Retirement Risks

(Continued from page 1)

expenses. Also, remember that those who retire before age 65 need to find an alternate source of medical insurance prior to becoming eligible for Medicare.

Reviewing these and other challenges associated with retirement planning with Haisman Wealth Management may increase your confidence that you have considered all scenarios. While it may not be possible to prepare for every situation, planning ahead may help you cope with financial issues that come your way.

Consider Dividend Paying Funds as a Source Of Income

Profitable companies traditionally have rewarded their shareholders one of two ways: by reinvesting corporate profits in the company with the long-term goal of increasing the stock price or by paying shareholders a regular dividend. While the stock price may or may not increase over the long term, dividends, typically paid quarterly, offer investors more immediate income. Many large, well-established companies historically have paid dividends.

Mutual funds that invest in dividend-paying stocks may enhance your portfolio in the following ways:

- A source of supplemental income. For investors with an appropriate risk tolerance, funds that pass along equity dividends offer another choice for potential income.
- A track record of strong returns. Past performance is no guarantee of future returns, but history shows that dividend-paying stocks have the potential to generate average annual returns that are higher than those generated by non-dividend payers.
- A potential cushion against market volatility. The prices of dividend-paying stocks historically may experience fewer ups and downs compared with equities that have not paid dividends. Dividends provide a regular return even when stock prices are in a slump.

Ask us whether a dividend-producing fund provided by the investment is appropriate for your circumstances. As its name implies, an equity income fund may enable your portfolio to benefit from the best of both worlds: The long-term growth potential of stocks combined with a source of income.

Keep in mind, however, that a company's track record of paying dividends in the past does not necessarily mean the company will remain profitable or continue to pay dividends in the future.

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Values Based Asset Management

Volume XXXII Number 3 www.HaismanWM.com October 2011

Retirement Financing Risks

As Americans live longer, the task of managing money after retirement gets more complex. A retiree in his or her mid-60s typically has a different risk profile than an individual approaching 90. It may be helpful to look at various types of risk from the vantage point of how they affect retirees at different life stages. Here are four key risks to consider.

1. Investment Risk -- Balancing risk and return takes on a different meaning for individuals as they age. A negative rate of return during the early years of retirement could leave an individual with a significantly smaller nest egg when compared with negative returns later in the retirement life cycle. Haisman Wealth Management can help you craft an investment mix with the goal of smoothing out returns over the long term and increasing the chances that your assets will last throughout your lifetime.

2. Longevity Risk -- Withdrawing too much from a portfolio during the early years of retirement may heighten the chance of depleting your assets during your later years. For this reason, many financial advisors recommend limiting annual withdrawals to 5% or less of a portfolio's value, adjusted for inflation, to make assets last as long as possible.

3. Inflation Risk -- Because younger retirees typically are planning for a time horizon of 20 years or more, it is important that their portfolios include a source of growth that is likely to exceed inflation over the long term. To complement this potential growth, many retirees rely on more conservative investments that may generate income and help to balance risk and potential return.

4. Health Care Risk -- It is not unusual for medical costs to increase as retirees age, and it may be prudent to plan for these costs before the need is immediate. Pre-retirees and younger retirees may want to explore options for medical insurance that supplements Medicare, as well as long-term care insurance, to reduce the possibility of dipping into personal assets to finance illness- or accident-related

(Continued on page 4)

Thwart Identity Theft Now

With a combination of good decisions and some luck, you've managed to build a tidy little nest egg for retirement. Having enough saved for retirement can help ensure your golden years are the best they can be. But what are you doing right now to protect the nest egg that's essential to your future financial well-being?

"Retirees are a favorite target for identity thieves," says Jennifer Leuer, general manager of Experian's ProtectMyID. "Seniors usually have more investments and cash reserves, and are less likely to check their credit regularly. Identity thieves target seniors in a number of ways, from phone scams in which they pose as a relative in need, to raiding 401(k) accounts."

Your nest egg doesn't have to be at risk from common types of identity theft. Be aware of the ways in which thieves can make use of your personal information, check your credit report regularly, and take these steps to thwart identity theft:

Monitor your credit

Your credit will be an important part of your financial health even after you retire. Just because you stop working doesn't mean it's safe to stop checking your credit report. Review

(Continued on page 2)

Identity Theft

(Continued from page 1)

your report regularly and consider enrolling in a protection product like ProtectMyID, which is designed to detect ID theft, protect against it and help resolve the situation if you're a victim while enrolled. It works by monitoring your credit daily, performing daily Internet scans for your personal information, and alerting you when key changes occur.

Watch over your 401(k)

Employer-administered retirement accounts are becoming increasingly popular targets for thieves, who can defraud these funds of millions of dollars. Always thoroughly read your 401(k) statements. If you only get a quarterly statement, ask for more frequent account summaries and review them with a financial professional. Review your account online regularly so that you can quickly detect any activity that doesn't look right. And once you retire, consider rolling your 401(k) into an IRA.

