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Living Long vs. Living Well

Two researchers have bet what they assume will be multi-millions on what the world record will be for maximum human life span — a jackpot payable long after they're both gone. Professors S. Jay Olshansky and Steven Austad established a trust fund with \$150 each. The fund will grow until January 1, 2150, when the bet is up and payable to the heirs of the winner. Austad believes someone already born will win him the wager, living to be 150.



Olshansky bet that 130 is the top end of the human life span. Austad, a University of Idaho Zoology Professor, is the author of **Why We Age: What Science Is Discovering About the Body's Journey Through Life**. He contends that technology will stretch life to 150.

"We will live longer because cloning technology, combined with stem cell research, is likely to allow the growth of replacement parts in the not-too-distant future," Austad said.

The scientists agreed that simply be-

On Informing Your Heirs

Loved ones should be relieved of the burden of research at a time when they neither want nor need other hassles. The list below includes what we consider the minimum amount of financial information that should be available to your spouse or heirs. Each year, you might consider updating a letter of information which includes the following items:

- Location of your will, living will, trusts, and other important documents
- A list of bank accounts with locations and numbers
- A list of T-bills, CDs, money market and other accounts
- List of securities owned (stocks, bonds and mutual funds)
- Safety deposit box information (location and keys)
- Pension and corporate benefits information (include name and phone number of contact for pensions, profit-sharing, etc.)
- Real estate (list holdings and location of important papers)
- IRAs (location and details of accounts)
- Professional advisors (e.g., financial planner, attorney, accountant)
- Liabilities (loans outstanding, amounts and due dates, names and addresses of lenders)
- Tax returns (location of state and federal tax returns for at least the past 3 years — 6 years preferred)
- Any other pertinent financial information that will make things easier and more convenient for your heirs.

ing alive for 150 years does not count. To win, Austad's 150-year old must be aware of his or her surroundings. The winner will be decided by three scientists chosen by an international scientific organization. If the winner has no living heirs in 2150, universities will receive the money.

Well, it's a cute story, but the real concern would be how WELL the person lived until age 130 or 150.

Imagine the problem of accumulating

enough income to live that long!

According to current mortality tables, a person who is 56 years old will likely live to a ripe old age of 84; one who is currently 84 can expect to live until 92.

If one were to live to the age of 150 or even just to 130, what would the mandatory retirement age be? How many years would one have to live after retirement with little or no current income?

The amount of money needed to do so would be staggering!

Questions & Answers

Q. *My three brothers and I just inherited a family vacation home. We want to keep the home for sentimental as well as financial reasons, but we are wondering how four people who only USUALLY get along should handle things like liability? And what happens if one of us dies?*

A. While the value of the property might cause you to make different decisions, the simplest option would be to take title to the property as “tenants in common.” If you decide to do so, get some help because the rules should be written out, e.g., how much each of you will pay into accounts to cover insurance, taxes, upkeep, utilities, furniture and other items. Then you’ll need to decide who will control the account. If one of you were to die, do the others wish to buy the decedent’s share? What will happen if one of the siblings can’t afford to continue with payments into the account? If you plan to rent the home, how are you going to share and decide upon individual family use? Try to imagine all the possibilities and leave as little as possible to chance.

If the property is very valuable or you plan to mainly rent the home to others, you might consider a more complex form of ownership (it’s more expensive to set up) like a family limited partnership or a limited liability company which would provide more flexibility and protection from personal liability.

Q. *Regarding minimum distributions from Individual Retirement Accounts: need I take a pro-rata share from each one?*

A. No.

After determining the total amount in all of your IRAs and calculating the total minimum distribution, you may withdraw the amount from all, some or one of your IRAs.

We will accept questions from readers and reprint selected answers in this column. Send your question(s) to us; we’ll answer as many as we can.

Financial Notes Worth Noting On Setting Goals

Financial Advisors are often told that they spend a lot of time and energy on “how to set goals, how to achieve objectives and how to do this and that.” So be it. Here are a few more ideas:

1. Visualize and decide what you want.

It’s important to either set aside some time by yourself, or, depending upon your circumstances, with your family or significant others, make a list of those things that you want right now, 5 years from now, 10 years from now, etc. Or at least break them down into

now and **later** ideas. Make sure that your “wants” are exact, specific and stated in simple and clear language. For instance, a goal like “to retire in a few years with lots of money” is too vague. Try something like “to retire in 11 years with at least \$1 million.”

