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# RETIREMENT *Matters*



A member of the Wiles family of companies

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## You Can't Know What Life Will Bring, But You Can Be Prepared

Your financial picture — even your retirement goals — don't end with your investments. True security is knowing you can deal with any situation that life brings. That's why we became a one-stop shop — to make sure that whatever comes along, you're prepared.

Don't hesitate to call Director of Client Services Kris Medlin to check rates or answer questions about property, casualty, personal liability, flood insurance, or any other protection you might need. Don Lohr and Shannon Kenton can also help you review your coverage and suggest changes to save you money and build your peace of mind.

### You can find:

#### Personal Insurance

- Auto
- Home
- Personal Liability
- Umbrella Liability
- Flood/Wind
- Boats/Yachts/Aircraft Recreational vehicles
- Life & Health
- Long-term Care
- Disability Income and other supplemental policies

#### Business Insurance

- Liability - General and Professional
- Directors and Officers Liability
- Umbrella Liability
- Auto & Truck
- Building
- Business Property
- Worker's Compensation
- Inland Marine
- Builder's Risk
- Flood

Year-end is a great time to prepare for the future.  
Give us a call today!

## We Helped Stuff the Bus!



When First Coast advisor Don Lohr heard the Salvation Army's annual school supplies drive needed more donations this year, he got busy. Don made a huge box to place in our lobby, and then stood back and watched while employees filled it. Clients also pitched in, donating back packs, pencils, pens, binders, tape, crayons, markers, calculators, paper, and other essentials.

"When I heard the Salvation Army had a lot more applicants than supplies, I decided to see if we could help," Don said. "After a fourteen day effort, we provided a nice box, full to the brim."

### Fun Facts!

As much as we complain, income tax rates are at an historic low. In the 1940s, the top marginal tax rate was 94% for individuals earning \$200,000 or more. And while that was a lot more money back then, today's top rate is only 35%. (BankRate.com)

A child born in 2007 to middle-income parents will cost them at least \$204,060 by age 18. (U.S. Dept. of Agriculture)

54% of affluent baby boomers (high-income earners who turned 60 this year) said higher returns on investments is a primary goal for the next five years. Many are instead shifting to more conservative investments, showing a fundamental lack of understanding of risk and reward. (Bell Investment Advisors)

### 401(k) Warning

Now here's a bad idea: a debit card to access your 401(k) account. The convenience of being able to swipe into your savings is far outweighed by the risk of not paying yourself back. And when you consider the loss of interest, fees associated with the transactions, and income consequences of paying back the loans with after-tax dollars, 401(k) debit cards sound less and less desirable. (Financial Industry Regulatory Authority)

## Jeff's New Book is Now Available

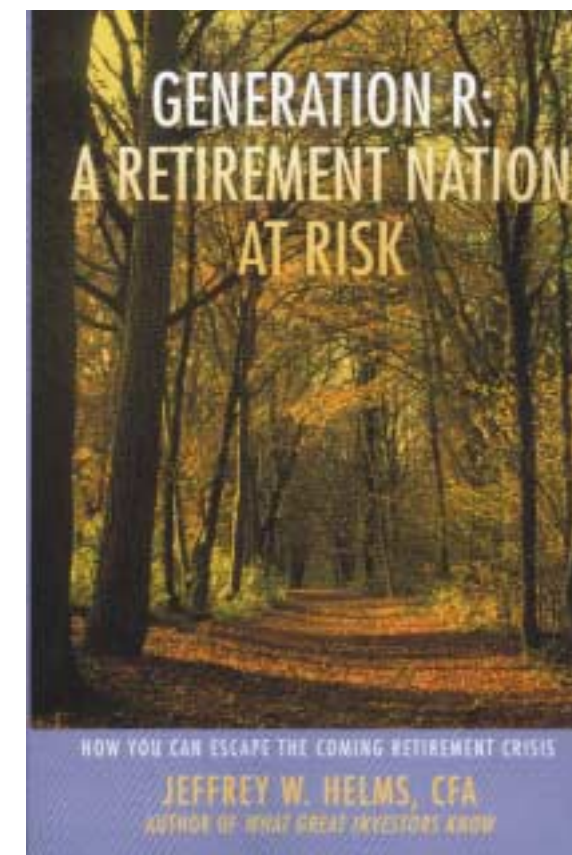
*Generation R: A Retirement Nation at Risk* by Jeffrey W. Helms, CFA is now available. Subtitled, "How You Can Escape the Coming Retirement Crisis," the book gives practical suggestions on how to avoid a retirement shortfall while helping to make sense of the larger forces and trends pressuring today's pre-retirees.

