VORPAHL WING SECURITIES

*Investment Advice For Every Generation*

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# INVESTMENT PERSPECTIVE

First Quarter 2007 Volume 5, Issue 1

INSIDE THIS ISSUE:



**Comments or questions?**
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**The Ticker Year-to-Date 2007***

- DJIA -.90%
- NASDAQ +.30%
- S&P 500 +.20%

*As of March 30, 2007

**Coming events sponsored by Vorpahl Wing Securities**

July 25, 2007—Mayoral Debate

November 15, 2007—Client Appreciation Dinner

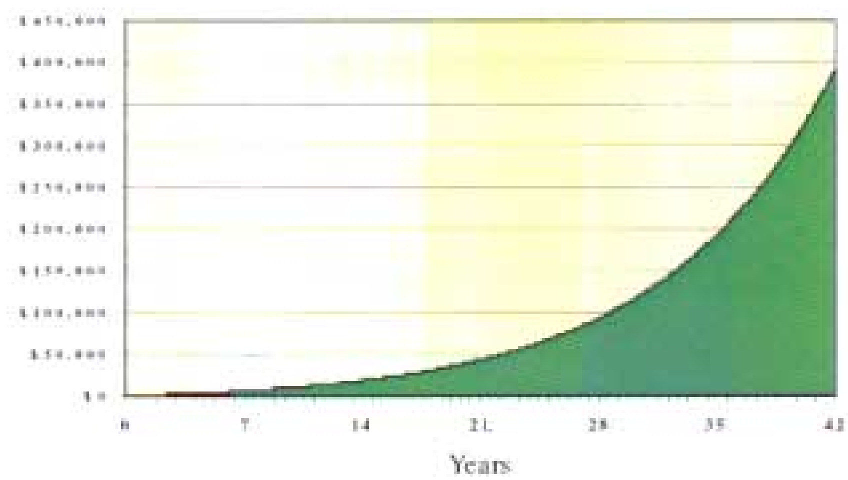


## Enjoying Las Vegas To The Fullest

*BY DENNIS C. ROGINSKI*

Jonathan Clements, the British writer and translator, said "Retirement is like a long vacation in Las Vegas. The goal is to enjoy it to the fullest, but not so fully that you run out of money." Smart advice—advice that requires action.

Savings and Compounding




After we meet with new clients, they're relieved to have put a financial plan in place based on their goals and objectives. With younger clients, we are mostly concerned with the accumulation phase of their retirement account. They understand the concept of compounding and know that time is on their side. (See figure above.) Over a 42-year span, note how much the account grows during the second 21 years compared to the first 21 years. For clients who are retired or close to retirement, we keep an eye on accumulation but focus more on the distributions phase of their retirement account. Fidelity Investments calls this process *Lifetime Income Planning*. In this piece, the author explains the accumulation phase but wants the reader to become keenly aware of the importance of the distribution phase.

Thirty-five million Americans are over the age of 65, and that amount will more than double by the year 2040 bringing the number of Americans over the age of 65 to 77 million.* With medical advancements and healthier life styles, people are living longer. Additionally, less and less companies are offering retirees health-care

*(Continued on page 3)*

**DID YOU KNOW?**

Did you know that the origin of the New York Stock Exchange (NYSE) "seat" started in 1792? Twenty-four men gathered to establish a set of rules for auctioning off securities. Some of these rules stated that they could only trade securities among themselves, that they maintain fixed commission rates, and that they not participate in other security auctions. To belong to this elite group—to own a "seat"—cost $400. When the NYSE became a public company in March of 2006, each "seat" owner was rewarded with cash and securities totaling approximately $5.5 million.

# MARKET COMMENTARY

The April 2, 2007 edition of the *Wall Street Journal* said this about the first quarter of 2007: "The stock market took investors on one of its roller coasters in the first quarter, leaving them a bit shaky about what is to come." The writer said it was "no kiddie ride." True, if you are a short-term market watcher, it was no "kiddie ride." The three major indices—the Dow, the NASDAQ, and the S&P 500—started the year off in positive territory and stayed there until "Terrible Tuesday", February 27th, when the Dow dropped about 3.30%, the NASDAQ around 3.90%, and the S&P 500 around 3.50%. They all recovered a bit. However, for the first quarter the DOW ended down 0.90%, the NASDAQ up 0.30% and the S&P 500 up 0.20%. The graph of the first quarter certainly resembles a roller coaster.