2. As we’ve indicated many times, commit your goals to paper . . . well at least type them in a computer document so that they are available and able to be “called up whenever you wish to review or modify them.”

3. Ensure that each goal is achievable, reasonable given your circumstances and, if necessary, broken down into very understandable and measurable pieces. In other words, large or cumbersome goals need to be reduced to workable and doable parts.

4. Design strategies and actions for achieving each goal. These include steps you need to accomplish to reach your end.

5. Finally, make sure you have patience and understand the time frame for achieving your goal. For instance, if your goal is to save \$10,000 in one year, realize that \$200 a week will make it happen. If you need the same amount in 6 months, it’s \$400 a week.



Quotable Quotes

The safe way to double your money is to fold it over once and put it in your pocket.

Frank Hubbard

We can tell our values by looking at our checkbook stubs.

Gloria Steinem

There is a very easy way to return from a casino with a small fortune: go there with a large one.

Jack Yelton

My problem lies in reconciling my gross habits with my net income.

Errol Flynn

Car sickness is the feeling you get when the monthly payment is due.

Author Unknown

Retirement Confidence Survey - 2010

Changing Expectations About Retirement

Over the past few years, many American workers have begun to question their ability to secure a financially comfortable retirement. How, if at all, are workers adjusting their expectations about retirement to compensate?

Postponing Retirement

A quarter of workers in the 2010 Retirement Confidence Survey (RCS) say the age at which they expect to retire has increased in the past year (24 percent). Statistically, this is similar to the percentage indicating they were planning to postpone retirement in 2009 (25 percent) and an increase over the percentage planning to postpone retirement in 2008 (14 percent).

The poor economy (29 percent) and a change in employment situation (22 percent) are the most frequently cited reasons for postponing retirement, followed by inadequate finances (16 percent) and the need to make up for losses in the stock market (12 percent).

Reasons for Postponing Retirement, Among Workers Saying They Postponed Their Expected Retirement Age

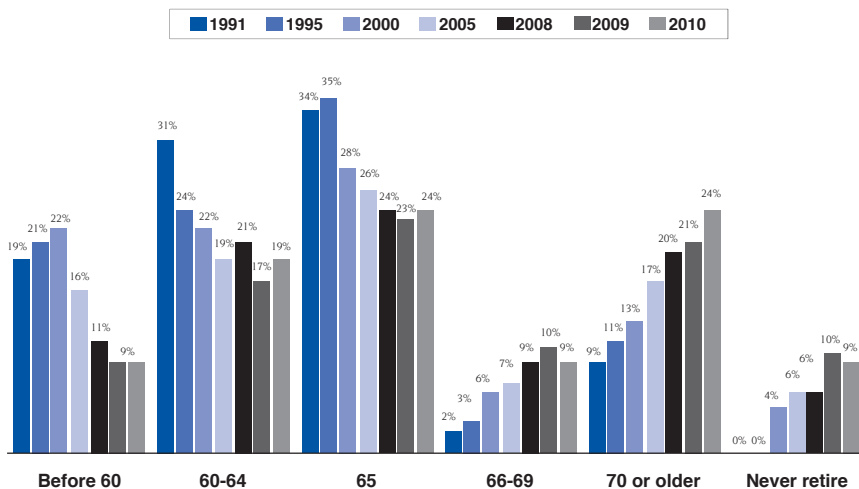
Poor economy	29%
Change in employment situation	22%
Finances, can't afford to retire	16%
Need to make up for losses in the stock market	12%
Lack of faith in Social Security/government	7%
Cost of living in retirement will be higher than expected	7%
Need to pay current expenses first	6%
Want to make sure you have enough money to retire comfortably	6%
Aren't sure how the stock market will perform	5%
Health care costs	4%
Law changed the minimum retirement age	4%

Source: Employee Benefit Research Institute and Mathew Greenwald & Associates, Inc., 2010 Retirement Confidence Survey.

The age at which workers expect to retire is gradually rising. In 1991, half of workers planned to retire before age 65 (50 percent), compared with 28 percent in 2010.

