



ELHOFF FINANCIAL COUNSELING

ADD WELLNESS TO YOUR PORTFOLIO:

Just as with financial investments, there are no sure things. But if you invest in a healthier you, odds are that you will save enormous amounts of money in future healthcare expenses.

Healthcare is the largest uncontrollable expense you likely will face over the rest of your life. The Employee Benefit Research Institute (EBRI) regularly looks at the retirement landscape. It said in a 2009 study that a couple turning 65 that year and retiring “will need about \$250,000 in savings to cover what is not covered by Medicare” Those are averages, based on typical life spans of people turning 65: 81 years for men and 84 for women. But by definition, half of the people will live longer, and many will live well into their 90s.

Small wonder that outliving one’s wealth is a major worry of people as they age. Or that another EBRI survey shows confidence in retiree financial sufficiency is at record lows.

But, again these frightening numbers are averages. Some people will spend way, way less. Maybe it’s the genetic luck of the draw, but more likely it’s because they take good care of themselves.

Add wellness to your portfolio.

THE NUMBER OF AMERICANS WITH DIABETES - will almost double in the next 25 years? There will be more than 44 million Americans with the disease by 2034—compared with 23.7 million now. And medical spending on diabetes care will triple— from \$113 billion to \$336 billion.(Elbert S. Huang, MD, assistant professor of medicine. Diabetes Research and Training Center, University of Chicago)

THE DARKER YOUR HAIR - the lower your risk for Parkinson’s disease? Blondes have a 60% higher risk for Parkinson’s than people with black hair ... and redheads have twice the risk. Way to reduce risk: Drink caffeinated coffee. A recent study found that drinking one to four cups of coffee a day lowered Parkinson’s risk by 45%. (Xiang Gao, MD, research scientist, department of nutrition, Harvard School of Public Health, Boston)

THE ECONOMY AND VOLITILITY - has economic volatility replaced market volatility as our main investment concern? Maybe, and in my opinion, our government is messing with our economy. It’s one thing to invest expecting a +/- 10% over an 18 month period. It’s another to wonder who has a job next month, how we will be taxed or even whether the trash will be picked up Thursday.

Think about the following observations: Our boom times are slated with more volatility; demographics have our aging population cashing in on nest eggs—for me the good news is that Gen Y (those born after 1982) exceed in number the baby boomers; cities and states are experiencing falling revenues due to unemployment, bankruptcies and foreclosures; unlike other recessions where civilian unemployment tended to stabilize after 6 months, we are still declining after 2 years; USA today reported that for the first time in 25 years, Social Security is evaporating faster than expected as more people retire; commercial real estate delinquencies are rising; The North Korean solution commanding every aspect of the economy, closing the private sector, revolving the cur-

Interesting Facts:

HEY BIG SPENDER—Based upon the fiscal 1 year 2011 budget submitted to Congress by President Barack Obama on Monday 2/01/10, the US government will borrow \$1 out of every \$3 dollars it is projected to spend. Fiscal year 2011 covers the 12 months from 10/01/10 to 9/30/11. This is analogous to an individual earning \$100,000 (after tax), spending \$149,000 and borrowing \$49,000 to cover the difference (source: White House).

A DECADE EARLIER - In fiscal year 2001, actual government spending was \$1.9 trillion and actual tax receipts were \$2.0 trillion. The surplus of \$128 billion in 2001 was the last time the US had revenues in excess of expenses for an entire fiscal year (Source: White House).

WE WISH - Forecasters at the 1893 Chicago World’s Fair (i.e., 117 years ago) predicted that by the year 2000, Americans would work no more than 3 hours a day (Source: Wall Street Journal).

THANKS A LOT— Of those Americans that work at least 50 hours a week, 56% believe technology has increased the stress of their job as opposed to alleviating tension (Source:Money Magazine).

HOW BIG? - The US economy shrank by 2.4% in 2009 to \$14.5 trillion in size. China’s economy grew by +8.7% in 2009 to \$4.9 trillion in size (Source: Commerce Department).

