

Safe Money Advisory

Roller Coasters and Other Retirement Rides

**Houston, Texas
For Immediate Release**

“The market” has made a spectacular recovery in the past 12 months. The closely watched Dow Jones Industrial Index (“DJIA”) rose from 6,547 in March 2009 to 10,550 in March 2010 – an astounding 61% rise. The previous high was 14,165 in October ‘07 – meaning the March ‘09 low reading was 54% below the ‘07 peak. A gain of 61% following a loss of 54% punctuates the volatility, and risk, of the market. Nevertheless, the loud voices of Wall Street are shouting bull market, prices have recovered and this is where your retirement money belongs. Let’s take a closer look.



The DJIA is about 3,600 below the peak of ‘07. Only about 53% of the previous DJIA losses have been recovered. What’s more, the DJIA has ranged between 9,909 and 10,725 since November ‘09. The heralded “bull market” has stalled. Will it resume its advance or turn negative? Will the recession be double dipped or is the worst over? Is the downside risk greater than the upside potential? Good questions but no one has the answers. Granted many forecast but there is no one that knows.

Since the future direction of the market, and the economy, are unknown, is there risk? Given the two meltdowns since 2000, is there any doubt “the market” is risky? By “market” is meant stocks, bonds, mutual funds, variable annuities, diversified portfolios or in the hands of a hedge fund maestro. Furthermore, employer-sponsored retirement plans like 401(k)s have also suffered substantial losses due to market investments. In decades past, the market generated good long-term returns, but the past two decades have not followed suit. Is this the beginning of a new trend? Is the market in secular decline? Does market risk fit into your retirement plans? Again, questions with unknown answers.

If you’re risk averse, it stands to reason that you may want to put your money in safe places and stop trying to make double digit returns when safety pays single digit rates. Here are the safe money choices: bank CDs and fixed annuities. That’s it! Everything else has one form of risk or another. Today’s bank CDs offer very low interest rates, because bankers are making few loans and have limited attractive investment opportunities. As a result, bank rates are low and will probably stay that way until employment, the economy and loan demand returns to normal.

What about fixed annuities? These are liabilities of insurance companies and were specifically designed as a place for retirement money: no taxes on earnings until the money is withdrawn (just like qualified retirement accounts & IRAs); no downside risk if the market sours but good upside potential if the market soars; a minimum guaranteed rate of return in spite of what the market does; option of converting to a guaranteed lifetime income; backed by the guarantee and safety of large, regulated global companies that have weathered depressions, wars, panics and more. You can even get guaranteed annual earnings of up to 8% if you later convert your money to a guaranteed lifetime income.

If you’re looking for safety, is the market for you? The market could be a good place for your long-term money – only time will tell – but the volatility of recent years is scary for those in or near retirement. A guarantee of a small rate of return if the market falls and good rate potential if the market rises is what fixed annuities offer. This stability and predictability contrasts with the market’s roller coaster volatility of -54% to +61% over only 30 months. Fixed annuities offer the peace of mind – regardless of what the market does – that most retirees desire. Learn about fixed annuities on your own and then contact your financial advisor for a professional opinion. Roller coaster rides are stressful, and stress is unhealthy.

**Shelby J. Smith, Ph.D.
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