Dotsie Bregel,
Founder and CEO of
The National Association of Baby Boomer Women
(NABBW)

www.nabbw.com

And

Boomer Women Speak (BWS)
www.boomerwomenspeak.com

Presents

Boomer Finances - *Making sense of it all*

Question and Answer Session

Part II

With
Jennifer Campion

Sponsored by:

Click www.meagainonline.com

Click www.plumsmart.net for more info!

Boomer Finances - *Making sense of it all*
Question and Answer Session, Part II
with
Jennifer Campion

Dotsie: Hello and welcome to the call. The format for the call is we're going to take questions because people may come on the call at different times throughout the hour, and then we also had people post questions in our forum community, and I'm going to be asking those questions. **Jennifer Campion**, who is our guest today and she is the Financial Planning Specialist, at *Smith-Barney* and this is the second part of our series. Last week Jennifer shared a lot of information that was specific to baby boomers and financial planning. And this week we're just doing an hour of questions and answers.

For those of you who don't know me, I'm **Dotsie Bregel**, founder of the ***National Association of Baby Boomer Women*** which can be located at www.NABBW.com and also www.boomerwomenspeak.com, and they are the number one sites on major search engines for baby boomer women. I'm passionate about educating and empowering boomer women at midlife and spend a good portion of my time doing so.

Our sites are proudly sponsored by ***Me Again*** products, which are tried and true products for midlife women, and they can be located at www.meagainonline.com. We're also sponsored by ***Sunsweet*** for those interested in natural digestive health solutions. They can be located online at www.plumsmart.net.

If you're on the call and not a member of the NABBW, we'd like to offer you the opportunity to join for 50.00, and you can email me at dots@nabbw.com and I'll be happy to send you that link. It's a $25.00 savings.

This teleseminar is one of many that are archive in our **Members Only** area at www.nabbw.com. We currently have over 50, almost 60; and all of the past teleseminar are free when you join us. You can either print them and read them at your convenience, or you can listen to them while working or playing online. And that's just one of the many benefits we offer at the National Association of Baby Boomer Women.

Dotsie: Okay I'm just going to do a little introduction for Jennifer because I think the people who registered for this call had also registered for last week's call for the most part and I really just want to jump in to getting these questions answered. So Jennifer, are you there?

Jennifer: Hi, I'm here.

Dotsie: Good, welcome! Jennifer is currently a financial advisor at *Smith-Barney* and she has been in the financial services industry since 1994. She's been featured in *Baltimore Magazine Women in Business;* she's been interviewed in the *Daily Record*, and is a contributing writer for the *Smart Women Magazine* with regards to financial intellect. She serves on several local boards including the *National Breast and Ovarian Cancer Coalitions*.

Her services include, and this is quite a list but I will share them because she is licensed in 17 states and she offers quite a few services.

- Assets Management
- Lending Services
- Philanthropic Services
- Estate Planning
- Family Consulting
- Alternative Investments
- Corporate 529 Plans
- Private Banking
- Wealth Management
- Corporate Pension Funds
- Financial Planning
- Long-Term Care Insurance
- Qualified Plans
- Retirement Planning
- Business Planning
- Business Succession Planning
- Investment Policy Statements
- 401K Rollovers

So Jennifer, I know you do a lot of work with our generation. What do you find yourself doing the most during the past say…two or three months?

Jennifer: The past two or three months what I have found myself doing is going back to the clients and touching base. As an advisor, I think it's important to communicate with your clients, especially in these times. At this point, it's important for the clients to reassess their financial plan and to reassess where they are as far as their net worth. Meaning; let's go back three years ago, and I think that most of us can safely say that we had an investment account that was worth more than it is today. We probably owned a home, or maybe a few homes that were worth more than they are today. And all of those assets when we look at our future, most of us add those assets in thinking how are they going to contribute to our income stream and our financial security in the future in retirement, or even if we're in retirement, how that may have affected us if we've lost value in one or more of those areas.

And so going back to the clients and having a conversation, finding what their income needs are, looking at where they stand as a total net worth, and a repair and rebuild strategy.

Dotsie: Very good. So you're clients don't have to call you, you've been in touch with them.

