



NAPFA

Planning Perspectives



NAPFA Launches Free Consumer Webinar Series

On August 7, 2009, the National Association of Personal Financial Advisors (NAPFA) will begin a monthly webinar series about personal finance. Each one-hour presentation is free to all registrants. Registration is now open at <http://www.napfa.org/consumer/ConsumerWebinarSeries.asp>.

“One of our missions is to help people learn how to take control of their financial futures,” said NAPFA Chair Diahann W. Lassus, CFP®, CPA/PFS. “Our Consumer Webinar Series is convenient, it’s free, and it covers topics that are important to everyone right now.”

NAPFA-Registered Financial Advisors have developed the curricula, and they will present every program. “NAPFA-Registered Financial Advisors are recognized experts in comprehensive financial planning, and they work with ‘real’ people facing real financial challenges every day,” said Lassus.

“The advisors will bring their knowledge and their experience to the seminars,” she said.

The Consumer Webinar Series follows NAPFA’s very popular Your Money Bus Tour that visited more than 70 cities in the last year, dispensing free financial advice and providing objective information to thousands of consumers. NAPFA targeted some of the webinar presentations to answer the most common questions asked by visitors to the Your Money Bus.

Each webinar session will be conducted from 1 to 2 p.m. Eastern time. Also, each session will be archived and can be retrieved for viewing at any time.

“Although the topics are interrelated, participants do not need to listen to all of the webinars, nor is one presentation a prerequisite for another,” said Lassus. “Listen to the ones that are most relevant for you.”

- ▶ **Investing**
Be a Long-Term Investor.....2

- ▶ **Personal Finance**
Combining Finances.....3

- ▶ **Personal Finance**
Negotiation Skills You Can Use....4

- ▶ **Investing**
Challenging Times.....5



The topics for the first year of the program are listed below. (Topics and dates subject to change.)

- August 7, 2009 – Money 101: Knowing the Basics
- September 4, 2009 – Kids & Money
- October 2, 2009 – What is Financial Planning?
- November 6, 2009 – Protecting What You Have
- December 4, 2009 – Investments: The Basics
- January 8, 2010 – Investments: Advanced Concepts
- February 5, 2010 – Managing Your 401(k)
- March 5, 2010 – Leaving a Legacy
- April 2, 2010 – Women and Money
- May 6, 2010 – Financial Planning and Small Business Owners
- June 4, 2010 – Your Retirement
- July 1, 2010 – Financial Windfalls



Investing

How Long Does It Take to be a Long-Term Investor?

By Bert Whitehead, M.B.A., J.D. www.cambridgeconnection.com

This year's market bottom (so far) in March wiped out all the market gains in the Dow since 1996. That's 13 years, and that's a hard fact to swallow for a person who's invested in a broad-market index.

In my opinion, the recent brief recovery is likely to give way to another market drop before we climb out of this recession. This has left many commentators sniveling about the stock market as an inferior investment vehicle. But I'm sure everyone reading this has consistently been told that you have to be a 'long-term investor' to profit in the stock market.

So if 13 years isn't long enough, what is?

When I started as a financial advisor in 1972, we were in the recession that had started in 1967. The Dow dropped from 1,000 to 607 from 1967 to 1974. That recession wiped out all gains since 1962 (12 years), and the Dow didn't get beyond 1,000 again until 1982. In fact, there arose a widespread belief in the 1970s that the market could never go over 1,000. The financial pundits at that time subscribed to the theory that whenever stocks went beyond 1,000, companies would issue more stock. The additional supply would force the stock prices down, so the supply and demand curves intersected at 1,000.

Instead, the Dow boomed. From 1982 to 2007, the Dow went from 1,000 to 14,000. During that 24-year period, the market rose 9.8 percent per year peak-to-peak. Clearly the "permanent market cap" at 1,000 has been discredited.

Even measuring trough-to-trough bottoms of the Dow, the market increased an average of 10.0 percent per year, from 607 to 6,600, from 1984 to this year. The recovery from the Great Depression evinced a similar timeline and

valuation pattern. Total average annual equity returns have been easily over 12 percent during the last quarter-century, when you add 4-6 percent dividend payouts.

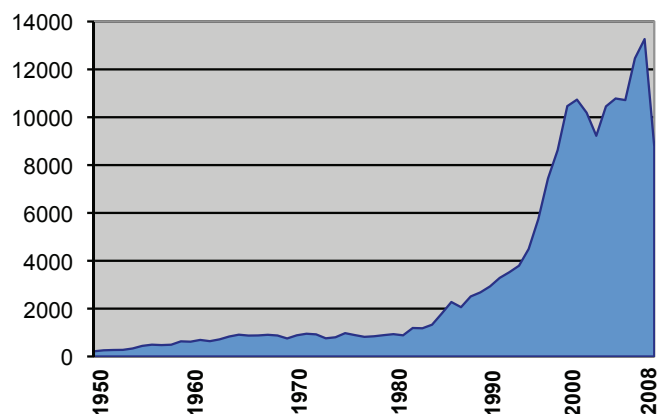
Furthermore, the stock market has consistently been the most accessible investment over the long term. These kinds of returns are available to every person by simply investing with dollar-cost averaging consistently into a large-cap indexed mutual fund.

