

THE envisionary

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Guiding our clients in achieving true independence, so they can focus on living out their meaningful purpose.



The School Bus Technique

Many mornings on the way in to work, I find myself following behind a school bus. You know, stopping every seventy five feet to pick up children, just when you are in a hurry. Then again, it's usually such a friendly situation; parents standing there with coffee making sure their kids get on, and maybe a friendly wave from the driver.

Anyway, there's something I've noticed over the years. At first glance, they are the same big old yellow machines that have been around forever. But when one looks closer, there have been some changes which have been fairly significant. Some buses now have lights on their roofs, kind of like the old police cars. Some also have a florescent white strip on their roofs. Many have orange sticker material around the back door, and on various parts of the sides. And the like. I have thought to myself that you could probably see one of these things from space if the light hit it correctly. Maybe 3M is using our buses as a test for something.

My initial thoughts on the subject were that it was overkill. Why waste the money. After all, these buses are very large, made of steel, and have done a good job protecting our children for generations. Why now? This, combined with the fact that the skills of an excellent driver would be most important. However, the world does continue to change. Traffic has increased significantly. Buses are being used for more and various things such as sports, day trips, etc. Obviously, it is being done in the interest of child safety. Maybe it just makes sense.

Now that I have professed myself as both a traffic and safety engineer, allow me to explain why in the world this topic should be covered by a wealth management firm. Simple. Tried and tested is most important, but taking advantage of positive advancements along the way can make a solid combination for success. Read on.

When one thinks about successful long term investing in its purest sense, there are basic building blocks that must be in place. Among these are diversification, time and patience, discipline, and an understanding of your plan. While we may be almost bored with hearing about these market principles, investing without them is like building a fort in a dead tree. It might work for a while, but eventually, it will fall to the ground.

While we have determined that there are time tested principles, that doesn't mean we invest exactly the same way as we did fifty years ago. Back then, access to markets was limited. Today, we can increase diversification to manage risk through markets around the globe, by owning many different asset classes.

[Asset allocation does not guarantee positive results. Loss, including loss of principal may still occur.]

Many investors today try to replace the time tested principles of investing with the newest enhancements. While these enhancements are built to directly address fast moving changes to our world, they are not substitutes for diversification, or time in the market. It is uniquely the combination of our base structure, combined with these advancements which makes for opportunities. Never confuse that.

We live a few blocks from a bus garage. Each morning, around 6:30 a.m. you can see the drivers out there. They are checking their oil, turn signals, and preparing for the safety of our children. Imagine what would happen if they decided that they weren't going to do that part of their job anymore. In the end, the school bus people got it right. They still run those strong, diesel burning machines. Yet, they combined the best of the past with the latest advancements in technology... even if it is for the benefit of astronauts. And so it goes with investing.



Savers vs. Investors

Did you used to be an investor, but now you are a saver? Do you know the difference, and why it matters? Here's a brief description.

A **Saver** could be defined as someone with shorter term objectives, and primarily concerned with preservation of principal. They look to their goal, such as a down payment for a home or an automobile, and know that having the money there when they need it is most important. Market returns, taxes, and outpacing inflation, are secondary to the goal.

An **Investor** is someone who often takes a longer term investment horizon in achieving their objectives. Their goals may be something which are not met by a specific thing, such as an automobile, but tend to be achieved in an ongoing fashion. Topics which could be placed in the investment category are retirement planning, generational wealth planning, education planning, etc. They often take many years to plan for, and in some cases many years to achieve. Therefore, outpacing things such as inflation and taxes require us to do things beyond leaving our money in savings.

You may be thinking that this is a very basic article. While the concept may be simple, over the past few years, we have seen mass confusion, as investors turn into savers, especially as it relates to retirement planning. The goals haven't changed, however, just the way they are being applied. People who may have ten years until retirement, and thirty years "in" retirement, have shifted from long term perspective to principal protection. Market loss is unacceptable. Taxes and inflation are not part of the conversation, and placing money in cash seems just fine and dandy. Sounds like a saver to us.

There's nothing wrong with being a saver. Actually, it's an awesome thing! Nor is there anything wrong with being an investor. In the end, it is simply crucial to be sure we are using the right strategies for the right goals. We wouldn't place our money in an ultra aggressive investment if we need the money in two months. Nor should we do the opposite as investors. Markets provide the opportunity to outpace inflation, taxes, and the income needs we have built for ourselves. They do require more moving parts, more patience, and pure dedication. But it may be that our fears are just as much a function of the ongoing nature of the goals we are trying to achieve than the markets themselves. Think about that one.