Jennifer: Well, some do call. And I think it's only natural in these markets that they would reach out. But I've also been very proactive with the ones I have not heard from to send the list out again, with their net worth plan. And most of them are calling for, "what should I be doing right this second?" It's more of an impulse call, if at all, and more or less just to answer some questions. But I would say that the majority of the clients have not called, and that's because they understand the market, meaning they understand why they're invested in the investments they have chosen, or we have chosen, and the risk expectations; meaning, if you are going into an equity-based product meaning stocks, that you understand the risks, so that when you choose an investment and put that into your financial plan, you understand that the equity portion, meaning the stock portion, is going to have more risks than the fixed income portion. So in good times, you're going to accelerate with the market much more quickly than if you were in fixed income, but also the reverse in times like these.

Dotsie: Right, okay and I notice something that you said about stocks that they choose, or you choose with them. And that stood out to me because I recall last week that one of the things that you instructed us about when meeting with an deciding on a financial planner, is you don't want someone who is going to choose everything for you. You want someone who is going to listen to you. So I just wanted to point that out again.

Okay, let's see if anyone on the call has a question. We'll get started this way, and then if no one has questions, I'll go with the ones that we've gotten in the forum community. <Pause> Okay, let's get started then.

It appears as though not everyone has a financial planner, and that's a lot of baby boomers. Some of the questions had to do with what is the best way to go about getting a financial planner. And I think you addressed that some last week. You want to talk about that just a little bit?

Jennifer: Sure. The best way, I would say, to get a financial planner is for you to assess what you are looking for. You want to outline your objectives, and first, for example, are you looking to invest with someone who will help you and put you into an investment program, or are you looking to kind of just wing it and start trading stocks? There are all types of individuals out there. Everyone has a different investment policy of their own. So it's important for you to identify *what are you looking for?* Are you looking for an advisor who is going to advise you on a fee-based basis, meaning you're willing to pay a fee? Or do you want to just do the commission structure which is more traditional structure. And there is pros and cons to each. And then once you understand really what you are looking for, forget what anyone is telling you; forget the recommendations of friends and family. What is most important to you? What are you looking to accomplish, and what ways are you looking to accomplish it? And then from there you want to understand the business of the financial advisor that you would be interviewing.

For example, is that individual a transactional advisor; that they are not on a fee-based system, and they buy and sell? There is pros and cons to that aspect. With commissions, you're not constantly paying a fee; but however, sometimes we'll wonder and say, is this what's best for me, because every time that a recommendation is made, my advisor is being paid. And if the advice doesn't work out, then I'm the only one that loses.

Where in a fee-based relationship, you may pay a flat fee, what the fee is; usually it's somewhere between one and three percent. And you are paying that flat fee and if the advisor is making recommendations, it's in everyone's best interest to have the account grow, because as your account grows, the 1% off of the number will also grow. So everyone is really sitting on the same side of the table.

You also want to look for; do you want an advisor in a large firm or a small firm? There's pros and cons to each. Small firms are going to have maybe someone that's local to you in your neighborhood. The larger firms are—may not be as convenient, but they certainly have a lot of backing if something does not go right in your account as opposed to a smaller firm with an individual that may not have all of the supplemental insurance that the larger firm has. So those are some of the things that I would start with.

Again, it is really assessing your needs and what you're looking for, and then marrying that up with the practice of the advisor that you're interviewing. And then I know, of course, a lot of people have the, (including myself), the alphabet soup of titles, but it is important too to understand those titles. For example, if someone has a CRPS title, that's a Certified Retirement Plans Specialist, so that individual may deal with corporate plans. That may not be as suited for you as someone who is a Financial Planning Specialist, or a Certified Financial Planner, or even a CRPC, which is what I am; a Certified Retirement Planning Counselor. So my title is that I am certified to work with people that are retiring as opposed to other titles that are out there involved with trading.

Dotsie: Interesting and I'm sure a lot of this information you can find online, and maybe print some things and really do your homework before you pick up the phone and make a call. You know, one question that I thought was interesting is do you need a certain amount of money to work with a financial planner?

Jennifer: Well, that's an interesting question. Financial planners work different ways. There are some financial planners that—and I had a client who had told me about a neighbor who just went and paid three thousand dollars for a financial plan. That's a lot of money. We have financial plans here, as most firms, that we do not charge our clients for because we look at as we're being paid a fee, and I'm a fee-based advisor, we're being paid a fee to work with our clients and to be an advisor to that, and so part of that is going to be working with them on a financial plan. And so we do not charge an additional fee. However, there are certain limitations where a firm will put restrictions on an account saying, for example, there might be a firm that says anything under two-hundred and fifty thousand, the advisor won't get paid on. So it's not really advantageous to have that relationship formed if the advisor feels that they are working with someone and they're not able to receive any compensation for that. It's doing a job that you're not getting any compensation for.

