



# FinishStrong by Design™

**A newsletter designed to help you tackle the most pressing issues in today's increasingly complex retirement plan world.**

Volume 1; Special Edition

## *The Week in Review: Challenging Times, yet Opportunity Ahoy!* September 2008©

When we began publishing our *FinishStrong by Design* newsletter in May 2008, we made a pledge to help you keep abreast of current goings-on within the 401(k) world. At that time, who could have imagined such a wild week in the financial markets as last week was? Thus, we are publishing a "**SPECIAL EDITION**" this week to give you our thoughts.

We cannot play ostrich during these trying times; the implications are real. This is not an attempt to sugarcoat the severity of what's happening - but rather an attempt to address it head-on with **FACTS** that we've talked about in the past, but in trying and emotional times like these, are often forgotten. Most importantly, we want you to know that we are not ignoring the current situation hoping that it just "gets better".

We have previously been through times of similar investment volatility and want to share some of the lessons we've learned. Thus we'll discuss **PROVEN STRATEGIES** for dealing with market volatility - in fact perhaps even utilizing it for our advantage! We encourage you to consider distributing this email internally to all your Employees.

### ***FACT #1: Bear Markets are not new.***

Short-term declines and corrections are a natural part of the investment process and should not affect your long-term financial plan. Since 1900 they have occurred, on average, about once every 3.5 years. From an investment perspective, even 1 and 2 year periods of time are considered short-term in nature. Now is not the time to react emotionally and abandon a disciplined investment approach. You may be tempted to believe that the only way to avoid further losses is to try to time the market by getting out now, wait for the storm to pass, then hope you can somehow "time it right" to get back in. However, history has proven that this is nearly impossible to do and, more importantly, that missing even a few big rebound days over a long period of time can have dramatic negative implications to your long term success.

## Stay in or miss out

\$10,000 invested for the 10 years ended 12/31/07



Results based on Standard and Poor's 500 Composite Index, with dividends taken in cash.  
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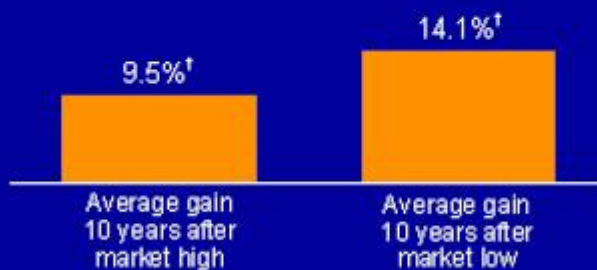
### ***FACT #2: Historically Markets have Recovered.***

Detailed analysis of our Bear Markets since 1956 leads to startling evidence that we should stay the course. The average gain 10 years after the market high is a **9.5%** annualized total return, with all dividends reinvested. Meanwhile, the average gain 10 years after the market low is a **14.1%** annualized total return, with all dividends reinvested.

