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retirement

consider the possibilities



You might be maximizing your 401(k), but will that be enough to take you through retirement? Studies have shown that people today are living longer and more productive lives than generations past. And if you're taking care of yourself now, you may end up on the top of those charts—living long past the average.

Though many are worried about how much money they've accumulated, investors are increasingly concerned about how long that money will last.

"The definition of retirement is clearly changing," states Mark Groesbeck, CFP, Stanford Group's vice president of financial planning. "Today, investors want to retire earlier, often at 55 or 60. And since life expectancy is greater than ever before, some people could actually be retired longer than they work. And that presents an interesting investment dilemma."

Of course, time isn't the only consideration; you must also take into

account the type of lifestyle you'd like to maintain during your retirement.

Will you be trout fishing in Colorado? Soaking up the sun in Miami? Parasailing? White water rafting? Enjoying cross-country tours of the French Alps? Yes, you should consider medical costs, nursing care and insurance, but there is plenty of living that lies ahead. Just look at John Glenn. Seniors today are not only healthier than in the past, but have a whole new attitude about their retirement.

Baby boomers and those who follow in their footsteps view retirement as an adventure—a chance to try and do and see everything they've missed out on during their working lives. And with such active lifestyles, retirees are spending more than ever. So as you evaluate your retirement investments, think about all the things you've yet to experience and how that affects your long-term goals. 🚩

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plus:
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put it in writing

taking the *first steps* toward financial planning



You've heard "No one plans to fail, they just fail to plan." Taken a step further, the main culprit could be failing to write down a plan. While you may be focused on some very specific financial goals, until you map out a clear and written course of action you might have no idea how to get there.

Experts have found that a written financial plan is pivotal to becoming financially healthy. A 1997 survey of 1,770 households revealed that families who have a written financial plan save and invest about twice as much as those who do not.¹

According to a recent report by the Employee Benefit Research Institute, just 64% of workers have put aside money for retirement.

Though the numbers may seem low, they are rising. For instance, in 1996, 32% of those surveyed had tried to calculate exactly how much they will need to reach their retirement goals. In 1998, that figure grew to 45%, representing a significant change in the way investors approach their retirement.²

Get Started. Get Going

Before you dive into the investment arena, meet with your Financial Consultant to review all aspects of your financial life: goals, dreams and current financial status, including income, savings, investments, tax obligations and liabilities. This information is used to create a blueprint to help achieve your

financial objectives. Here are some ideas to keep in mind.

- 1 **Be specific.** Bring to the table as many documents and as much information as you can gather to accurately assess your current and future financial situations.
- 2 **Be realistic.** Take the time to consider actual goals you'd like to attain, such as the financing of your children's education, purchasing a new residence or vacation home, retirement, travel plans, home repairs, etc. Carefully think through your time frames for achieving your goals, and stay well grounded. Setting lofty expectations will only hinder your ability to create a true-to-life action plan.
- 3 **Start today.** Call now to make an appointment with your Financial Consultant. The earlier you start, the easier it will be to attain your goal. For example, if one aim is to accumulate one million dollars by age 65, and you begin investing at 35, you'll need to make monthly investments of \$442 (assuming a 10% return). If you wait until you're 45, your monthly investment will be three times that amount.

A written financial plan can help you avoid two common investing mistakes: (1) collecting random investments that don't coincide with

your investment goals and (2) bailing out of investments at the worst possible time, during market downturns. By establishing a long-term strategy you can address many of the financial issues that affect you and your family, including risk management, investing, taxation, retirement, education and estate planning. As you and your Financial Consultant clarify each of these areas, you will establish a solid foundation for a full range of financial needs. ✦

¹"Planning for the future." Princeton Survey Research Associates. Commissioned by NationsBank and the Consumer Federation of America, 1997.

²"Retirement Confidence Survey." Employee Benefit Research Institute, 1998.

Here's Why You Need to Begin Today.

Fixed monthly investment to reach \$1,000,000 by age 65, assuming a hypothetical 10% annual return

Age	Monthly Investments
30	\$263
35	\$442
40	\$754
45	\$1,317
50	\$2,413
55	\$4,882
60	\$12,914

Why your financial consultant can be vital to your investment success

When you choose a Stanford Group Financial Consultant, you align yourself with a team of investment professionals that can help you make informed and timely investment decisions.

Your Financial Consultant:

- ▶ Takes the time to understand you and your financial goals.
- ▶ Recommends investments and provides performance records and management information, so together you can determine the best match for your individual investment needs.
- ▶ May strengthen your investment returns by recognizing potential financial dilemmas before they become real problems.
- ▶ Works with you through the tough times so you won't make hasty investment decisions.
- ▶ Analyzes how changing conditions affect you, so that when you do make a change in your investment portfolio there's a logical reason behind it.
- ▶ Delivers important and timely information, so you'll know about an opportunity while it's still an opportunity.
- ▶ Acts as an equalizer for human emotions, so that you invest less on impulse and more on facts.

outlook

will Social Security survive?

According to a *Wall Street Journal* article posted Dec. 7, 1998, there are but three possible ways to fix our Social Security problem: (1) increase taxes, (2) cut future benefits or (3) raise the return on Social Security investments. Of course none of these choices are ideal. From an investment point of view, we advise clients to take charge of their financial futures. Develop long-term plans for retirement, make arrangements for dependents and get estates in order. Will Social Security survive? We hope so, though we don't expect it to be the same. For a detailed record of your Social Security earnings and projected retirement income, call the Social Security Administration at (800) 772-1213, or visit www.ssa.gov.

capital gains gaining momentum

There's a lot of information out there about the new tax laws. Here's a quick summary: As of 1998, the 18-month holding period for long-term capital gains has been eliminated. For those in the higher tax brackets, above 15%, assets held for more than 12 months will be taxed at a top long-term capital gains rate of 20%. Assets purchased in 2001 and held for five years or more will be taxed at a rate of 18%. (Lower tax brackets pay even less.) So to avoid higher income tax rates, investors should consider the length of time they hold on to investments before they sell.

your financial planning checklist

Once you've established a financial plan, you and your Financial Consultant should review it each year to make sure it's still in line with your current financial situation. As your lifestyle changes, so might your financial needs.