So really it would depend on I think, and I believe that the advisor would tell you that from the beginning, if that is a good relationship or not. In most cases, for example, small accounts where you're just starting off, you really don't have a lot to work with, and maybe starting off with an American Fund, or a Putman, or something like that, and just starting up with their dollar-cost averaging, that's a great place to get started where you're not inundated with a lot of fees. A larger firms are going to be more advantageous for larger clients; larger being speculative as far as this conversation, as far as amounts for someone who might have a lot of different streams; meaning they have an investment account, they got a retirement account, and when you piece all of that together and you become a pretty substantial client, you would be surprised at the discounts that are given across the board. They might not have any account maintenance fees, wire transfer fees, debit card fees, I mean all of that is waived. So when you do interview with a different firm, they will tell you those break points. They might say for someone who is a five-hundred thousand dollar client, you will have all of this and we won't charge you a dime for any of it. And some of the smaller accounts may not receive that service, so they may go to an advisor who is going to charge them a flat fee for a financial plan.

So there's a lot; there's so much that you really need to research. And again I think that once you go through what is important for you; what are you looking to accomplish when you meet up with your financial advisor? Once you fully understand, or partially understand, or have a good guideline, a good infrastructure to start with, and then move from there and find a good fit with a firm that is a good fit for you and your financial situation.

<u>Dotsie:</u> Okay, let's say someone has just retired and they have a hundred-thousand dollars in their retirement, or two hundred but they don't have the two-fifty. What would your recommendation be? Is it ever smart to just invest on your own and not have a financial planner? Or is it really wise to use someone who is a professional?

Jennifer: I would definitely use someone who is a professional. I see more often than not, people making decisions based on the motions of market volatility as opposed to their plan. For example—and people are scared. If the market was at 14,000 in October of 2007, and now it's 7600. When it started busting through that 7,000 number, people were scared. And even if they were two or three years from retirement, some of them were thinking they should go to cash. Well what would have happened then? You would have been sitting with cash at the mid-6s and now you've had an 1100-point gain and you missed out. You've blocked out your 20%. So when it comes to money, the emotions usually override logical decision making and that's where the advisor really comes in; and helps to point out things that someone may not think of.

One of those things might be the client saying well I'm going to retire in three years. Well if you are a female and you retire, you're life expectancy is 81 years old as an average. So if you're 65, you don't need a lump sum of cash the day that you retire. You still need your money to grow. So you still need to be exposed to some equities. It's more of an education process and I find that most of my clients, that's what we spend a lot of my time on—is education. When we sit down to the meetings, it's understanding the market, understanding the investments, and education because that's when people do not seem to make the best investment decisions is when they don't have the knowledge, and the fear and greed drive the investment reactions, if that helps.

Dotsie: What can a client expect from a financial planner? Like how often should you hear from them? Do you just get your statements every month and assume everything's fine? You know unless you see a big change or there is a big drop, or whatever, or you hear a hot tip, I mean, how often do you communicate with your clients?

Jennifer: That's something that is personalized, and I would say that some people like to hear from their advisor once a month; some people really, once a quarter; some people twice a year, and that's something again that really should be communicated when you're making that list.

Dotsie: So you're willing to do whatever. Some people just invest the money and assume everything is fine and you're taking care of it, and you might just touch base with them twice a year and that's fine. But other people maybe like to be more active, switch things around, you know, buy and sell and just take more chances and I imagine that's the type of client you would be in touch with more often.

Jennifer: That is the type of client I would be in touch with more often, but I would say the majority of my clients are not that type of client because those clients are going to be more trading clients. And the clients that like to trade, I set up a separate account for them and just; we allocate a number that makes sense and then they trade on their own. I just think that a financial planner is exactly that. You're a planner, you're helping the client manage their comprehensive wealth; you're making the investment decisions, but you are not a trader. People that are a trader, I feel like as a financial advisor, I'm not qualified to be a trader. I feel that the people that are in management for mutual funds—let me clarify that. Manager Account of Mutual Funds. That would be analyst that work for the mutual fund company and select the stocks that are actually in the mutual fund. All they do is they watch the stocks, they talk to the companies, they monitor the management of the companies, they look at new products coming out, and they evaluate whether or not that company is a good company; which of course determining that determines whether or not that stock would continue to be in the portfolio. If a financial planner is doing that, I don't know how they would have time to do their job.