Take care of your Social Security

You probably protected your Social Security number throughout your professional life. Continue protective measures in retirement, including not carrying your Social Security card in your wallet, and being cautious about whom you give your SSN to. As a retiree, your SSN is particularly valuable to identity thieves, who can use it to pilfer your monthly Social Security payment, access your medical records or even falsify your tax return so that your refund goes to them instead of into your bank account.

Stay alert and educated

Identity thieves come up with new ways to scam people all the time. With seniors being a favorite target, it pays to keep abreast of the latest scams. Check online resources like IRS.gov, FTC.gov and IDtheftcenter.org, the website of the Identity Theft Resource Center, for updates on current identity theft scams.

Bank Fees on Debit Cards?

A number of major financial institutions, including Wells Fargo and JP Morgan Chase, are testing or implementing new programs that will levy monthly fees on consumers who use their debit cards.

The banks are trying to recoup revenues lost when the Dodd-Frank Wall Street Reform and Consumer Protection Act took effect in 2010. The new regulation capped overdraft fees and charges banks could assess to credit card customers.

The new fees are assessed when consumers use their debit cards for purchases. They range from $3 to $5 per month, depending on the bank.

- Wells Fargo will begin testing its $3 monthly charge in October for customers in five states: Georgia, Nevada, New Mexico, Oregon, and Washington. Wells will also eliminate its debit card rewards program effective in October.
- Regions Bank will institute an across-the-board debit fee of $4 per month on certain accounts beginning in October.
- Earlier this summer, SunTrust started levying a whopping $5 per month fee to its Everyday Checking account holders.

Consumers Beware

Many industry experts expect more banks to launch fees on debit cards in the coming years. Pay attention to what your financial institution sends you in the mail -- both separately and with your statements. If you have questions, call your bank for an explanation.

If your bank has already sent you a communication signaling that changes are on the way, you do

(Continued on page 3)

Finding Value in a Beaten-Down Market

With Wall Street's recent seismic shifts, true stock jockeys may be tempted to buy on the dips. But this desire raises an important question: Is a low price by itself a true measure of a value stock? If an investor plans to hold a stock for the long term, how can an investor gauge its future potential compared with the broader market?

Value Investing Defined

Value stocks are those that have fallen out of favor in the marketplace and are considered bargain-priced compared with book value, replacement value or liquidation value. Value fund managers typically invest only when they believe the underlying company has good fundamentals. Many value investors think that a majority of value stocks are created because investors overreact to negative events, which can include:

- Disappointing earnings
- A negative outlook for the industry
- A regulatory setback
- Substantive litigation

The idea behind value investing is that stocks of good companies will bounce back in time when a company overcomes a short-term obstacle and investors ultimately recognize fair value. But this recognition may take time or, in some instances, may never materialize.

Comparative Analysis

Investors looking to avoid a value mistake may want to compare a stock's recent trend with a peer group or with a broad market index. Here are some other suggestions:

Consider whether a stock has dropped more than the average stock in the S&P 500 during the past three months.

Examine whether earnings estimates are being revised downward faster when compared with a peer group.

Compare analyst estimates of future profit margins to historical margins. If expectations for future profits exceed past earnings, the company could end up disappointing investors.

Another technique for potentially avoiding a value mistake is to look for stocks paying dividends. Dividends historically have been seen as a sign of management's confidence in healthy cash flow over the long term, as well as an indicator that management's interests align with shareholders. Even if a stock price languishes for a period of time, a dividend provides an investor with something in the way of a return. Note that dividends are not guaranteed, and a company can reduce or eliminate a dividend at any time.

Perhaps the best strategy for avoiding a value mistake is to combine value stocks with growth stocks, international stocks, and other types of equities to pursue diversification. Although there are no guarantees, owning some of each could help to balance an equity portfolio over the long term.[1]

Source/Disclaimer:

[1]Foreign investments involve greater risks than U.S. investments, including political and economic risks and the risk of currency fluctuations, and may not be suitable for all investors. Investing in stocks involves risks, including loss of principal. Diversification does not ensure a profit or protect against a loss in a declining market.

Debit Cards

(Continued from page 2)

have one very valuable option: shop around. While many of the larger banks may be tempted to charge a fee for debit card usage, many smaller banks and credit unions probably won't follow suit. You can always move your account to another institution that still offers free services. However, if you have multiple accounts with one institution or don't have any other banks near you, this may not be the most practical or convenient option.

Also, be sure to review your bank's new terms carefully. You may satisfy certain requirements to keep your services free or you may be able to switch to a different type of account to avoid any charges.