic you carry in your wallet. In case you had trouble keeping track, here are some of the important developments.

Credit cards: Under the Credit Card Accountability, Responsibility and Disclosure Act of 2009, consumers must be given a 45-day notice before any significant changes affecting their account terms can take effect. Such changes include higher interest rates, fees, and finance charges. Consumers who exceed their credit limits cannot be charged an overlimit fee without their consent. Card issuers must send statements a minimum of 21 days before the due date, which must be the same date every month.[1]

Debit cards: Banks are required to have a debit-card user's permission before they can charge overdraft fees on point-of-sale purchases and ATM withdrawals (overdrafts via paper checks and automatic payments are exempt; banks can continue to cover them for a fee without the account holder's permission). Card holders who agree to the fees will have their purchases authorized when their accounts don't have sufficient funds. Card holders who don't accept the fees will likely see their over-limit purchases declined.[2]

Gift cards (and certificates): Issuers cannot charge inactivity fees on cards sold on or after August 22, 2010, unless the card or certificate has been inactive for at least one year. After one year, the issuer may levy inactivity fees, but no more than once per month. The money stored in a gift card must be usable for at least five years from the date the card was issued. If a consumer adds money to the card, the amount added must also retain its value for at least five years.[3]

Inclined to Be Declined

A significant 74% of survey respondents said they weren't planning to opt for overdraft protection (for a fee) on their debit-card transactions.

Source: National Foundation for Credit Counseling, 2010

1) Bankrate.com, 2010
2) National Foundation for Credit Counseling, 2010
3) Federal Reserve, 2010

Did your New Year's resolutions include any financial goals? This is an ideal time to prioritize your financial objectives and establish retirement savings targets. Call today and let us help you get an early start.

Working toward a better financial future,