Dotsie: Okay so that's really not their job.

Jennifer: It's not really their job but there are certainly planners that will buy and sell stocks. Again, that's my philosophy. I just feel if we have mutual funds out there and we have managed accounts which is the next level of a mutual fund, which is more used by, for example, large pension plans of corporations, then those individuals are much more qualified because that's all they do. They don't have clients to talk to, they don't have people coming in and talking about a financial plan and helping them look at what asset allocation makes more sense, running retirement income analysis. How can you do all of that and manage that? I just couldn't manage it on my plate.

Dotsie: Okay, gotcha! Someone commented in the forums; how can you have a financial plan with everything changing so quickly; you know, how do you change with the times, or do you? It seems that most people are saying really stick and do what you're doing. So what do you recommend as far as boomers who are really looking at retirement, or who have retired—what is the best thing to do? Some people are saying now is the time to buy; now's the time to just sit still and just stay with what you have, but don't sell, etc. What are you recommending this week?

Jennifer: This week…I am recommending for everyone to do very similarly what I did to my clients and that is—again, everyone has changed, their net worth has changed drastically—is to take a step back and look at your net worth, and see where you are, and what you may need to do going forward. For example, if you're retired, and you were used to having market returns of 10% and taking that 10% as income, and you were taking 10% of a million dollars, that's providing you a hundred thousand dollar income. If your investments now at six-hundred thousand, your 10% is going to be sixty thousand dollars. So re-evaluating where the numbers fall, and what you need to do going forward. And I will tell you that a lot of retirees have been told that they can safely take 7% or so out of their account. This year when the retirement numbers have been rerun, that number has dropped to 4%. A lot of it has to do with just information received from Social Security and other sources, the life expectancy has risen, the market's declined, and people have just across the board been spending more than they should have. And I think everything together piled up. So it's a good time to step back and take a look at everything, and see what you have to work with.

One of the suggestions that we do make to clients is to do a comprehensive plan including everything, and that's one the benefits of consolidation. Consolidating accounts where we may have a 401K somewhere that was lost from a couple of years ago, or we may have a couple of IRA accounts at various banks. Bringing all of that in to see what the net worth picture looks like and then running a retirement income analysis to see what those investments will generate. And at this time too, we can look at the income analysis and say, well maybe if we move a little bit of this; I'll just say maybe it's equities over to fixed income that might stabilize the portfolio going forward, however, that's going to adjust the income, because equities tend to have higher returns than fixed income. So showing the client the pros and cons of any movement that we would make in the portfolio, but also using all of the resources to show them what they do have, and what they're working with at this time.

Dotsie: Wow, there is so much to consider, isn't there?

Jennifer: There is a lot to consider, there is no doubt about that. Especially women. And it's important really for women to, especially during this time, whatever age they are, to receive as much information and education as they can. The average widow, the average age of a widow here in the states is 55 years old.

Dotsie: Wow. I didn't know that. That's young!

Jennifer: Yes. And if their life expectancy is 81, of course, these are just the average, you're looking at 25+ years managing money and if you're not savvy on how to do it, it could be problematic.

Dotsie: Right, right. So education is huge. Okay, what if your CPA offers investments? Is there an advantage or disadvantage to an advisory relationship?

Jennifer: A CPA typically can hold what is called a Series 6 License. That gives them the ability to offer mutual funds, but not stocks, or other investments. And a lot of times they can offer that as an ancillary to their business. For example, if you're working with a small business owner that you're doing taxes for and they might say you know, you could put away 25% of your income, and we'd put that in a separate account for you and that's going to generate X-amount of tax incentive for you. It's a great idea. The one thing that I would caution is that they are Certified Public Accountants, they are not Certified Financial Planners; and therefore, they may not be giving full attention to one task or the other. It's very hard to do both. And if you like your CPA, then you may not also want to muddy the relationship by the investments as well because if the investments don't work out and you're not happy with that, it's hard to continue a relationship as a CPA; if you follow.

Dotsie: Okay so basically, they should be doing one or the other, but they really shouldn't be doing both.

