Financial *notes*

INSIGHTS TO ORCHESTRATE FINANCIAL INDEPENDENCE

FROM THE OFFICE OF DR. SCOTT STRATTON, CERTIFIED FINANCIAL PLANNER (TM)

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In This Issue

The best compliment you can give me is the referral of a friend or family member!

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Dear Scott,

Welcome to the June edition of my monthly financial newsletter. As we enter the summer, I'll be contacting all clients for our mid-year review. I know you have questions and concerns about the current economy and its impact on your investment strategy. While we will always address these issues at our one-on-one meetings, please know that my phone line is open anytime you have a question or would like to chat about anything on your mind.

Not Planning to Retire?

The reality of unplanned retirement

I occasionally meet people who tell me that they aren't concerned about their investments because they aren't going to retire. Well, they may be surprised, because "retirement" can happen even if you don't plan or want to retire. A 2008 study by the Employee Benefits Research Institute found that "the typical retiree retired at age 62 and 51 percent say they retired sooner than planned." More than half retired sooner than planned! You may not be able to choose when you retire, because it may be thrust upon you. For example: what if you are laid off? What if your company is bought out and is closing your office - are you willing to relocate? What if you become disabled and cannot work? What if your spouse has a serious illness - do you still want to work fifty hours a week?

People in their fifties or sixties who are laid off often have a tough time finding a new job. They may be accustomed to a certain salary, and discover they can't find a similar job. Sometimes, their skill set may be out of date compared to other job candidates. They may have thirty years of experience, but won't be considered without the right training or degree. It can be a real challenge for older workers to find high paying jobs.

THIS MONTH, SCOTT IS...

My new book is set to be published this month. **Your Last Five Years** is a roadmap for making the transition from work to retirement. Written expressly for individuals who are five years from retirement, the book covers everything from

In spite of this reality, many people still insist that "I'll never retire" and they mean it. They literally work themselves to death. But what about their spouse who has depended on their income? A surviving spouse may live for another 20 or more years, and this should be planned for accordingly.

Even if you aren't "planning" to retire, you still need a comprehensive retirement plan. Think of it as your *financial freedom plan* instead. You should be able to afford retirement, even if you choose to keep working. If you plan well, then the worst case is that you have saved more money than you need. That's a problem most people are happy to have!

Fuel Economy

Everyone is talking about today's high prices at the gas pump. Should you trade in your SUV for a compact car? In many cases, it is very costly to trade in a car in order to save a few hundred dollars a year in fuel. Call me and we will run the numbers for your car based on how many miles you drive each year. However, if you are in the market for a new (or better yet, used) car, you may want to do some research on the US Department of Energy's website for fuel economy. Although the supply of oil today seems to be adequate, increasing worldwide demand could keep fuel prices at 2008 levels for years to come.

Stagflation

So far in 2008, we have had a slowing economy combined with high inflation, especially in energy and food prices. The combination of a stagnant economy and high inflation is called "stagflation", typified by the 1970's. Currently, the economy is still growing, albeit at a slower pace than in the past. While we have several trends pointing to stagflation, we still have relatively low unemployment. For the economy to truly be in a period of stagflation, unemployment would have to be higher than it is today. The challenge facing the Federal Reserve is how to balance the need for economic stimulus with the need to keep inflation in check. To slow inflation, the Fed would have to raise interest rates, but this would have a stifling effect on an already sluggish economy.

What should an investor do if we enter a period of stagflation? Here

asset allocation to Medicare supplement policies. I will have a complimentary copy for all clients at our mid-year review. If you'd like a copy sooner, please email or call me.

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is my advice:

1) Stick with your long-term plan. Don't panic and give up on a diversified strategy. You can make money in a weak economy, but you might not know it until later!
2) Look at real returns. With savings accounts, T-Bills, and money market rates below the rate of inflation, you are losing purchasing power by staying in cash.
3) Continue to dollar cost average into stocks or mutual funds to increase your number of shares.
4) While the overall market may be flat, some sectors do very well in inflationary times. Stock pickers will outperform indexes in this environment. Look for funds which have the flexibility and management expertise to find the winners.
5) High inflation should continue to devalue the dollar. International stocks as well as Large Cap Multi-nationals will benefit from a weaker dollar.

Since you can't control the economy, focus on your plan and keep saving and investing!

Past performance is no guarantee of future results. All investments carry some level of risk and no strategy can guarantee successful results. You may lose some or all of the money you invest.

Industry, perseverance, and frugality make fortune yield.

BENJAMIN FRANKLIN

As always, please feel free to call me anytime with any questions or concerns. I'm here to help! Thank you for your business.

Sincerely,

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