AND IN THE CURRENT YEAR - The US economy is projected to grow +2.7% in 2010. China’s economy is projected to grow +10.0% in 2010 (Source: International Monetary Fund).

MORE AT THE TOP - The 4 largest banks in the USA have 56% of all domestic bank assets. 10 years ago the concentration of assets in the 4 largest banks was 35% (Source:Wall Street Journal).

Interesting Facts:

NOT LOW FOREVER - \$16 billion of adjustable rate mortgages (ARMs) are expected to be reset from their initial interest rate in January 2010, the smallest monthly total that will be reset nationwide in 2010. The peak number of resets this year will occur in August 2010 when \$31 billion of ARMs will end their initial rate period, i.e., the length of time that the original ARM interest rate remains unchanged (Source: Credit Suisse).

THE DEAD RISE - On 8/13/79, BusinessWeek ran a cover story that was titled "The Death of Equities." The S&P 500 closed at 107 on 8/13/79. The S&P 500 closed calendar year 2009 at 1115 (Source: BusinessWeek).

STICK TO TEACHING - 2 weeks before the 10/29/29 stock market crash, Yale economics professor Irving Fisher predicted that stock prices had achieved "what looks like a permanently high plateau" (Source: Time).

NOT CLOSE - President Richard Nixon declared in January 1974 (i.e., 36 years ago) that "at the end of this decade, in 1980, the US will not be dependent on any other country for the energy we need to provide our jobs, to heat our homes, and to keep our transportation moving." Of the 19.5 million barrels per day of petroleum products that Americans consumed in 2009, 11.1 million barrels or 57% were imported (Source: DOE).

LOOKING BACK - 55% OF RETIRED Americans surveyed (including those that had previously used a planner and also including those that have never used a planner) wished that they had used or consulted with a financial planner earlier in their life as they planned out the finances of their retirement years (Source: Merrill Lynch).

COST OF A BABY - The hospital cost to deliver a baby (excluding the physician's fee) has increased + 5.7% per year over the last 25 years (i.e., 1985-2009), almost twice the + 2.9% annual CPI rate over the same period. The consumer price index (CPI is a measure of inflation compiled by the Bureau of Labor Studies (Source: DOL)

currency, restricting imports (any of these familiar to you?)

The U.S. government has run definite for 190 years out of the last 230. May I submit the con... "would you run your household like the government?" Analogy. The government is not a household.

From Real Clear Markets, February 9, 2010 consider ... when economies incur prolonged downturns, they do so as a result of governments putting a wedge between the natural instinct to work, and reward for that same work.

"In short, business failure of any kind logically could not lead to a lengthy recession thanks to the existence of entrepreneurs eager to fix that which hasn't worked in the past. Instead, the word 'depression' can only be a governmental phenomenon whereby governments tax, regulate, inflate, and generally reduce our ability to trade freely such that our economic freedoms are compromised, and entrepreneurial incentives are taken away.

The current economic crisis will ultimately strengthen our economy and our country by curbing inefficiency and waste, and penalizing those who took excessive risks through speculation and utilization of high levels of debt. I believe that these periods of the business cycle are both healthy and necessary. Like in previous severe economic contractions, the survivors of this economic hurricane will emerge into a strengthening economy that should quickly reward their ability to withstand the pressures of the storm.

EXTREMES - Foreclosure filings on 632,573 California properties occurred in 2009, an average of 1,733 filings per day. There were 6 states in the US that had less than 1,33 properties receiving foreclosure filings for the entire 2009 calendar year. Vermont had only 143 properties that received a foreclosure filing last year. Foreclosure filings include default notices, auction sale notices and bank repossessions (Source: Realty Trac).

THEY DON'T KNOW - The Department of Energy predicted in January 2009 that the price of oil would average \$43 a barrel in 2009. Oil began the year at \$44.60 a barrel and ended 2009 at \$79.36 a barrel (Source: DOE).

CLUELESS - Nearly 1 in 3 working Americans (32%) are unable to project when they will be able to retire (i.e. their answer to the question "when will you retire" is "I have no idea") (Source: Hartford Retirement Survey).

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