Jennifer: Well they shouldn't be, and for your benefit, let's just say for example, they put you in an asset allocation that really wasn't quite right for you with your investments. And you went to get a second opinion and you find out, you know this really hasn't worked out, I feel like this is too aggressive, you may be upset and may not want to work with that individual as your accountant now as well.

Dotsie: Right.

Jennifer: So not only do you want to not work with him for your investments, but you're also mad and you don't want to work with him for your accounting. So I just find it always good to separate those relationships and if you have someone that you really like as an accountant, then you should keep that individual, but you may want to look for an expert in the financial field to handle your finances and not as an ancillary product with your CPA.

Dotsie: Okay, so keep those relationships separate.

Jennifer: Absolutely.

Dotsie: Okay this is about diversification. This person says, *"I put my money with a few different advisors, invest on my own, and have a few retirement accounts from past jobs. Is this a good idea?"*

Jennifer: And I would say the typical individual is going to say yes, it's a great idea because I'm diversified, I've got a little bit of money everywhere. But one of the important things that I want to point out to especially women that may not know this—because I think a lot of people aren't in a situation where they might have a hundred thousand dollars in a bank and they go to the next bank and put in a hundred thousand dollars to get the FDIC insurance coverage at that time, of course it's raised since then—is they may also say well I'm also going to diversify my investments. The problem is when you do that, you may have overlap a lot of your investments without knowing that, and you're not really working with an advisor that's going to take a comprehensive look at everything that you have and say, okay…here is what we have; we have account investments, and this is what you can look forward to at retirement, or make some changes based on everything that you have. When you have assessments spread all over the place, there's really no one monitoring those.

Dotsie: Okay, so it's really not a bad idea, but you should have someone who sees the whole picture and understands the whole picture.

Jennifer: Absolutely. Absolutely!

Dotsie: Alright, that's pretty straight forward. Okay, now here's a question that has to do with helping children and helping grandchildren. Some boomers still have children in college, some have grandchildren that they would like to help with their education. What is the best way to help a child or grandchild with college, buying a house, or buying a car, or some significant gift? The question is, is it best when it comes to education for your grandchild to do student loans and help them pay them back? Have them take the loans in their own name and then help them pay them back, or does it make more sense for you to take a portion of money and gift it to them? Is there anything with regards to any of this; gifting and helping younger generations, when it comes to taking money out of your retirement? You may have enough money, but what is the best way to go about it?

Jennifer: I would say one of the popular vehicles today is the 529 College Savings Plan. The 529 College Savings Plan is a great vehicle in the fact that you do have the gifting ability there so you can gift 12,000 dollars, put it into the 529 College Savings Plan, and it actually still remains in your name; meaning that you still have control over it. The child is the beneficiary. So whatever you want to work out with the child from that point on as far as a loan maybe, they may want to take out some supplemental loans through one of the many student loans that are available, and you still want to help them, this is an excellent way to help them. In the event, for example, that the child you've designated as a beneficiary decides not to continue college, or decides that they never want to go to college, then you can actually change the name of the beneficiary with no tax consequences whatsoever to someone else. So if you have two grandchildren, or you have grandchildren on each side of the family, you can actually change the name, the beneficiary, to another grandchild, or child, or cousin, or even back to yourself as long as you use it for higher education.

Dotsie: Okay but it has to be used for higher education; the 529 College Savings Plan.

Jennifer: It does. But it can be used at a community college; it can be used to take a computer course, or other courses that they offer, so the 529 plan also covers college-related expenses which can really run the gamut and there are a lot of gray areas on what they actually cover. Some of the questions have been well does it cover a car for my child to go to college. No, that does not cover the car. But, would it cover a computer for a computer class? That is a necessary item, so yes, and you can certainly see the benefit to that. But the 529 Plan is what I would recommend.

Dotsie: Okay, let's say that someone hasn't put that into action in prior years. Is it best for children, for the kids to take out the loans, and for our generation to help them pay them back? Or does it make more sense to just gift them the money and pay the tuition and do it that way? I guess you have to just look at what the percentages of finance charges and all that stuff.

Jennifer: You do and you also have to look at—some of the student loans are going to look at the parents assets and look at the child's assets to see if they qualify and to see how much they qualify for so it's really going to be a much more individualized application process.