72 @ .5%

Over the past few years, it has been easy to look at the markets and think that you may have been better off just sticking your money in the bank. Five year market returns have fluctuated significantly. At least in the bank, if we are going to complain about a bad return, we can feel our money is safe. Right? While it may satisfy our emotions, it can be a disaster for our retirement portfolios.

While many people have reverted to a principal preservation strategy as it relates to their long term investments, what they need to be focused on is protecting their purchasing power. Remember the old "rule of 72"? If you divide the rate of return you receive by 72, that will tell you how long it will take to double your money. So, let's use a return you might receive at a bank, such as .5%. If you invest \$100,000 @ .5%, it will take **144** years to double your money. (Yep, you read it right). You might be thinking, "yeah, but I haven't even earned that in the past few years in the market." This may be true. However, since 1950, a portfolio of 50% stocks / 50% bonds has never had a negative rolling five-year return. The average return since then has actually been 9% per year. [J.P. Morgan Guide to the Markets, 4Q, 2011, page 56.]

While we may feel a valid sense of frustration as it relates to looking back over the past few years, we encourage you to break through the false sense of short-term security being offered in the marketplace. It's not easy, but in this case, facts don't lie.

On the back burner

Eventually

Each of us runs our own race in this life. We all started at different places, and were given a unique combination of talents, trials, and blessings from the very beginning.

As we travel upon our road, there is something inside us which innately seeks to gather what we need, protect what we have, and seek understanding in all this life offers.

A trademark of this world, however, is that while we all seek to attain "success", there is confusion in who is able to achieve it, how it is measured, and what it all means.

There is one thing which seems to be the only constant... Eventually, we will all be gone from this time, and not one among us will be able to bring our gifts, successes, or legacy with us.

We do not know what this life brings from each day to the next, but we know someday it will end. Yet we pour our efforts into it as if we will be here for eternity. But as we are certain that one day we will find our own eternity, how much time do we spend preparing ourselves for this venture?

These days will be kind to some, and truly unkind to others. We have to trust that someday, we will know why. In the meantime, there is one thing this life presents us with, which is often overlooked. It is simply an opportunity to sit back, and think about what we want our forever to be like... A chance to practice our talents, face our trials, and count our blessings. In this we are all equal, and always will be.

As we move further down the dirt road of life, looking back and seeing dust in our mirrors, the more our days of transition wait to greet us. While none of us knows when, we must believe that there will be a day when we know how success is measured, who can achieve it, and what it all means. And what a day it will be.

By Lee Stoerzinger

Further, yet closer!

Let's try an exercise:

When you have some quiet time, sit back, close your eyes and think about a long term financial goal you have in your life. Maybe the perfect retirement. What are you doing? Traveling? Maybe to Ireland or Italy? Are the grandchildren around? Are you volunteering in your community? Really focus. Think about the sights and sounds. Who are your friends and what role do they play in your life? What things are most important to you? What are you doing with the precious time each day provides?

Now, quick, think about the stock market, and the day to day returns. Think about the volatility as the media reports each new global economic situation with doom and gloom. Think about how it makes you feel. What are your thoughts about the future? About your children's future? How do you think all of this applies to you?

When you took some time and thought about your perfect retirement, was the stock market the main thing on your mind? Our guess is no. Smart people who measure how the brain works have come up with two powerful findings, which can be very valuable in our lives if known and understood. First, **while we are capable of billions of thoughts, we can only have one at a time.** Second, **we become what we think about.**

Let's extend this out to our discussion. The closer our true objectives become, and the more we think about them (i.e. retirement), the further away day to day situations become a part of our lives (i.e. stock market). And maybe of greater importance, the more we focus on the volatility and confusion this world brings us, simply by definition, the further away from the forefront our true reasons for living become. These days, in its place are increased uncertainty, lack of control, and doubt. One side note. Even if things were wonderful in the markets, as someday they will be, they will still take us away from our focus. The reasons will just be different.

This exercise could be applied to many parts of our lives. We thought it would be a strong demonstration of how powerful well aligned focuses can be, and how sometimes, we may be off track without even knowing it. This world has a good way of doing that.

Our expertise is in helping our clients identify how the pieces of their financial lives fit together.

Giving Thanks!

On November 17th, we held our third annual Thanksgiving Open House. We had 120 people in attendance, and fun was had by all. That equated to a little over 90 pies.

