



## FinishStrong by Design™

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

Volume 2; Issue 2

### Lessons for 401(k) Investors, Including You & Me©

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Generally the audience for this monthly briefing is YOU. By "you", we mean the person at your company or firm charged with oversight of the 401(k), Profit Sharing, Defined Benefit, SIMPLE, SEP or other retirement plan. Additionally we include other professionals who advise YOU (CPA, attorney, trust officer, etc.) **However, from time-to-time, we will come across content we feel is appropriate for your EMPLOYEES. This is one of those times.**

**Triune believes your Employees deserve clear, consistent, timely communications during difficult times like these.** Putting these conditions into a historical context can help people remain calm. We invite you to watch an online presentation that reviews how markets have reacted in the past: click [here](#) to view. Please feel welcome to distribute internally to all Employees as you see fit.

Given the market's precipitous declines in 2008, which have continued thus far in early 2009, many Americans are **deeply concerned** about their future retirement security. (This includes some of YOUR Employees.) Our retirement plan service model brings us on-site to our clients' businesses on a pre-specified schedule to work with their Employees. In light of the myriad of negative events and horrific financial markets' performance in 4Q 2008, we accelerated this schedule significantly. We've talked to a couple of thousand people - literally. Thus we can say, with certainty, that YOUR Employees ARE concerned.

**Emotions are running high.** Fears and concerns are understandable and warranted. However, to move forward, we must separate our emotions from the facts. Therefore, in response to these concerns, the themes of our message have been consistent:

- **Fact #1: There was no place to hide in 2008 - so stick to your plan.**
- **Fact #2: Don't Try to Time the Market.**
- **Fact #3: Dollar-Cost-Averaging is Essential! It's not a marketing concoction, but rather a mathematical phenomenon.**

### ***Emotions are Running High.***

No doubt, trust in our financial markets has been eroded. Allow us to quote from a letter to Shareholders sent by money manager Lord Abbett (we thought this was particularly transparent and well-said.)

**"For decades, in good times and bad, enormous sums of capital have flooded into the U.S. financial markets in the belief that both our financial institutions and the investment solutions they offer can be trusted.**

**In 2008, a wedge was driven between money and trust. And the question now is: Can trust be restored? It's difficult not to be saddened by the events of 2008. Major financial institutions failed or were acquired, financial scandal was revealed, and lives were affected. In 80 years of managing money for clients, we have seldom witnessed such a major loss of trust in financial institutions, and the markets reflect that sentiment. Trust, as many have discovered, has a market value.**

**(T)he principles of trust... a firm moral compass... sound investment principles... integrity... and stewardship (are constant). Our clients look to us to manage their assets using sound investment principles, not speculation. We view the management of money as a craft - honed by experience and disciplined by time-tested strategies that take a long-term perspective. We are stewards of our clients' assets. Stewardship implies trust.**

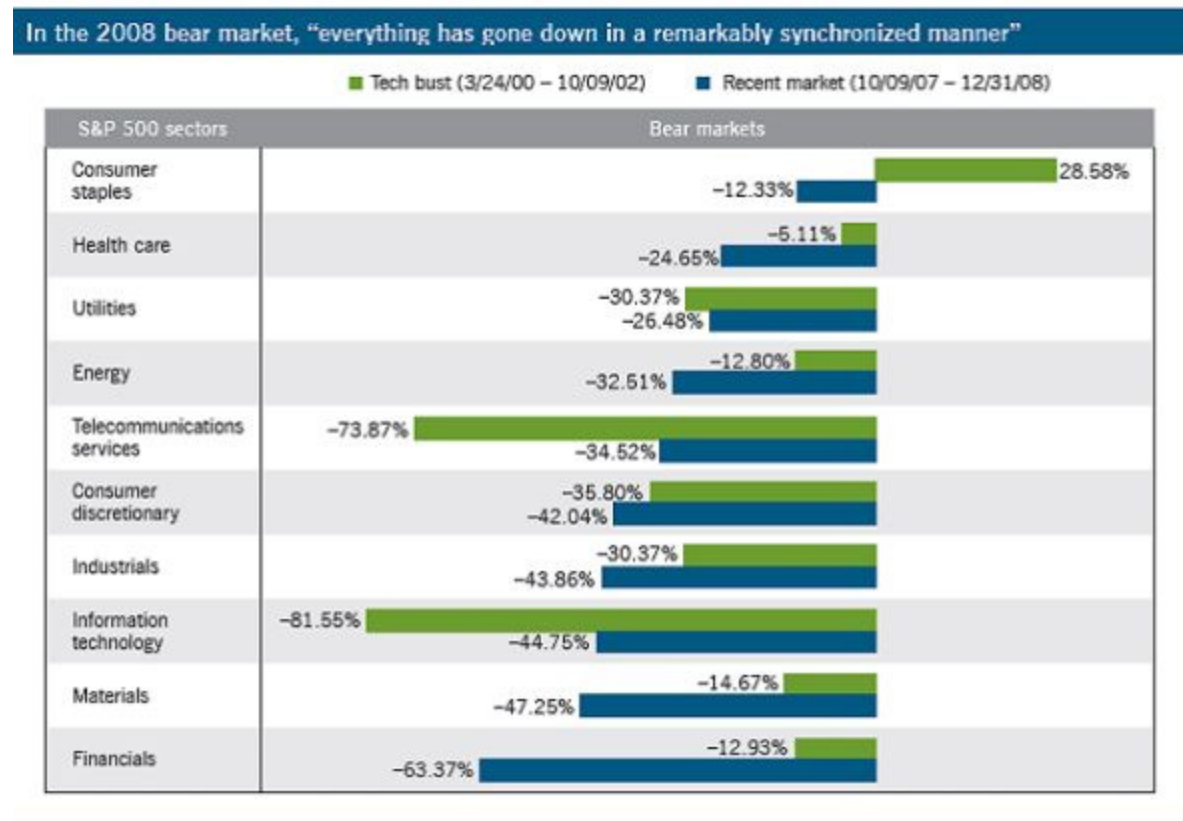
**We have absolutely no doubt that trust will be restored and global financial markets will recover. But it will take time, and it will take leadership."**