Dotsie: Okay, before I keep going on with these questions that we have, does anybody have a question they want to ask? <Pause>

Okay, let's move on to something that is important in the boomer generation and that is inheritance. Now this is interesting because I know when I started, you know, learning about the boomer generation and really educating myself about the issues, it was being said, and this is like six years ago, that we were really set to inherit quite a bit of money from our parents generation but from things I'm reading now it's changing because our parent's generation is living longer, they're spending down their money, they're losing money in their investments, etc. But the question is if someone inherits a large sum of money, and who knows what large is, but a good deal of money, where is the best place to put it right now. Like what would you recommend?

Jennifer: Well I would recommend, and I think I've repeated this at length, it really all revolves around that financial plan and looking at what your debts are, what your investments are, does it make sense to maybe get rid of some debts that you're paying an exorbitant credit card rate of 18%, or does it mean that it's better to put it into the market when the market is at 1996 prices? Does it look that you'll even need that money? Maybe there is some sort of tax-deferred vehicle that we could look at. Maybe if you're all set and you really don't need to worry about any of that, maybe the best thing to do because obviously it's not qualified money meaning it's not retirement money, so it is taxable to you every year at this point on any gains that you have. Maybe you just want to look at municipal bonds where it's triple tax free income if you choose a municipal state bond. So there's lots of different avenues that you could look at. But it really goes back to the simple question as my financial situation is going to be different than my neighbor's financial situation and their child's. Everyone has a different picture. And I think that you really need to—if you were to inherit money—what is your outstanding picture? What do you have? What do you owe? And go from there.

Dotsie: That's really important. Some boomers are still paying off homes. So does it make more sense to use the money to pay down the mortgage, or does it make more sense to pay it off, or whatever. So you have to look at the whole picture.

Jennifer: Exactly. And I hate to go back but I just wanted also to clarify when you were asking me about a financial planner and how they make money. There is one point that I did not touch on and that is mutual funds. All mutual funds do collect a fee from their client. Whether they are an A-share, a B-share, a C-share, they all have a fee that is internally collected from the returns. So for example, if the fund returns 10%, the client may see less on their statement, depending on how much share cost they're in. And that fee, if you wanted to say to American funds directly, and called up 1800-American funds, and purchased the mutual funds from American funds, you would be paying the same fee as if you went directly to a financial advisor. So a lot of the financial advisors, and the firms, independent and large firms, they all do collect a fee for many of the share costs. And you can't work with a financial advisor by having a substantial amount of mutual funds without paying a flat fee on top of that because the mutual fund company does actually pay the firm a fee, or the independent a fee.

So that's very advantageous to both the client and the advisor in the fact that if I didn't know any better, you know, I would think well, it's not going to cost me as much to call direct so I'm going to buy my mutual fund through 1-800 mutual fund company. And you can have the same fund and pay no more on many of the funds, and we have over 8,000, so I'm sure many of the other firms do as well, by working with a financial advisor and getting the funds through the financial advisor. And this way, you do have an advisor with no additional cost to you, and you now have a direct dial instead of calling 1-800 when you need something done, and you have the ability to work with someone about your personal financial situation.

Dotsie: That's really interesting to learn. That's good information.

Jennifer: Yes, and I almost forgot to point that out but that is an alternative as well, and a lot of people don't know about that.

Dotsie: Right, okay good, anything else about inheritance that we should know?

Jennifer: There is probably much more about inheritance that you should know and I would think that would be a great question to ask an estate planning attorney, or a tax advisor.

Dotsie: Okay, right, or the accountant would know about how the taxes are may be changing under this administration. Okay, let's talk a little bit about renewable energy stocks. Someone in the forums asked is this a good time to buy them?

Jennifer: I think that's a double-edged sword. Is it a good time to buy them? I think that they are very low, I think it is a good time to get in on the ground level, I do think there is a lot of potential for them, but the risks now is the funding. In this economic environment that we have, a lot of them are ready to go and the funding just isn't there. So are they sustainable, how large are the companies; so on and so forth. But I do know that Obama's plan for 2012, he's expecting, or hoping that 10% of all electricity will be coming from renewable energy forces. So he's laid out the plan to really ramp up and try to do a more greener environment, greener; cleaner. But of course now I think there is more issues on the table to be receiving funds in this immediate sense, obviously, as we hearing now about the auto industry, and then I just don't know if the energy stocks will come to fruition in the next two years or five years, but I do think yes, it is a good time to get in, and I also think again that you have to have again that expectation of a longer time rise than maybe you expected.