**Unless you are a market watcher or a day trader you understand the importance of keeping focused on the long term.**

I don't like to see markets drop as they did on February 27th. It's usually an overreaction and, it could be a buying opportunity. I have a television in my office but it's rarely on. I prefer to listen to the Gonzaga University classical radio station. It is very relaxing to me. But on February 27th, I switched on the TV and tuned in to CNBC. I wanted to see how frenzied all the newscasters were about the market drop. They didn't disappoint. CNBC had the screen split into six sections. One section was for the host and each of the other five sections showed a market analyst called upon to give his or her analysis of "Terrible Tuesday." At one point all five analysts were talking and shouting, attempting to have their commentary heard. After about ten minutes, and a good laugh, I turned it off and went back to listening to classical music. CNBC's attempt to unnerve me didn't work. To an investor it's just noise. Unless you are a market watcher or a day trader you understand the importance of keeping focused on the long term. It is also important you be focused on goal-orientated asset allocation models with occasional rebalancing. Look at the historical long-term graph on the next page. Except for the Great Depression of 1929, it shows a steady climb with very small hills and valleys along the way. It really is a "kiddie ride" and not a series of disasters.

*(Continued on page 3)*

For a low initial fee of $10, an annual fee of $10, and as little as $25 per month per participant, a SIMPLE IRA can be established.

# INVESTMENT ADVICE FOR EVERY GENERATION

Starting a retirement plan for you and your employees does not have to be expensive or complicated. In fact, it can be very simple—with a SIMPLE IRA. Does your company have 100 employees or less and does it have no other retirement plan? If you answered yes to both of these questions, then you may qualify for a SIMPLE IRA.

For a low initial fee of $10, an annual fee of $10, and as little as $25 per month per participant, a SIMPLE IRA can be established. A SIMPLE IRA means you will be vested immediately at 100% with the added advantages of minimum paper work, low cost, and no top-heavy testing. Employees can defer salary up to $10,500 annually. An additional contribution of $2,500 per year is allowed if an employee is 50 years old or older. This is called the catch-up contribution.

To help maintain low employee turnover, employers normally match up to 3% of an employee's wages. During years when business is slow, this 3% can be reduced to 1%, but for only 2 out of 5 consecutive years.

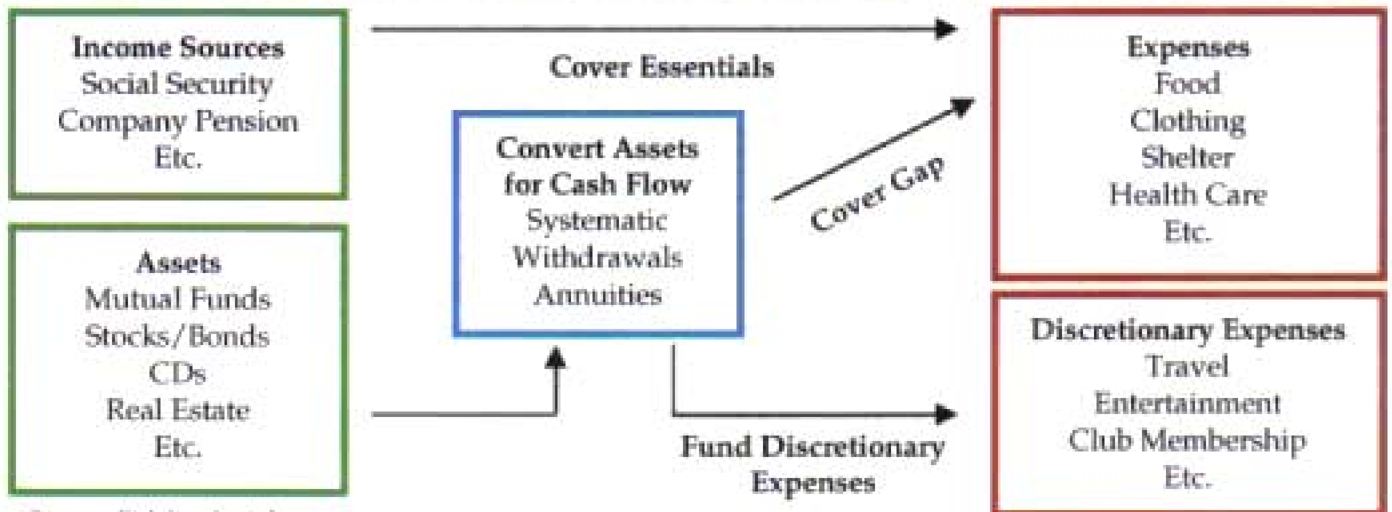
Dennis Roginski, the retirement specialist at Vorpahl Wing Securities, guides you through the process of setting up a SIMPLE IRA. He also offers investment recommendations for your employees, sends out quarterly newsletters, and keeps you up to date on retirement legislation. This gives you freedom to focus on other priorities. Give Dennis a call. Retirement is closer than you think.

## ENJOYING LAS VEGAS TO THE FULLEST

(CONTINUED FROM PAGE 1)

coverage; the burden instead is shifting to the individual. No wonder more and more literature discusses the distribution phase of retirement.

