

my GUIDE

Quarterly Newsletter – Spring 2008

by Rob Davis, Creative Financial Partners

2008: To Do

Resolve to tackle the following items in the second quarter of 2008:

Tax Review

Did you pay too much in taxes last year? Would you like to save money or get a bigger return next year? Depending on your situation, there may be a strategy that can help minimize your tax liability in the future. Contact me for details about tax-advantaged investment options.

Your Credit Report

Identity theft is an increasing threat to everyone. Even if you shred all your important documents, your personal information can be compromised by government agencies and anyone who handles your credit or debit card. Contact me for information on how to monitor your credit report on an ongoing basis.

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HOT TOPIC: To Roll or Not to Roll

If you're like many people, you've probably got a growing stack of 401(k) statements from previous employers, job changes and company restructuring. Most likely "out of sight, out of mind" applies to this portion of your investment portfolio.

"Rollover" is probably a word you've heard before regarding these accounts. It's the generic term given to the process of transferring one tax-deferred investment account—like a 401(k) or 403(b) – into another tax-deferred account – like an IRA. By 2010, \$387 billion will be rolled over each year, according to Cerulli Associates, a research and consulting firm. So what's the big benefit of rolling over? There could be several:

① Investment choices

Are your old 401(k) plans offering you the opportunity to own top-ranked funds? Or are the funds in your old retirement plans sub-par? Owning under-performing investments can be costly over the long term. And after all, your goal is to grow your nest egg as big as possible. One of the best ways to evaluate investments is to rely on independent, third-party research reports on each of the funds you own. I provide these reports as a free service, and all I need is your most recent account statement. It's easy to see how your investments stack up to others available on the market.

② Investment allocation

The right investment allocation is different for everyone. The types of investments you own should reflect your age, risk tolerance and financial goals. Even popular "target date" funds found in many retirement plans can miss the mark some of the time. Is your investment allocation right for you and your family? The only way to get an appropriate allocation is to look at the "big picture" – where you are now compared to where you want to be in the future. Your investment accounts are the cornerstone of your financial future and it pays to allocate them correctly.

③ Lack of diversification

Did you know you may own a large portion of a previous employer's stock in your old retirement accounts? That means a large portion of your retirement could be riding on the success of a previous employer. Lack of diversification is a major reason so many retirement and pension plans were devastated when energy giant Enron fell in 2002. Shareholders had too many of their "eggs in one basket." But, diversification is more than just not owning too much of one company's stock. Your accounts should be diversified among factors like types of assets, geographic regions and risk factors. Diversification is one of the most important discussions we have with our clients when dealing with assets that are set aside for savings and retirement programs.

④ Plan options

Most 401(k) plans don't offer the flexibility and control of an individual IRA. For example, IRA accounts offer a stretch option that allows you to extend tax benefits and income streams to your beneficiaries.

Unless you're confident that a previous employer's plan is focused on what's right for you, consider a rollover. Contact me for a complete review of your investment statements and get your plan "rolling."



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RETIREMENT LIVING: Paying the high cost of inflation

Just think... 20 years ago, the cost of a gallon of gas was \$1.52 and the cost of a first-class postage stamp was 25¢[†]. Can your retirement plans pay for the cost of inflation in 20 years? How about 30 years?

A common problem with many retirement portfolios is they focus too much on safety and not enough on growth. Why is this a problem? Because the cost of living is outpacing the returns many retirees are getting from their investment accounts. If your portfolio is generating 4% a year and the cost of living goes up 5%, you're losing ground.

But the thought of putting retirement assets in stock market investments makes most soon-to-be retirees shake with fear – and it should. No one wants to see their retirement accounts take a dive the year before they plan to retire – or worse, the year after they retire.

What To Do?

The first thing to do is plan. If you don't have a plan in place for the inevitable market highs and lows, now is the time to start one. A well-balanced portfolio can lessen some of the market waves while still offering some

stable income and growth potential. Although the risks are still present, they are minimized.

Another retirement tool available are annuities with "living benefits." These benefits are an added cost, but they can give you the benefit of a steady, growing stream of income no matter how bad the market performs. Some annuities offer flexible investment accounts and the opportunity to participate in high-yielding investments that can keep up with or beat inflation. Contact me to see what solution is right for you.

OUR APPROACH: To be there through all life's milestones

Creative Financial Partners is proud to offer the following services to our Individual, Family and Small Business Clients:

- College Planning
- Retirement Planning
- Estate Planning
- Property/Casualty Insurance
- Mortgages
- Identity Theft Protection
- Investments
- Money Management Programs
- Tax Shelters
- Life Insurance
- Disability Insurance
- Long-Term Care Insurance



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Before investing, carefully consider the investment objectives, risks, charges, expenses and other important information about the plan or investment. The information can be found in the official statement or prospectus. A copy can be obtained from my office. Please read it carefully before investing. Income and account value guarantees regarding annuities are based on the claims-paying ability of the insurance company. [†]According to the American Petroleum Institute and the Postal Regulatory Commission.