In the 2010 RCS, more than half of workers say they expect to retire at age 65 or later (57 percent, compared with 45 percent in 1991). Moreover, workers are now more than twice as likely to indicate they will retire at age 70 or later (24 percent, up from 9 percent in 1991).

Trend in Workers' Expected Retirement Age



Source: Employee Benefit Research Institute and Mathew Greenwald & Associates, Inc., 1991-2010 Retirement Confidence Surveys.

However, about 40 percent of retirees report each year that they retired sooner than they had planned (41 percent in 2010), often for negative reasons such as a health problem or disability (54 percent) or company downsizing or closure (26 percent). While a majority of workers feel that they will still be able to retire comfortably even if they are forced to retire two years earlier than planned (61 percent), retirees who left the work force earlier than planned consistently report lower levels of confidence about their retirement security than do those who retired on time or later than planned.

Source: Employee Benefit Research Institute

“Clip and Save Table”

How \$100 A Month Will Grow . . . and How Much To Invest to Achieve Your Goal

As we invest, our goal is to make dollars grow. Anticipating how well those dollars will grow, dealing with time horizons and estimating growth parameters have always been difficult. While some of the figures we use might well be guesses, the table below will make it easy to approximate several important answers to investment questions.

First, the table shows how a specific amount of money invested on a monthly schedule will grow at various rates of return. The table is prepared with the figure

of \$100 monthly since that number is easily multiplied to arrive at the answers for higher amounts.

Let's assume that you invest \$300 a month. How much would you have accumulated after 15 years if your investment earned an average annual return of 6 percent compounded? Look at the intersection of 15 years and 6 percent and you'll find \$29,227. Since you invested three times the \$100 amount designed into the table, you multiply the result by three and you have \$87,681.

You may also use the table to deter-

mine how much you'll need to invest to achieve a specific goal at a future date.

Example: you'd like to have \$150,000 by the time your child starts college in 10 years. Again, assuming a 6 percent return on your investments, how much must you invest monthly to achieve your goal? Find the point where 10 years intersects with 6 percent: \$16,470. Divide that number into your goal of \$150,000. That number (9.11) tells you that your goal is 9.11 times the total generated by \$100 monthly deposits, requiring you to invest \$911 per month.

Source: *The Walsh Group*

Year	3%	4%	5%	6%	7%	8%	9%	10%	11%	12%
1	\$1,219	\$1,226	\$1,233	\$1,240	\$1,246	\$1,253	\$1,260	\$1,267	\$1,274	\$1,281
2	2,476	2,503	2,529	2,556	2,583	2,611	2,638	2,667	2,695	2,724
3	3,771	3,831	3,891	3,953	4,016	4,081	4,146	4,213	4,281	4,351
4	5,106	5,213	5,324	5,437	5,553	5,673	5,795	5,921	6,051	6,183
5	6,481	6,652	6,829	7,012	7,201	7,397	7,599	7,808	8,025	8,249
6	7,898	8,149	8,411	8,684	8,968	9,264	9,572	9,893	10,227	10,576
7	9,358	9,708	10,075	10,459	10,863	11,286	11,730	12,196	12,685	13,198
8	10,862	11,329	11,823	12,344	12,895	13,476	14,090	14,740	15,427	16,153
9	12,412	13,017	13,661	14,345	15,073	15,848	16,672	17,550	18,486	19,482
10	14,009	14,774	15,593	16,470	17,409	18,417	19,497	20,665	21,899	23,234
15	22,754	24,691	26,840	29,227	31,881	34,834	38,124	41,796	45,886	50,458
20	32,912	36,800	41,275	46,435	52,397	59,295	67,289	76,570	87,357	99,915
25	44,712	51,584	59,799	69,646	81,478	95,737	112,953	133,789	159,058	189,764
30	58,419	69,636	83,573	100,954	122,709	150,029	184,447	227,933	283,022	352,991

This table is for illustrative purposes only and does not reflect the performance of any specific investment. All percentages are hypothetical; your investment returns will vary. Percentages are the effective annual rate, assuming contributions are made on the first day of each month and investments compound monthly.

Investors are reminded that there are risks involved when investing in securities markets, including, but not limited to, the loss of principal. ©2010

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