The book is available at Barnes & Noble and other fine book sellers. Following is an excerpt.

### The Rear View Mirror Approach to Retirement Planning

People, by nature, are extrapolators, which means that we think the future will be a logical extension of the past. We relate our past personal experiences to what we think the future will hold for us. When it comes to retirement, our frame of reference is, of course, our parents and grandparents. In the 1970s, the average age of retirement was 65 and average life expectancy was around eight to ten years beyond that. Your parents and grandparents probably had very nice pensions, Social Security, and enough savings to live modestly, if not comfortably, for their life expectancy.

Today, the average age of first retirement is around 58.20. If average life expectancy is, say, 89 and growing, that means on average you'll spend perhaps 30 years in retirement. So,



in the last three decades, we have tripled to quadrupled the amount of time we will spend in retirement compared to our parents or grandparents. This is most certainly not your father's retirement. Yet, many seem to be planning as if it is. According to the 2005 National Survey of Employers and Employees, the average person plans for 19 years of post-retirement living. Only 37% of people surveyed are planning to live more than 21 years upon retirement.



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## How Not to Retire

BankRate.com put together a list of the best ways to end up working at Dairy Queen in your golden years. We agree, if you don't want to retire, here's what you should do.

**1.** Consistently spend too much. Always put the newest car, the most exotic vacation, and the latest fashions and gadgets ahead of your retirement account.

**2.** Save little or nothing. Most people feel they're done when they contribute enough to their 401(k) to get the employer match. Instead, another 2% or 3% could help them reach their goals.

**3.** Thinking that being self-employed or working for a small business means not having to save. There are good ways to save, even if you work for yourself, including SEP-IRAs and traditional IRAs.

**4.** Fail to understand taxes. If you assume you'll be in a lower tax bracket after retirement you might be wrong — and you'll have to pay Uncle Sam somehow.

**5.** Assume your portfolio will always grow. Getting one consistent growth rate is unlikely. We live in uncertain times. Have a financial check-up every now and then.

**6.** Assume your income will always grow. In a perfect world, you would make more next year than last, and more the year after. But the world isn't perfect and set-backs sometimes intrude.

**7.** Don't plan for emergencies. By refusing to plan, and insure, for every aspect of retirement, including the untimely death of a spouse or long-term care needs, you can expect to raid your retirement funds.

**8.** Be ignorant about investing. Ignore advice to diversify your portfolio, roll over your 401(k) to the wrong fund, and put your savings into low-yield accounts.

We'd love to see you at Dairy Queen, but not when we place our order. Come see us if any of these points hit too close to home.

## The Politics of Investing

Like no other political contest in recent memory, this nation is transfixed on the upcoming presidential election. But while Main Street looks to the campaign with great anticipation, Wall Street does not. "Wall Street abhors change," says Dr. Quincy Krosby, a noted economist.

If we look back 75 years, today's economic concerns can seem almost trivial. The country was debilitated by the Depression when Roosevelt was elected in 1932. As desperate as those times were, \$100 invested after his inaugural speech ("We have nothing to fear but fear itself.") would have been worth \$442,000 by December 31, 2007.\* Granted, even \$100 was hard to come by back then. But Roosevelt's message wasn't about material things. It was about faith in our nation, in our future, and in ourselves.



Politicians love to argue over which party's policies are best for the American economy. You might be surprised to learn that history indicates it doesn't much matter who is in the White House. I looked back at each administration since Eisenhower took office in 1953. Since then, the average annual return during Republican terms was 10.7%, and the returns for Democrats was 12.8%.\*\* As much as your elected officials would have you believe they wield significant short-term influence over your financial well being, it just ain't so. Political will does not drive financial success and wealth. Our economy is made up of thousands of great companies focused on growing value for their shareholders. That's the real driver.

\*Ned Davis Research, 2008

## The Word is Out Around Town(s)

When Florida's city and local governments need someone to help employees prepare for retirement, lately they've been turning to us. We are gratified that so many in the municipal marketplace have been seeking out FCFA for help understanding pension fund choices, options like DROP, and more general retirement answers, like those provided in Jeff's lively "Reinventing Your Retirement" workshops. If you would like to see for yourself why we are in demand, check with us for the next opportunity to participate in a seminar.