Deciding not to invest in the market now, especially for younger people, could be the worst financial decision they could make. And remember: You are younger now than you will ever be for the rest of your life, too.

This analysis explains why I suggest having bond ladders built for 15 years, rather than the five years that many other advisors suggest. Fifteen years of cash flow will last you through any recession. To fully reap the maximum profits of the stock market, an investor should have a 25-year horizon. That's how long is long enough!



Dow Jones Since 1950





Personal Finance

Combining Finances When You're Not Married

By Stacy Francis www.stacyfrancis.com

These days, you don't need to tie the knot in order to merge homes with the love of your life. Maybe you are opposed to marriage, want to give the relationship a test run first, or simply don't feel like investing time and money in a wedding. Whatever your reason is, know that just as married couples need to talk about finances, you will have money matters to straighten out as well.

For a smooth transition from dating to living together, see the tips below.

Rent and Other Basics

Some couples like to set up a joint account for rent, groceries, and other common expenses. Each partner contributes to that account every month. You can contribute 50-50 or another way, depending on your respective incomes and preferences. Other couples don't want joint accounts; instead, they give the landlord separate checks for their portions of the rent and take turns paying the bills. It really doesn't matter how you do it, as long as you are both comfortable and feel as though your current system is fair.

Share a Bed, not a Credit Card

Once you have settled the who-pays-for-what arrangement, keep the rest of your finances separate. Fighting about money is one of the most common reasons couples split these days. Maintain your own credit cards, investment accounts, retirement savings—even your own gas cards.

Get Everything on Paper

When you make a major purchase, keep the receipts and identify who paid for what. If you ever decide to go separate ways, the things you paid for will belong to you, whereas the things your partner financed will belong to him or her. Keeping notes and receipts (on the computer or in a manila folder) may sound petty or even pathetic, but it can save a lot of hassle.

Your Home: To Own or Not to Own

If you have the money and find a home you love, go for it. But since the laws are very vague about the distribution of assets when unmarried couples split or one partner dies, you need to make sure you cover all the details.

There are four basic ways to own a house when you are not married. You can be joint tenants with rights of survivorship, which means that you own the property jointly, and if one of you should die, the other person becomes the owner of the entire property. You can be tenants in common, which means that each of you own a share of the house and are free to leave that share to whomever you like. One of you can take full ownership of the house—but if you agree to this arrangement, remember that the partner owning the house can sell it without the other partner's consent. Finally, you can own the house in a trust; you'll need a lawyer to help you with the document that states your respective obligations.

Estate Planning

Without the protective laws of marriage, drafting a detailed will or trust becomes more urgent than ever. Not only could your partner be kicked out of your house if you die—and your estate be left to your next of kin to dispose of as they please—but your partner also may not be allowed to make major medical decisions on your behalf. While state laws concerning estates often are insufficient even for married couples, the laws are practically nonexistent for unmarried partners. You will need to make all the arrangements yourself.

Sounds like quite a handful? It is actually not that difficult or time-consuming to sort out your finances. For a romantic, friction-free life together, make sure you "have the talk" before you move in together, and always remember that communication is key.





Personal Finance

Negotiation Skills You Can Use Every Day

By Gene Balliett, CHBC www.ballietts.com

I'll bet I've made more terrible mistakes in my lifetime than you have made in yours. Some of mine are a result of my poor negotiating skills. In Cincinnati, I walked away from the job I enjoyed more than any other, in the city I loved most, without trying to negotiate the pay raise that would have made it possible for me to stay.

I repeated that mistake with three other employers. What's more, I've paid way more for every car and house than I'd have paid if I'd known how to negotiate. I had no clue. The subject was never even mentioned in my English lit, journalism, political science, or economics classes, and I wasn't smart enough to figure it out for myself.

Way too many years later, after being skinned time and again, I figured out why. But from that point until just a few weeks ago, I occasionally thought about researching negotiation but didn't take the first step forward, even though I was reminded from time to time. Every airline magazine seemed to have at least one ad for a book on the subject, or a course or a seminar.

All that time, I let myself be too busy tending to other work and living my life to take time to find out how to live it better. Just recently, I discovered local and online bookstores offer a good selection of titles on negotiation. And wonder of wonders, I saw that the Internet is loaded with sites that teach their visitors how to negotiate.

