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Golden Strategies®

A Practical Financial Guide to Your Retirement



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In It for the Long Haul

The good news is, you might be around for a while. The bad news is, your money might not go the distance. One recent survey found that 67% of retirees and 61% of workers underestimated the life expectancies for people of their age.¹ Another survey found that if retirees lived just five years longer than they expected, 53% would slash their spending and 42% would dip into funds set aside for heirs.²

Unfortunately, many people have unrealistic expectations about how long they could spend in retirement. And because the basis for a realistic retirement-needs calculation is life expectancy, many people underestimate the amount of money they will need over the course of their retirements.

Playing It Safe?

One problem might be a reluctance to invest in equities during retirement. In a survey of high-net-worth 60-year-olds (nest eggs of \$1 million), almost 40% said they were expecting to invest more conservatively in retirement.³ For many retirees, this means investing in fixed-income vehicles. In fact, only 29% of the survey respondents owned stocks at all.⁴

Although people generally invest more conservatively as they age, many investors don't realize that they may spend up to three decades in retirement. Fixed-income vehicles may not provide

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Live Long and Prosper

Average remaining life expectancies for men and women

Current Age	Men	Women
50	27.9	31.8
55	23.8	27.4
60	19.8	23.1
65	16.2	19.1
70	12.8	15.4
75	9.9	12.0

Source: Social Security Administration, 2006

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For the Long Haul

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the return necessary to keep a portfolio growing that long. Remember that investments seeking to achieve higher rates of return also involve a higher degree of investment risk.

Social Security Solution

One strategy to consider for a long retirement might be to delay taking Social Security benefits, up to age 70. This would give you a higher benefit for the rest of your life. To calculate your breakeven point for delaying benefits as opposed to taking them earlier, visit the Social Security Administration's Web site at www.ssa.gov/retire2/breakeven.htm.

Also, be careful how much you withdraw from your portfolio every year. As a general rule of thumb, you should keep your annual withdrawal rate at or below 4% to prevent it from depleting too fast.

In short, it's important to take the long view on your retirement. Call today to see how we can help you make sure that your money lasts as long as you do.

1-2) *The Wall Street Journal*, October 4, 2006

3-4) *CNNMoney*, August 15, 2006

To Do the Most Good

Americans are a charitable group. More than 80% of the money raised by charities in this country comes from individuals.¹ In 2005, Americans donated an estimated \$260 billion.²

While donating money is certainly good, a giving strategy that utilizes a charitable trust may provide meaningful financial advantages in addition to the personal satisfaction that comes from giving.

Charitable Remainder Trust

When money, securities, property, or other assets are placed in a properly structured charitable remainder trust, the donor or a beneficiary receives income for a specific term or for life. When the trust expires, the designated charity receives the assets that remain.

For the donor, there are several potential tax benefits. Assets placed in the trust may be partially deductible for income tax purposes. At death, trust assets are not subject to estate taxes because they are no longer part of the donor's taxable estate. Finally, any appreciated assets in the trust may not be subject to current capital gains tax.

Charitable Lead Trust

A charitable lead trust is an estate conservation tool that uses your assets to provide income for a charity during your lifetime and then transfers the remaining assets to your heirs when you die. This could potentially reduce any estate tax that may be due on the assets in the trust, most notably on highly appreciated assets, because they are not subject to current capital gains tax.

Keep in mind that donations to both types of charitable trusts are irrevocable; therefore, the assets cannot be withdrawn once the trusts are formed. Not all charitable organizations are able to use all possible gifts; it is prudent to check first. The type of organization you select can also affect the tax benefits you receive. The use of trusts involves a complex web of tax rules and regulations. You should consider the counsel of an experienced estate planning professional and your legal and tax advisors before implementing such strategies.

A properly structured charitable trust may not only benefit your fellow man but could help you realize additional tax benefits as well.

"I deem it the duty of every man to devote a certain portion of his income for charitable purposes; and that it is his further duty to see it so applied as to do the most good of which it is capable."

— Thomas Jefferson



1) Better Business Bureau Wise Giving Alliance, September 2006

2) Giving USA Foundation™, 2006



An Opportunity to Grow Your Money

Exchange-traded funds have been offered since 1993, and interest in them has risen steadily in recent years. Since 2002, exchange-traded fund (ETF) assets have more than tripled to reach \$335 billion.¹ By July 2006, the number of offerings had more than doubled to 268.²

Exchange-traded funds are unique investments that offer some interesting features. Similar to index funds in some ways, yet closer to stocks in others, ETFs may not be for everyone but are worth checking out.

The Feeling Is Mutual

An ETF is a passively managed portfolio of securities that is sold in individual shares on a stock exchange. The underlying securities may all be from a certain sector or country or they may track a broad market index. In this way, ETFs are a lot like mutual funds.

But an ETF share actually has more in common with a share of stock. Exchange-traded funds can be purchased on margin, sold short, and traded any time the markets are open. ETFs tend to charge lower annual expenses than mutual funds, but most investors must pay a commission to trade shares because they cannot buy directly from the issuing company.

The price of ETF shares is actually based on the supply and demand for the shares themselves, not on the net asset value of the underlying securities. However, the performance of the underlying securities can affect the supply and demand for the ETF shares. Other factors can influence ETF prices as well. So it is possible for an ETF share to trade at either a premium or a discount relative to the value of the underlying securities.

The value of ETF shares fluctuates with changes in market conditions. Shares, when sold, may be worth more or less than their original cost.

Combining some of the features of mutual funds and stocks, ETFs present an exciting investment opportunity.

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.

1) *The Wall Street Journal*, June 17, 2006

2) Investment Company Institute, 2006



Source: Investment Company Institute, 2006





FINANCIAL FUNDAMENTALS

Calculating the Taxable Equivalent Yield

Many people would love to avoid paying taxes. There are several different types of investments that offer a tax-exempt return. However, these investments often feature lower yields as a result.

The taxable equivalent yield shows what an investor would have to earn on a taxable investment in order to match the expected yield on a tax-exempt investment. In the example below, an 8% taxable yield would be the equivalent of a 6% tax-exempt yield. You can use the last column to compare your own investments. Generally, the higher your taxable income, the more you can benefit from a tax-exempt investment.



	Example	You
1. The expected yield on a tax-exempt investment	<u>6</u> %	___ %
2. Your federal marginal income tax rate	<u>25</u> %	___ %
3. Subtract your rate from 100% (1.00 - line 2)	<u>75</u> %	___ %
4. Taxable equivalent yield (line 1 ÷ line 3)	<u>8</u> %	___ %

This hypothetical example is used for general illustrative purposes only and does not reflect the performance of any specific investments. The interest income on tax-exempt investments is generally free of federal income taxes. Possible state taxes, capital gains taxes, and alternative minimum taxes are not considered. This formula is only one factor that should be considered when purchasing securities and is meant to be used only as a general guideline when calculating the taxable equivalent yields on agency and treasury securities.

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How long will you spend in retirement? Will your retirement savings go the distance? Call today to discuss important financial strategies.

For help with your financial decisions,

Tom Lovde