## Your New Favorite Web Site

Have you been to [www.firstcoastadvisors.com](http://www.firstcoastadvisors.com) lately? If not, you've been missing a great resource. Available are easy to understand quarterly market updates; calculators to estimate your retirement contributions and income; and articles that explain how long-term care insurance works, your annual financial "To Do" list, a retirement planning timeline, and much more. You can even access your accounts on the secure site. Visit today and we bet you'll add us to your "favorites!"

[www.firstcoastadvisors.com](http://www.firstcoastadvisors.com)

## A Special Message on the Current Economic Challenge: We've Seen This Movie Before

As everyone is certainly aware, the US credit markets have recently experienced events of historic proportions. The cries of "It's different this time," echo from every newscast. As this is written, Congress and the Treasury Department have worked out the details of a complex plan aimed at rehabilitating the credit markets. The woes of several investment banks and brokerage firms (who created their own undoing) are coming home to roost. But — contrary to popular rumor — the world is in fact not ending. Witness:

Oil prices are up 60%...Personal savings rates are under 1%...Equity markets are stumbling...Fear of recession is rampant...Unemployment is at 5.85%

Sound like today's headlines? This scenario is from the pages of Business Week on August 13, 1979. The cover story was titled, "The Death of Equities," and announced, "The US economy has to regard the death of equities as a near permanent condition...reversible someday, but not soon."

Indeed. A \$10,000 investment in the S&P 500 (which is all equities, by the way) on the day that magazine hit the newsstand was worth \$305,000 by Dec. 31, 2007 — an average annual return of 12.7%.\*

The point is, it's not different this time. Of course these are challenging times. We've faced them before, and we'll face them again. But diversification, discipline, and patience reward long term investors with



increased wealth. We shouldn't expect it to be any different this time. If you have any questions, don't hesitate to call us.

\*Ned Davis Research, 2008. The growth of \$10,000 is based on the S&P 500 Index, which is an unmanaged list of 500 widely held U.S. common stocks frequently used as a measure of U.S. stock market performance.

## College Vs. Retirement: Affording Both

by Patricia Ponder and Jeff Helms

Why is it that Johnny and Susie are ready to go off to college just about the time Mom and Dad should be socking away savings for retirement? There's no point in arguing with the realities of mathematics or maturing, but there are good strategies for meeting both financial goals. The key is making decisions based on facts rather than emotion. If your child will one day be attending a university, we have some tips.

**Don't confuse an expensive education with a quality one.** The most important thing is finding an environment where your child will be successful and will gain the tools to continue to succeed beyond college. A degree from Ivy League U. doesn't ensure a life on Easy St. but excelling in a given program and mastering a given discipline might.

**Help kids be realistic.** If your child turns up his nose at attending an in-state school and declares he will finance a more exotic locale through loans, it's time to do the math. With even a \$400 per month student loan payment on say, \$45,000 debt, it's hard for a young person to pay for an apartment, work wardrobe, transportation, meals, etc. on an entry-level income. If the solution is to move back in with you until that debt is paid off, your vote on which school to attend is not trumped by the "I'll just get a loan" argument.

**Tell them to hurry.** If your child has advanced placement credits upon enrollment, it might be possible to pursue an accelerated schedule that will allow graduation in three years instead of four. Even without a head start, it might make sense to skip the summers off and plow through to an early graduation. The sooner

they finish, the sooner they can start earning — or begin graduate school.

**Looks for ways to save.** Textbooks seem to eat up almost as much college savings as classes. Alternatives to expensive new books include online ebooks, available at CourseSmart.com, or used texts from sites such as CheapestTextbooks.com and BooksPrice.com.

Whatever you do, don't shortchange your retirement savings. It won't help your children in the long run to be burdened with supporting elderly parents. You will help more by making sure you have enough for yourself...and those grandchildren you aren't pressuring anybody to have.

## Jeff Helms Joins Statewide Task Force

Jeff was asked by Florida's Chief Financial Officer, Alex Sink, to join a new task force called Safeguard Our Seniors. Its purpose is to protect Florida residents and retirees from fraud, beginning with annuity abuses against the elderly.

"Improving the suitability standards for financial product sales, solid education for our residents, and more clear disclosure requirements for companies will be all be topics of discussion," Jeff said. "I'm looking forward to contributing to the task force."