Here are some of the tactics I've learned about through (hard) experience and reading:

- **Exude confidence.** If the other guy perceives you to be unsure of your abilities or your goals, you'll be behind before you even start.
- **Make a strong start.** If you're the buyer in a negotiation, start with an offer that's less than you are willing to pay. If you're the seller, make your opening gambit at a price that's higher than you're willing to settle for. That way, both sides have wiggle room to reach common ground.
- **But don't be unreasonable.** Being unreasonable can discourage interest, insult the other party, and undermine the negotiation.
- **Keep some bargaining chips in reserve.** A good negotiator knows that the process involves give-and-take, and he's prepared to make some accommodations. But you don't need to make concessions quickly. Plus, when you make them, press the other party to reciprocate.
- **Establish an agenda.** An agenda will keep negotiations on-track. It's important for you to set the agenda. This gives you a chance to focus the discussion on your priorities, while avoiding issues you don't want to bring up.
- **Negotiate with the right person.** If the other party can't close the deal, you might be wasting your time.
- **Use formulas to arrive at a price.** For the money phase in a negotiation, it's often helpful to establish a mutually agreeable formula for establishing value. It's much easier than haggling over every detail and whether it raises or reduces the price.
- **A little blarney isn't a crime.** Exaggerating the value of a concession you make is a fair tactic. Obviously, deception isn't.
- **Healthy skepticism is a good thing.** When all is said and done, get it in writing.



Investing

Challenging Times

By Keith A. Heichel, CFP®, ChFC www.lpipinnacle.com

We are certainly living in challenging and extraordinary times. The market events of the last 18 months will no doubt be studied one day in finance and economic textbooks, much as the Great Depression, the bear market of 1973-'74, the crash of 1987, and the tech bubble of the late 1990s are studied today.

We are witnessing historic global transformations in the financial and credit markets that have produced wild swings in the financial markets and more than a little heartburn for investors and financial advisors.

Between the bursting of the housing bubble, the subsequent credit market contagion, and the ultimate near freeze-up of credit markets, it's now obvious that this is no longer just a U.S. problem. The entire world, from the most developed to the most emerging economies, is now struggling. It's no longer a question of whether or not the U.S. is in, or will enter, a recession, but when the global economy will come out of recession.

So What Should I Do?

During times like these, many investors panic and rush to eliminate their market exposure. This is unfortunate because investors who have been successful in the past tend to look at this kind of volatility as an opportunity to acquire quality assets at discounted prices.

For example, in October 2008, Warren Buffett announced he was "buying American." That is, Buffett purchased U.S. stocks for his personal account, where he previously owned nothing but U.S. government bonds. Here's his rationale, as spelled out in *The New York Times* on Oct. 17, 2008:

"Be fearful when others are greedy, and be greedy when others are fearful. And most certainly, fear is now widespread, gripping even seasoned investors."

In these times and, really, in any market environment, investors have to be careful not to damage the game plan that has been established for their financial goals. The job of advisors is to make sure that investors are still comfortable with that game plan.

An effective financial plan anticipates that at some point in your time horizon, markets will perform poorly. Investments should be in a well-diversified portfolio that uses a disciplined investment approach during good times and bad. It is a strategy that is designed to position the investor to take advantage of upheavals and to realize the benefits as economic conditions improve.

For most individuals—those whose lifestyles and long-term goals have not changed—now is a good time to take advantage of a market rebound and to get portfolios back on-track.



FiLife.com Brings Financial Matters to Life

A few months ago, NAPFA teamed up with *The Wall Street Journal* to support a new social-networking community devoted to personal finance: FiLife.com.

Thousands of individuals have already joined FiLife.com (it's free!) in order to ask questions about financial matters and to share information. Topics range from investments to taxes to retirement and college savings programs to insurance to borrowing for the purchase of a car or a home.

The Wall Street Journal editors monitor the postings on the site and provide their own analysis on a variety of issues.

NAPFA-Registered Financial Advisors contribute articles on financial topics, and they share case studies that show exactly how they have addressed problems and created opportunities for their clients. NAPFA members also are available to answer questions posted by FiLife.com members—that's free advice from American's leading comprehensive financial advisors.

Registration for FiLife.com is free. Join today, and start networking immediately.



Learning about a variety of personal financial topics is as easy as...

1-2-3

1. Turn on your computer
2. Log on to the webinar
3. Learn!

The National Association of Personal Financial Advisors (NAPFA), the country's leading association of Fee-Only, fiduciary financial advisors, is pleased to offer consumers across the country with an opportunity to learn about a wide range of personal financial topics from some of the top advisors in the industry.

The **Consumer Webinar Series** will provide 12 FREE sessions during the next year on topics ranging from financial planning and money basics to estate planning and how to talk with kids about money. Each presentation will be held live, but will be recorded and available in an online archive. We encourage you to register for the live sessions. There will be some opportunity to ask questions at the end of the presentation.

To read more about this exciting educational series and to register for the various sessions, please visit www.NAPFA.org and click on the Consumer Webinar Series logo. Or, you can simply click [HERE](#). You can also speak with your NAPFA-Registered Financial Advisor for additional details.

And remember...the first session on **Money: 101** is Friday, August 7, 2009 at 1:00 pm Eastern. So register today!



www.NAPFA.org