



Helping Build, Protect and Transfer Wealth®

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news you can use

Market Timing – A Refresher Course

Why didn't we sell and go to cash when the market hit its high in October 2007? Why didn't we buy the S&P 500 in March 2009 when the market hit the lowest low in over 10 years? Isn't that what financial advisors are supposed to do – predict the direction of the stock market and move money into or out of the market based on their research, experience, and wisdom?

The enclosed article does such a great job of explaining the futility of market timing that we have decided to include it with this newsletter. After you read it you may then ask, "If we are not trying to beat the market, what is it that we are trying to do?"

Even though reading, listening, and watching financial media can be entertaining, it can also be outright harmful to your long-term financial success. Indeed, it has become much easier to let your emotions rule financial decisions since you can now find an "expert" point of view that matches just about any crazy scenario that you can imagine. We are asked all the time by clients whether they should take seriously the advice of media stars like Suze Orman, or Jim Cramer. We are big believers in our clients learning more about personal finance, but keep in mind the priority of these media star "experts" – is it to sell books and CDs to the masses?, to entertain the masses?, or to provide specific advice based on personal knowledge of your unique situation?

The truth is, experienced financial advisors (including those with superior knowledge, market experience, and analytical ability) are not trying to beat the market. Experienced financial advisors help their clients achieve their individual financial goals by designing and overseeing a disciplined strategy that reflects the client's income needs, risk tolerance, priorities, and time horizon.

Clients Approaching Retirement Use Our "Envision/Retirement By Design" Process

"I've got what I got and that's all that I got." Unfortunately, unless you are working with your financial advisor to implement a customized retirement income strategy you may be missing out on opportunities to improve your financial picture. We believe your portfolio design should be based on one of our model portfolios and monitored over time to ensure that it stays appropriately allocated. In other words, just having an assortment of stock, bonds and mutual funds that have been accumulated over the years is NOT a custom-designed portfolio. In addition, we can use financial

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planning tools to determine whether you are “on track” to have the kind of retirement you envision and what adjustments may need to be made.

The Death of The Pension

Would you rather have a \$1,000,000 investment portfolio, or a guaranteed \$40,000 a year in pension income? With the volatility we are currently experiencing in the market and the underlying economic instability, the security of a cash flow stream that is not impacted by market performance, and that you cannot outlive, is very appealing. The obvious benefit of a pension is that it is funded with your employer’s money rather than your own. But what if you are not one of the fortunate few who have a pension plan? Is there a way to create your own secure cash flow stream? Yes. Products with guaranteed income streams for life always get bad press during bull markets as too expensive and unnecessary for investors with a long-term perspective - but every time we go through a bear market or a recession their popularity surges – and for good reason. We can anticipate about two recessionary periods every ten years. Having a portion of your retirement income secured by guarantees makes a lot of sense and can provide comfort in volatile markets. We would be happy to discuss the alternatives with you.

Insured, Tax-Free Municipal Bond Strategies

Money markets pay next to nothing. CDs aren’t much better. But adding to equity positions just seems too risky for some clients. So where can you go for a decent, conservative return? Insured, tax-free municipal bonds have a lot of attractive features that many clients are taking advantage of.

Among those features are:

- 1) very attractive current yields
- 2) individual securities are backed by third-party insurance
- 3) federally tax-free
- 4) pays predictable income stream
- 5) can be held as individual bonds or diversified portfolios
- 6) no required holding period
- 7) typically far less price volatility than equity-type investments

Insured, tax-free municipal bonds are not appropriate for all clients; but if you have CDs that are coming due, or cash in a non-retirement account that is not earning for you, please call us about this strategy alternative.

If you have questions and would like to schedule an appointment or a time to talk by phone, please contact John Blattel, Michael Nichols, or Kirk Halveland.