Dotsie: Okay I think that's an interesting question and a really good answer because everything, every time you turn around, it's something about going green. You would think that absolutely, but then I guess things can change and not always fall out the way we think they're going to fall out.

Jennifer: And that being so with the renewable energy stocks, another source that you may want to look towards is socially responsible funds because they almost go hand and hand.

Dotsie: Okay and can you explain that? Socially responsible funds?

Jennifer: Socially responsible funds, they are going to be funds that are going to be socially responsible meaning that they are not causing harm to the environment, as well as, they will eliminate tobacco, most of them will eliminate alcohol, so anything that is on the "sin stock" list, they will try to remove. So socially responsible, good for the environment, good for the individual, again, getting rid of a lot of the what we call "sin stocks." So there are not going to have anything that is adverse to the individual or the environment.

Dotsie: Gotcha. Great point. Okay, let's see. We have about fifteen minutes and we haven't talked about annuities. Explain what annuities are, and how we know if an annuity is right for us.

Jennifer: Okay. An annuity has changed over the years. From the time that they were first offered, they used to be something where the insurance—you would put money into an insurance company, it would give, say, a guaranteed rate, and then you would start collecting an income, and at the time that you would pass away, in many cases, the insurance would then keep the rest of the income. That's the long and short of it. In many of the cases, not in all of the cases. But that's what some of them did which gave the annuities a bad name. I don't know a lot about the annuities from 20 to 30 years ago, but I do know about them today. So I'll tell you about them today. Today the annuities are used in a variety of ways. The people that I find most benefit from the annuities are the people that have a certain dollar amount and they know what rates they want to collect off of that amount. Say for example, someone has a million-five and they've got a million dollars that they would have invested in bonds. Maybe the bonds yield 4%. And then the rest they've allocated out for their slush fund. They're never going to touch the bonds again, they just want 4%. Many times they can invest in an annuity as an alternative fixed income investment if they can get a higher rate, higher than the 4%. It's also going to have some nice death benefits for their children. Some living benefits, and I'll back up because I know I'm just kind of spilling them out. For example, there is fixed annuities and there are variable annuities. The variable annuities is nothing more than mutual funds with an insurance wrapper around them.

So for example. If you had a hundred thousand dollars sitting in mutual funds in your IRA account, and they went to sixty, you're looking at a 40% loss. And if you wanted to start an income stream off of that money, you are obviously going to have a lot lower base when you start your income stream. What the variable annuity will do if you choose a living benefit rider, is they might say, I'm going to accept your hundred thousand dollars and I'm going to give you a 6% compound every year, and when you're ready to start withdrawing, we can take 6% off the number that the contract has ended up at.

For example, if you put one hundred thousand dollars in and it compounded at 6%, and let's say by the time you started to take the money out, the 6% compound was up to two-hundred thousand. Well your six thousand now for income has now turned into twelve thousand. So twelve thousand dollars you would be guaranteed going forward, and they're also tied to the mutual fund value, so if the mutual funds went up in value, then you would actually have the ability to override that two-hundred thousand and go to the next level for an income stream and lock it. So it's got a lot of downsize protection with some unlimited upside too, with the market which a lot of people do. The problem with the annuity, or the downside to the annuity, is that once you get into a contract like that, it gives you the income that you may be looking for, but if you need additional funds and you break the limits that they do allow you for taking out money, then a lot of those guarantees will diminish.

<u>Dotsie:</u> And are there fees for that?

<u>Jennifer:</u> The annuities are going to be more expensive than the mutual fund because they're mutual funds with an insurance wrapper on them. And basically, the way to make it very easy to understand, it is guaranteeing your money, more or less saying, when you retire, I know that you have a hundred thousand dollars today, and if you want to make sure that you still have your hundred thousand dollars three years from now, we're going to guarantee that you have that to start out as a base. In times like these, it wasn't such a bad idea.

Dotsie: Right, right. Exactly.

Jennifer: Exactly. If you went down 50% and you were sitting on a five-hundred thousand dollar retirement and now it's a two-fifty, most people are worried about that. People in the annuity are thinking you know what, I'm starting out with five-hundred thousand and that's my income stream. So again I think it's a good for a fixed placement for people who think okay, I'm not going to touch that portion of my money. I just need an income of x-amount of dollars; that will provide that. You want to look for something with a good credit rating. There are a million and one of these annuity companies out there, and not all of them have very good credit ratings.

