



Weekly Market Notes

For the Week of March 10, 2008

THE MARKETS

The Federal Reserve announced last week that it would increase the size of its March 10 and 24 money auctions to banks from \$30 billion to \$50 billion each to help ease credit concerns. Future auctions may be increased as well. The Dow fell 2.96 percent to end the week at 11,893.69. The S&P dropped 2.73 percent to close the week at 1,293.37, and the NASDAQ lost 2.60 percent to finish the week at 2,212.49.

Returns through 3/7/08	1 Week	YTD	1-Year	3-Year	5-Year
Dow Jones Industrials	-2.96	-9.86	-0.13	5.27	11.49
NASDAQ Composite	-2.60	-16.58	-6.83	1.91	11.13
S&P 500	-2.73	-11.54	-5.27	3.77	11.34
MSCI EAFE	-3.14	-10.83	-0.86	11.28	21.10

Source: Morningstar.com. * Past performance is no guarantee of future results. Indexes are unmanaged and cannot be invested into directly. Three and five-year returns are annualized. The S&P, excluding "1 Week" returns, is a reflection of return to an investor, by reinvesting dividends after the deduction of withholding tax.

Slipping Standards – New research from The Retirement Research Center at Boston College indicates that, because of rising health care costs, more than 60 percent of U.S. workers are at risk of not maintaining their current standard of living during retirement. For almost half of working Americans, their standard of living will slip even if they work until age 65. Researchers defined "at risk" as a short fall of 10 percent to maintain the standard of living during working years, including financial resources such as personal savings, Social Security and pensions.

Affluent Impact – America's 21 million affluent households account for only 18 percent of the nation's households but they control nearly half of the aggregate household income. According to Packaged Facts, affluent households controlled \$3.6 trillion of income in 2006, a total that is expected to increase 27 percent over the next four years to \$4.6 trillion. Affluent households spend almost one out of every three dollars in the U.S.

Blended Vision – U.S. adults 40-65 years old with children from previous marriages and single women are less likely than traditional families (two parents and children from the current relationship) to have a clear vision of their retirement. According to a Family Matters study by the MetLife Mature Market Institute, most middle-aged Americans do not have savings and income vehicles specifically for retirement, such as 401(k) plans, pensions or annuities. Nearly two-thirds of blended families and single women say it is significantly more difficult for them to save for retirement.

Commitment to Retirement – A survey released last month by Fidelity Investments and National Financial shows that 60 percent of IRA holders still plan to fund their accounts for 2007. Contributions may be made until midnight on April 15, 2008, for the 2007 tax year.

Purple Bill – On Thursday, March 13, the U.S. Treasury will begin circulating a redesigned \$5 bill that includes yellow and purple ink to make the bills harder to counterfeit. Abraham Lincoln's face will still grace the front of the five, with the Lincoln Memorial on the back.

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WEEKLY FOCUS - Not So Obvious

Given the amount of media attention retiring boomers are getting, you might think everyone in that age group would have a retirement plan. A recent survey by Fidelity Investments and National Financial, however, found that only 32 percent of respondents age 60-64 have a plan for saving for their retirement. Among those in their 50s, just 20 percent have a plan; those in their 40s did slightly better with 21 percent, while just 14 percent of those in their 30s said they have a plan.

Increasing longevity and rising health care costs, along with shrinking pension programs and uncertain Social Security benefits, have combined to make retirement the top financial consideration for Americans today. Now more than ever, workers must rely on themselves to accumulate enough assets to maintain their standard of living in retirement – and the earlier they start, the better their chances.

Who do you know who doesn't have a retirement plan? A parent, an adult child, a friend, a coworker, a sibling or another family member? Assuming you have a retirement plan, how do you encourage others – particularly those who may be dependent on you if they have insufficient assets of their own – to plan for their retirement future? Here are a few points for conversation:

1. It's never too late to plan for retirement. Late stage planning focuses less on accumulation and more on maximizing the resources a person has or will have in retirement, including pensions, 401(k)s, IRAs, Social Security, insurance, home equity and even available credit and tax strategies.
2. It's never too early to start. By some estimates, a couple age 60 retiring today will need over \$200,000 just for health care expenses before they die. With health care costs rising faster than inflation, that will be just a drop in the bucket for those now in their 30s. An easy place to start is an employer's 401(k), because the contribution is deducted from the employee's paycheck. If possible, a person should contribute as much as the employer will match. If an employer doesn't have a 401(k), the employee may be able to set up a direct deposit from each paycheck into an IRA.
3. Get professional help. In addition to helping individuals select investments appropriate to their situation, a financial professional can keep an investor on track when market fluctuations cause anxiety.

Today more than ever, individuals must rely on their own assets to finance their retirement years. If you or someone you know needs help creating a retirement plan, or fine tuning an existing plan, please call our office. We're always here to help.

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* The Standard & Poor's 500 (S&P 500) is an unmanaged group of securities considered to be representative of the stock market in general. The Dow Jones Industrial Average is a price-weighted index of 30 actively traded blue-chip stocks. NASDAQ Composite Index is an unmanaged, market-weighted index of all over-the-counter common stocks traded on the National Association of Securities Dealers Automated Quotation System. The Morgan Stanley Capital International Europe, Australia and Far East Index (MSCI EAFE Index) is a widely recognized benchmark of non-U.S. stock markets. It is an unmanaged index composed of a sample of companies representative of the market structure of 20 European and Pacific Basin countries and includes reinvestment of all dividends.

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