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SPECIAL POINTS OF INTEREST:

- Have you carefully planned for your Social Security?
- Children to blame for deficit
- Protecting your nest egg
- Plugging the holes
- Are you harmful to your own financial health?

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Attention Women: Allowing Him to Bungle This Decision Could Cost You Six Figures

Social Security benefits can represent a big stack of cash. A typical monthly benefit of $2,200 has a present value of well over $500,000! So, despite the fact that it seems like an easy decision, you need to consider all of your Social Security options carefully to avoid making a costly mistake.

Like all government law, Social Security is not a single piece of simple legislation. Since the Social Security Act became law in 1935, hundreds of amendments have been piled onto it, and have thereby added to its complexity. So to make the best decision about how to file for it, you'll need to consider at least four things:

- Health,
- Income before retirement,
- Income during retirement, and
- Taxes.

Retirees cannot rely on conventional wisdom! Simplistic rules such as "Always file for early benefits" or "You need to stop working to receive benefits" are NOT always true. There are specific cases that break every rule of thumb. And these one-size-fits-all answers leave many retirees failing to maximize the benefits they have earned.

At least four methods are used when electing how to take Social Security benefits. And if you're married, the two of you can mix and match these in more than 16 different ways! Each choice results in a different cash flow. By using the cash flows and the time value of money, you can determine which method will offer you the best maximum value.

These methods differ significantly. They depend on your historical earnings, marital status, continued work in retirement, life-longevity and rates of return. The choice alone could be worth $250,000 of income or more. Filing options include "filing early," "standard filing," "delayed filing," "file and

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World Renowned MIT Professor Blames Deficit on Children

Didn't you just love the Olympics? Seeing Gabby Douglas (who was, after all, only offered a "courtesy" invite to the trials, apparently) win the all-around women's gymnastics gold medal… and smile all throughout.

By the way, did you know that based on her winning two gold medals, she could owe as much as $17,972 in income taxes after her trip to London? Yeah, the American winners have to pay income tax on the prize money they win ($25,000 for gold, $15,000 for silver and $10,000 for bronze) and as well as the value of the medal they win. A gold medal is estimated to be worth $675 based on recent commodity prices. But I digress…

Kids can be so much fun.

And they can be a financial drain…

Back in ancient history (1985) Franco Madigliana won the Nobel Prize for Economics by observing the simple technique that squirrels know intuitively from birth. **You have to squirrel away some nuts during times of plenty so you can survive during times of scarcity.**

In doing so, Professor Madigliani looked at the income and expenses of typical people over their life span. He found that typical household income was more than enough to meet expenses during some times in the family's life, while at other times, money was tight.

So, it stood to reason, and still does, that preparation during these times of surplus will help families avoid going into debt during tougher times.

Madigliana identified two phases of the family cycle which apply to younger families:

1. Before having children there is often a

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World Renowned MIT Professor Blames Deficit on Children—*continued from page 1*

surplus of income.

2. While rearing and educating children, there is often a deficit when the family is spending more than they are earning.

So, the obvious conclusion is: Before the children arrive, squirrel away some money.

When you are starting out, don't try to duplicate your parents' lifestyle.

Most of today's college graduates are ill-prepared for the real world of financial responsibility. They never saw how their parents lived when they were first married and struggling. As a result, they often base their after-school expectations on upper-middle class lifestyle. My suggestion for parents? Repeatedly emphasize, and show, that success is earned from the bottom up.

So, for example, if you are a young adult, you can't afford more house than your budget will allow. If you spend 50% of your lifestyle expenses on housing, you will not be able to live proportionally on the rest of your income. Too much house is one of the most common mistakes young people make.

It is almost as though we can't feel successful without immediately enjoying the lifestyle of our parents at the height of their careers! So, help your children decide how much house is enough, and help them to calculate what they can buy for 30% of their standard of living.

Encourage your children to save as much money as they can in their 20's.

Early in your career, when the cost of basic needs is small, income often covers expenses, allowing the surplus to be used for saving, investment or added consumption.