*Lifetime Income Planning* identifies five risks in the distribution phase: 1) longevity risk—the risk that one will outlive their retirement money 2) inflation risk— the risk that money will lose purchasing power 3) asset allocation risk—the risk that assets are not properly allocated for each situation 4) withdrawal risk—the risk that the withdrawal rate from the retirement account is too high 5) health care expense risk—




*Source: Fidelity Insights

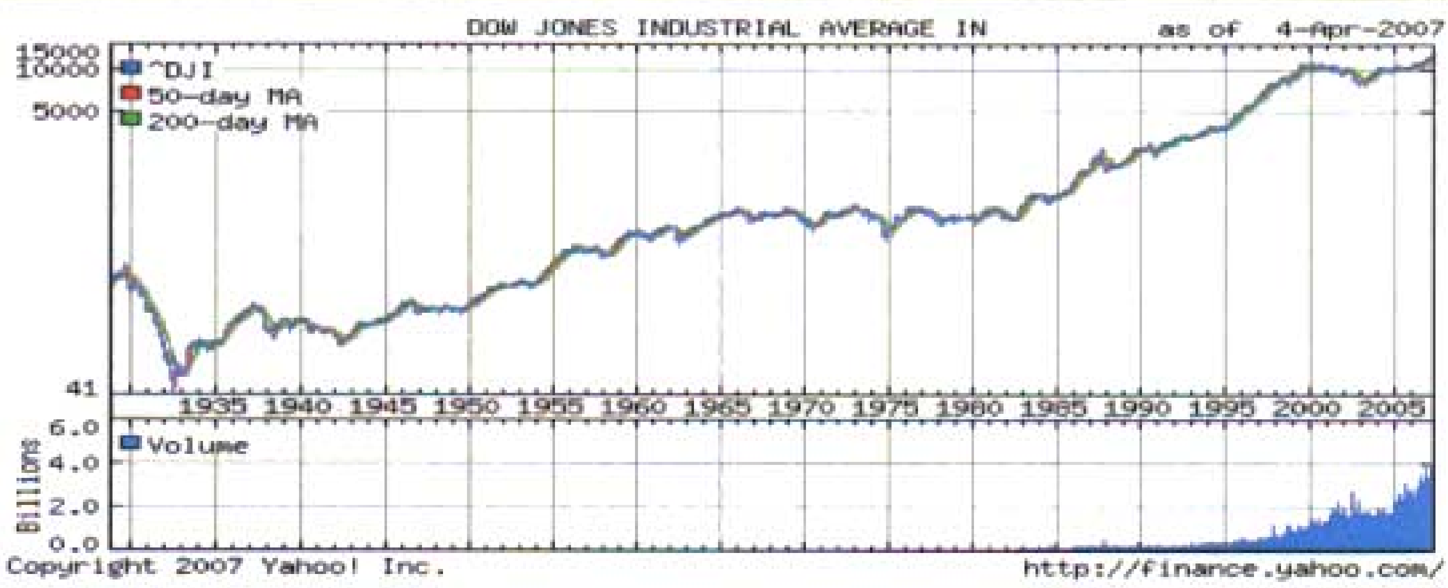
the risk that a shortfall in paying for medical expenses will occur. Three actions—PLAN, SAVE, DIVERSIFY—give peace of mind to those saving for retirement

While every person's situation is different, the figure above is a good working flow chart to match income and expenses and to help identify shortfalls.

Have you been meaning to meet with a financial advisor to set up a retirement plan for the accumulation phase and haven't got around to it? Or have you been procrastinating about the distribution phase of your retirement? Remember, our clients felt more at ease after talking to us and developing a financial plan. Put *your* mind at ease and give us a call. As always, our consultations are free.

## MARKET COMMENTARY

(CONTINUED FROM PAGE 2)




At the end of the first quarter of 2007, oil was priced just below $66 a barrel.

Even with a long-term market focus, the rising price of oil stings us now. It's no fun to spend over $50 on gas to fill up an 18-gallon tank. At the end of the first quarter of 2007, oil was priced just below $66 a barrel. The Iran/British hostage standoff certainly fed the fear of a reduced oil-supply. Twenty percent of the world's oil passes through the Strait of Hormuz in the Persian Gulf. Even though the possibility of Iran closing the Strait of Hormuz and using the closure as leverage against any military action to free the British hostages was almost zero, the perception was still present. And any perceived disruption is usually a catalyst for price increases. Some analysts were predicting that if Iran did close the Strait, and it was a big if, the price of oil could have shot up to $100 a barrel. As of this writing, the standoff has ended and the hostages have been freed. The price of oil has dropped to "just" under $64 a barrel.