Thank you so much for taking time out of your schedule to join us. It is always a great opportunity to mingle with awesome people, have a glass of wine, and bring home a nice treat! You are a blessing in our lives.



About Transfers on Death

When we establish and invest in an IRA, 401k, annuity or life insurance policy, we are asked to place a beneficiary on those accounts. Therefore, in the event of our death, the account will pass directly to the person we wish (people, trust etc.). If we have a will, the beneficiary designation will supercede it, as it will also avoid probate. We have all heard the stories of people who fail to put a beneficiary on a specific account, or forgot to change them when certain life events such as divorce happen. It is a fairly easy task which can prove extremely valuable if done correctly, but can create quite a headache if overlooked.

What about our other accounts such as individual or joint investment accounts not held in IRA's or 401ks, etc? Is there any way to direct them like a beneficiary? Actually there is. It is called a Transfer on Death, or commonly known as a TOD. It is basically the same type of registration process as a beneficiary. You request to name whoever you wish, including multiple people, etc. Then, when you die, the assets pass efficiently to where they were directed. They will also supercede a will, and avoid going to probate.

We introduce this subject because while it has become customary, almost mandatory, to place a beneficiary on the appropriate account, it is often overlooked on accounts which offer TOD's. After all, two of the main reasons we use beneficiaries are to send assets directly to the intended recipient, and to avoid probate. TOD's will accomplish this without the need for trusts, etc.

One thing TOD's differ with beneficiaries on are taxes. While the rules are beyond the scope of this article, being certain how taxes play a role in each situation is important. Please contact us if you have questions about this. [SII does not provide tax or legal advice.]





Financial Flash

@ Close of Business, 12-30-2011
(Information by finance.yahoo.com)

INDICATOR	12-30-2011
Prime rate:	3.25%
Discount rate:	0.75%
3 month t-bill yield:	0.02%
10 year t-bond yield:	1.89%
30 year t-bond yield:	2.89%
30 year fixed mortgage:	3.94%
Dow Jones Ind:	12217.56
S&P 500 index:	1257.60
NYSE composite:	7477.03
Nasdaq composite:	2605.15
Ftse 100: (Europe)	5572.28
Nikkei 225: (Asia)	8455.35
Oil:	99.06
Gold:	1567.00

Trivium

Definition: Studies intended to provide general knowledge and intellectual skills.

All who contact us with the correct answer will be placed in a drawing for a \$30 gift certificate.

QUESTION:

What percent of all Federal income taxes paid do the top 25% of income earners pay?

Winner from last quarter:

Jerry Stoerzinger

Others who answered correctly:

Bob Anderson
Jim Kuchar

Question from last quarter:

Has a debt ceiling debate ever led to a default by the U.S. Treasury? Is so, when?

Answer from last quarter:

Yes. In 1979, during Jimmy Carter's reelection campaign, the US Treasury failed to pay three consecutive maturing sets of US Treasury bills.

Year end question:

What will the Dow Jones Industrial Average (Dow) close at on December 30th, 2011?

Answer: 12217.56

Winner: Jim Kuchar - 12225

A Note To Our Clients

We are pleased to announce our **new and improved website** at www.leestoerzinger.com. Please take a look and tell us what you think. Here are some of the things you will find:

A client corner, where you can login to your private accounts, view pictures from past client events, take in our firm's recommended reading, and dig through many past newsletters.

Two decades of articles, written and published by Lee, arranged by category, and easy for reading and sharing.

Our new interactive market experience called *Sailing & Rowing*, which was built to help enhance understanding of markets, and different economic conditions.

Sincerely,

Lee Stoerzinger, CFP®
President

lee.
stoerzinger^{INC}
RETIREMENT SPECIALIST

Lee Stoerzinger, Inc. is a proactive investment and retirement planning firm. While we offer a comprehensive list of services, our areas of focus are **retirement income planning, life transitions, generational wealth, and tax efficiency planning.**

Our expertise is in helping our clients identify how the pieces of their financial lives fit together, understand the investment process, set realistic expectations for their personal situation, and blend investments into a comprehensive financial plan.

We seek to provide world-class service, and exceed our clients' expectations in all matters. We hope that in all we do for our clients and our community, that we continue to bring powerful meaning to the word character.

Securities and Investment Advisory Services offered through SII Investments, Inc.® Member FINRA / SIPC and Registered Investment Advisor
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