Here's a quick list of what to expect.

- ▶ Review wills, power of attorney and trust documents
- ▶ Verify that your investment policy still matches your long-term goals
- ▶ Determine whether educational savings accounts are on target
- ▶ Review insurance policies to see if they're appropriate
- ▶ Analyze retirement projections for long-term needs

rule of 72

The "rule of 72" helps *estimate* how many years it will take for an investment to double in value at a specified rate of return – a handy little formula sure to impress friends and family alike. It works like this: Take 72 and divide it by the rate of return. At a 1% rate of return (72 divided by 1), an investment will double in approximately 72 years. At a 2% rate of return (72 divided by 2), an investment will double in 36 years. At a 10% rate of return (72 divided by 10), it will take only 7.2 years to double. This rule can also tell you how long before a given item will double in price at an *estimated* average rate of inflation. For example, at 4% inflation, a loaf of bread will double in price every 18 years (72 divided by 4).

Key economic and market indicators Fourth Quarter 1998

TREASURY/MONEY MARKET MONTH-END

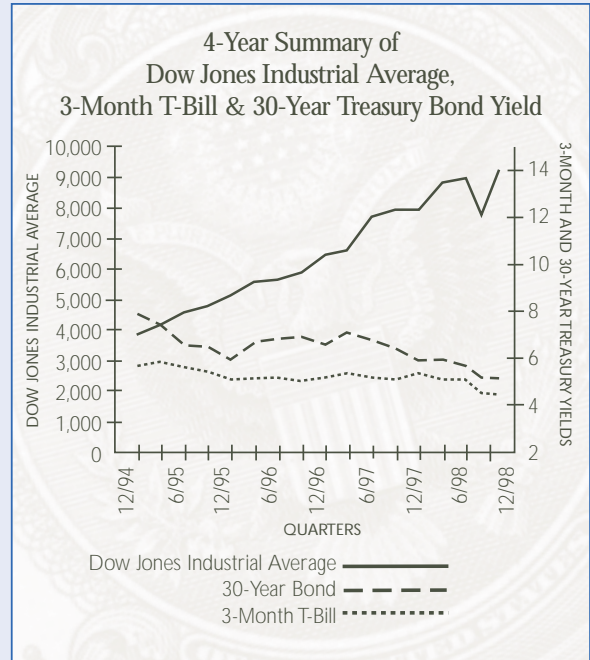
	Oct '98	Nov '98	Dec '98	Dec '97
Prime Rate	8.00%	7.75%	7.75%	8.50%
3-Month T-Bill Yield	4.32	4.48	4.52	5.35
2-Year Treasury Note	4.12	4.51	4.53	5.65
10-Year Treasury Note	4.61	4.71	4.65	5.74
30-Year Bond Yield	5.16	5.06	5.10	5.92

EQUITY AND COMMODITY MARKET MONTH-END

	Oct '98	Nov '98	Dec '98	Dec '97
Dow Jones Industrials	8592.10	9116.55	9181.43	7908.25
Standard & Poor's 500	1098.67	1163.63	1229.23	970.43
Gold 100 oz Futures	\$295.70	\$295.10	\$298.20	\$301.70
Crude Oil Futures	\$14.80	\$11.70	\$12.05	\$18.63

U.S. MACROECONOMIC STATISTICS MONTH-END

	Oct '98	Nov '98	Dec '98	Dec '97
Gross Domestic Product	(Q3'98/3.70)	-	-	(Q4'97/3.00)
Housing Starts	1694	1649	-	1540
Leading Economic Ind. (% chg.)	.10	.60	-	-0.10
U.S. Unemployment Rates	4.50	4.30	4.30	4.70
Consumer Product Index (YOY)	1.50	1.50	1.60	1.70



A retirement strategy for late bloomers

So you're pushing 50, and still haven't started a retirement plan? If you're like many investors who have put their finances on hold while getting the kids through college and juggling careers, it's not too late.

Twenty years ago young workers rarely put a thought toward investing. While some companies offered generous pensions, the vast majority did not. And as the years passed by, many now in mid-life have procrastinated far longer than they realized.

Today, new workers enjoy early built-in retirement opportunities that those in their 40s never had. The popular 401(k), a "must-have" benefit at many mid-to-large-size companies, remains the investment of choice for most corporate employees. But if you started late, your 401(k) may not be enough.

What should you do if you suddenly wake up with a diminutive nest egg and just 20 years left before you retire? First, don't panic. Before you throw in the towel, realize that the clock doesn't stop at 65. And consider this: You are probably at the top of your career and still have a decade or two before you retire. And even after you retire, you'll have another 20 or 30 years to see your investments grow. For late-bloomers everywhere, know that you still have big opportunities ahead. Here are a few alternatives worth considering.

- 1 Contribute the maximum amount to your 401(k)
- 2 Contribute to a Roth IRA*
- 3 Invest in moderate-risk stock funds
- 4 Restructure your debt obligations
- 5 Analyze your cash flow
- 6 Save more
- 7 Get professional advice

*Subject to income limits of \$150,000 joint, \$110,000 single

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