Dotsie: Okay and that's something that the financial planner would do for you. They can recommend the ones with good credit ratings.

Jennifer: And I would absolutely go to a financial planner. It was very interesting; I had a client the other day, she is in her 70s. She was leaving the grocery store and she had someone approach her about annuities and said that she was guaranteed to get 11% every year. Of course she was intrigued. It's amazing where people are looking for answers now, and just looking for anything. And so she said, I think that sounds kind of high. And I said, oh that definitely high. And then we started to research it, and answer all of her questions. But for someone who doesn't have anyone and they are telling them 11% in today's economy? HA! It's very, very tempting.

Dotsie: Right.

Jennifer: And a lot of times it is not explained to them that well, sure we'll give you 11%, but you're going to be paying 4% and here are all of your restrictions, and you can't get out until the next seventeen years.

Dotsie: Wow. There are so many complications and so many things to consider and that's why I think it is so important for people to have financial planners because you are the experts just like many of us are experts in other fields. You're the expert in the field of planning and money and securing a safe financial future, and there is so much behind what meets the eye, you know?

Jennifer: You're absolutely right and it's very difficult even to get as much information at all on a single call because there are so many different directions. We could spend three hours talking about nothing more than annuity differences, or time talking about the differences in financial planners, fee-based commissions, mutual funds, revenue-sharing agreements; there's just so many things to discuss, so I hope we've hit a lot of the highlights today.

Dotsie: Yes, between last week and this week, because last week we got into reverse mortgages, long-term care, we talked about 401Ks, yes. So I think between last week and this week, we've really covered quite a bit of ground. Is there anything else you want to add because we're running out of time and I want to make sure that you have time to give your name, and your Web address and tell us about some of the articles that you have on your site that might give us more information.

Jennifer: I have a lot on my site. My site is under www.fa.smithbarney.com/jennifercampion/ and you'll find a lot of articles and there are some related to boomers in there. Also, if the market goes up or down 100 points, there is a link that will go to an article that explains why the market was up or down, over a 100 points. So that's nice to know. There's a lot of information on the site. We do have some upcoming seminars we'll be posting shortly so that will also be on there. I think that's probably about it at this point. We will be more than happy to assist any of the clients that you have Dotsie. If they would like a financial plan, we could certainly give them a mini financial plan for them to start; as a starting point.

Dotsie: And the other thing that you can do is "Google" Jennifer Campion and that pretty much takes you—one of the first "Google" sites is that Smith-Barney address, isn't it Jennifer?

Jennifer: I believe it is.

Dotsie: Yes, I believe it is and if not, one of the first few. We've covered all of the questions and so I think that's about it. I have been on Jennifer's site and the articles are very good, and many of them are directed directly at baby boomers because Jennifer is used to working with baby boomers. And the other thing that I might add is she also has quite a clientele of women. And I know from knowing Jennifer in the Baltimore community, that she is involved in women's organizations, and really supports educating women about financial matters. So anything else you want to share, Jennifer?

Jennifer: No. I just went online myself and "Googled" my name, and I was the first site that popped up so yes, you can find it by just "Googling" my name. And the featured report is actually "*Retirement Planning Requires Tradeoffs - Boomers Need to Balance Future and Current Needs*" which I think we talked a lot about on the phone today. And again, it is really just getting all the information together, and even life insurance policies, you would be surprised at all of the access you have to the various retirement vehicles when you get everything together, and how everything can come together once it's pieced together into, you know, make that complete pie and then working with that pie to see really where you can go between now, which is I would say at the pretty bottom of the market, if not the bottom, moving forward, and really repositioning everything that you do have so that you've made it most effective for your future without missing the beat that you really have at this point to really work with and restructure. The campaign we are now doing is “repair and rebuild.”

Dotsie: Okay now does anybody have a question before we hang up? <Pause> I think we’ve covered a lot of ground and I really appreciate it. We will take this teleseminar and we’ll be sending the audio to, or place it in our forums. We’ll also send it to the people who signed up for the call and all of the members of the association will also get it. And then we also have these transcribed so that a PDF is available, so if women don’t want to sit and listen, they can print and read it at their convenience.

So Jennifer, I just want to say thank you so much for all of the valuable information you’ve shared, and thanks for being on the call. Have a great day!

Jennifer: Great! Thank you!

Dotsie: You’re welcome, have a great day!