## Markets have recovered

### The benefits of patience

In 8 bear markets since 1956:\*

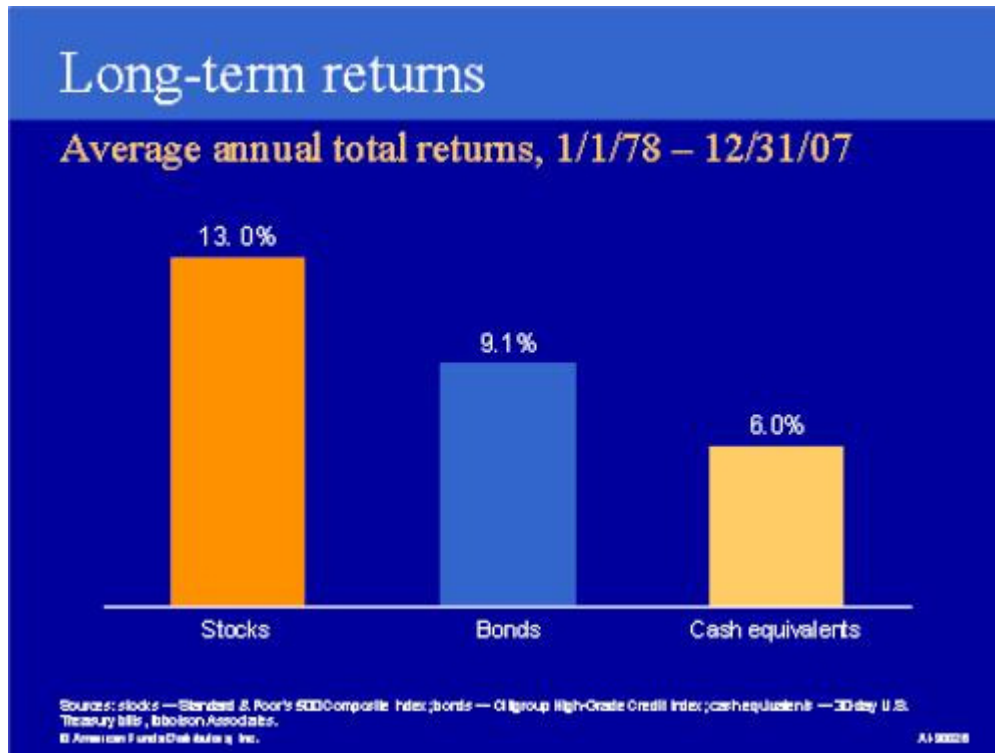


\* Prior to the three most recent declines, 2000-2002. A new decline is considered to have begun only after the market has recovered 50% of the value lost in the previous decline.  
† Represents average of the annualized total returns, with all distributions reinvested, over the 10-year periods following the eight bear markets.  
Source: Dow Jones Industrial Average.  
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**FACT #3: The Truth about Long-term Returns.**

Much will surely be written and said about how "it's different this time". (This is what the financial press always says during times like these.) But we should never forget that, historically, stocks out-perform all other investment types. According to Ibbotson, during the 30-year time span from January 1, 1978 through December 31, 2007, Stocks - as measured by the S&P 500 - returned 13.0% per year on average, while high-grade Bonds returned 9.1% and Cash (T-bills) averaged 6.0%.



**Proven Strategy #1: Asset Allocation.**

You have heard us emphasize asset allocation and portfolio diversification many times. Simply put: we do not believe that anyone can accurately and consistently predict, for long periods of time, the exact places to have your money to minimize losses or to capitalize on gains. Instead, we believe that having a disciplined and well-balanced portfolio with exposure to many different asset classes is the best long term approach. (Of course, this portfolio mix should also be consistent with your age and tolerance for market volatility.) Thus we have recommended very intentional amounts of exposure to stocks, bonds, cash and foreign currencies - in some cases even real estate and commodities. Many times, including right now, it means that as much as we want to try to outsmart the market by doing something to "counter" the declines, we MUST stay disciplined. I am reminded of John Vogle's (former Chairman of Vanguard) famous quote, "Don't just do something, sit there."

Your Plan offers risk-based and/or age-appropriate, asset allocation portfolios which are constructed and are continuously managed using detailed research, logic and reason - all which must be adhered-to during times like these! IF you are NOT taking advantage of

these investment solutions within your plan and would like to discuss further, please contact us at [finishstrong@triunefp.com](mailto:finishstrong@triunefp.com).



### ***Proven Strategy #2: Dollar-Cost Averaging.***

Regular investing, also known as Dollar-Cost averaging, simply means making gradual, smaller investments over time - as opposed to a large lump sum. It means you are investing a set amount of money, at regular intervals, on an ongoing basis. If you are having contributions withheld from each paycheck to be invested in your 401(k) Plan, you are already taking advantage of this phenomenon. The benefits include: encourages discipline, offers a systematic approach, keeps you investing through down markets (akin to "buying on sale") and may help ease potential anxiety about short-term market fluctuations.

Consider the following example to see how this can work to your advantage in a topsy-turvy market -



***Proven Strategy #3: We are here for you!***

We value your trust and confidence. Times like these are when our clients have come to depend upon us. It's easy to believe that your Advisor has the right answers when the market is going straight up, but we all know that this is not reality. Managing through a complete market cycle means doing our best to minimize losses WHILE, at the same time, leaving you in a position to take part in an eventual stock market recovery. By allowing us to get to know you and a bit more about your personal situation, we can discuss your risk tolerance and timeline to retirement - and beyond. Then we can help you select an appropriate asset allocation of funds. If you are then making regular contributions via payroll deduction, you are putting the power of Dollar-Cost Averaging to work for you!

In a world that has tried mightily to drive traffic to their website & their nameless, faceless out-of-town customer service reps, we welcome the opportunity to sit down face-to-face or talk "live" by phone to discuss these times and more specifically how your account is performing. We also welcome the opportunity to revisit our approach to investment management and the people and research upon which we rely.

Please feel welcome to contact me any time, for any reason.

Until next time,

**Geoff**

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*Asset allocation, diversification and dollar-cost averaging cannot guarantee a profit in a rising market nor guarantee protection from loss of principal in a declining market.*

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