We have found that we need to acknowledge how people are feeling as normal and completely understandable. Then we ask for permission to set these feelings aside, for discussion purposes, so that we may focus on some facts.

### ***Fact 1#: No Place to Hide in 2008.***

If you were tempted to believe "if only I had my 401k investments arranged somehow differently, I

would have been OK", this is simply not true. Frankly, it was a year unlike any other. Consider, the following -



Sources: Morningstar Direct, FactSet

The S&P 500 is unmanaged, and its results assume reinvested distributions but do not reflect sales charges, commissions or expenses.

Statistic analysis of the history of the financial markets tells us that those who stick to their plan of utilizing broadly-diversified, asset allocation based portfolios will be rewarded in the long-run.

### **Fact #2: Don't Attempt to Time the Market.**

Over the long-haul, asset allocation works - but it doesn't always protect us against loss in a nasty market downturn. The problem, of course, is that these types of markets tempt people to want to go to the sidelines to "hide-out" until the storm passes. **The problem with market timing is that you have to be right twice: once on the way out, then a 2nd time guessing when to get back in.**

Fact is, if you've suffered losses during the past 12 months, you've already ridden it down - so don't compound it by selling at the bottom.

Consider the following -



## Don't Try to Time the Market

Average Annual Return, 1988-2007



Past performance is no guarantee of future results.

Source: DALBAR Quantitative Analysis of Investor Behavior 2007. [www.dalbarinc.com](http://www.dalbarinc.com)

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### *Fact #3: Dollar-Cost Averaging Works.*

Various financial companies - banks, brokerage firms, mutual fund companies, etc. - are legendary for the marketing "spin" they are superb at creating. However, Dollar-Cost Averaging is not spin; rather, it is simple math. Continuing to make regular, systematic contributions to your 401k right now is essential. Consider the following example -

## Dollar-Cost Averaging

	Regular Investment	Market Price/Share	Shares Acquired
Month 1	\$100	\$ 6.00	16.7
Month 2	\$100	3.00	33.3
Month 3	\$100	4.00	25.0
Month 4	\$100	8.00	12.5
Month 5	\$100	5.00	20.0
Total	\$500	\$26.00	107.5

Average price per share:  $\$5.20$  ( $\$26 \div 5$ )  
Average cost per share:  $\$4.65$  ( $\$500 \div 107.5$ )

This hypothetical example is used for illustrative purposes only. Actual results will vary.

The facts are that since the financial markets are rational in the long-run, and because you can purchase high-quality securities at prices substantially lower than one year ago - which means you are loading-up on shares - there is no substitute for continuing to invest in 401(k) at this time. **Case in point:** some Employees, upon recognizing this, have chosen to actually *increase* the amount of their Salary Deferrals.

Consider the following white paper which ties these themes together [Avoiding Bear Market Mistakes](#)

### The Bottom Line -

**Is your current Retirement Plan Advisor really "in the game"? Triune is.** We hope you & your Employees find this briefing on-point and evidence of this. We would be honored to help you review the Retirement Planning education and communication that *your* Employees are receiving during these difficult times.

**Please contact us anytime at [finishstrong@triunefp.com](mailto:finishstrong@triunefp.com) or call 913-825-6100.** We are here to serve you.

Until next time,

*Geoff*

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