



Christmas Newsletter 2011

Liquidity is part of a sound financial Plan



I read an article this summer where a chief portfolio strategist for a major stock brokerage stated that cash is a very poor performing asset. He also predicted that things will actually start to recover and we will end up doing pretty well for the year. He is now forecasting the weather in Siberia.

Liquidity is very important throughout ones financial life. The Leap System recommends that during your working years that you have at least 50% of the highest gross annual income in cash. This cash is for emergencies when life comes at us.

At retirement, liquidity is even more important as your investments are now working for you. Withdrawing money from your investments when the market is down is like killing off some of your workers.

At death, liquidity can make a huge difference as to where your wealth is transferred. If investments, or a business or real estate have to be liquidated to pay taxes, we can only hope that the markets are strong. If they are not, then you are transferring your wealth to other wealthy people or even worse a competitor.

Cash does have a high rate of return when it meets opportunity. Opportunity could be a deal on a new car when your other investments are down. (I read an article this year written by a well know financial columnist who said he lost his new car to the markets) It could be buying real estate when the owner is short on cash and has to liquidate. Opportunities will occur throughout your life time and the ability to take advantage of them is an integral part of a successful plan.

Liquidity can be stored in savings accounts, money market, cashable guaranteed investments and life insurance. The rate of return is really not important as liquidity is the key. Building liquidity into your financial plan should be a priority. For more information on how to do it, please contact our office.



2011 again has been a very volatile year for investments. The market peaked on April 5th and started to decline. It has become very apparent that global dynamics impact our markets. For clients in the accumulation stage, this is just a bump in the investment road. For those in the distribution stage, we have worked hard to build in safety factors into your portfolios. The global economy will eventually turn around.

We appreciate your continued support and look forward to providing you with solutions to protect, grow and preserve your wealth.

Have a great Christmas. Enjoy your time with family and friends. Safe travels.

Sincerely,

David Demeyere