Many young people assume they are doing so well financially that they can simply spend their extra money on more stuff. They don't realize that these years of plenty won't last.

During this period, save and invest up to 50% of your disposable income for future expenses. Fully fund Roth accounts, and fund 401(k) plans to take advantage of any available employer match. Save 10% of your take-home pay for future large expenses. Put an additional 5 to 10% into long-term taxable savings.

This advice is especially important for those who delay marriage until they are in their 30's. Don't waste a decade of prime savings and investing. You owe it to yourself and your family to store up those nuts now. ❃

10 Ways to Lose Your Nest Egg—*as reported on Forbes.com*

1. Having No Diversification.
2. Putting it all in One Stock.
3. Ignoring Inflation.
4. Buying Stock After Unverified Tips- "Hot" tips have a way of not panning out.
5. Ignoring Investment Expenses- Some of these investment expenses can be excessively high and decrease your investment. This is something you will want to monitor.
6. Trying to Time Markets.
7. Taking on Too Much Risk – Portfolio overwhelmingly full of stocks. Stocks are a hedge against inflation, but only in moderation.
8. Taking too Little Risk.
9. Investing with Borrowed Money- Add leverage to a portfolio, borrowing money to invest tremendously increases risk.
10. Ignoring Tax Implications- When they are withdrawn after retirement, funds in a traditional 401(k) or IRA account are taxed at ordinary rates.

The Leaky Bucket Analogy

—By Jim Palmer

Most entrepreneurs spend a lot of *time*, *energy*, and *resources* on customer acquisition, and any entrepreneur will tell you that *time*, *energy*, and *resources* are the three most valuable commodities. They are also three of the most expensive and difficult marketing commodities to sustain.

I am an eager and continuous student of marketing and business. If you're like me, you've probably also read countless books and articles about different marketing strategies designed to help you get more new customers into your business. With every passing week, and with the constant expansion of the Internet's power, it seems that there's always some new marketing strategy or tool to learn about, with each proclaiming to be the best way to get more customers. No doubt, it's a challenge to figure out what works best for attracting new customers to your business.

Well, in the first few pages of

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7 Deadly Sins That are Harmful to Your Financial Health

They'll Kill Any Chance You Had of Ever Being Healthy, Wealthy and Wise

1. **Bad Debt**—Taking on debt just to achieve a boost in lifestyle. Long after the initial good feeling of owning something new has worn off, you will have the monthly payment. Think of debts as receiving a monthly "decrease" in your earnings since you will have less disposable funds available to do things that are important to you in the future.
2. **Borrowing to Meet Ongoing Expenses or to Pay Other Debt**—If you find yourself falling deeper into debt just to make ends meet, it's time you face facts, you need a budget.
3. **Stealing from Your Retirement**—If you find yourself raiding your retirement while you are still working, you need to set time aside and create a budget.
4. **Not Paying Yourself First**—The first payment from any paycheck or business withdrawal should be toward your personal savings or investment program. Most experts recommend saving at least 10%. While this may seem like a lot, most individuals can defer some spending in order to meet their personal objectives. Consider having a portion of your paycheck directly deposited into a separate savings or money market account that is not connected to your ATM or debit card. Automatic saving is a cornerstone to financial wealth building.
5. **Not Taking Advantage of Your Employers' Benefit Plans**—This includes not taking advantage of or not maximizing the employer's match in your 401(k) plan. No one can afford to turn down free money. It also includes not taking advantage of other employer benefits such as a Health Savings and Flexible Spending accounts which can dramatically cut the cost of insuring and caring for your family.
6. **Hiding and Not Setting Goals**—Not knowing if you have enough saved for your children's education, your own retirement, or any other goal that you are looking to achieve. Act now and take control of your life.
7. **Not Being Happy**—Our culture is pervasive with the "I will be happy when" syndrome. Surveys show that a significant portion of the population report that they would be happy if they could increase their income by 20%. This perception seems to remain true at all income levels regardless of how much income is earned. People caught in the 20% **more** trap can never be happy because, even if the objective is reached, there will always be another 20% **more** needed to remain happy. Happiness is a choice. Look and be thankful for things that make you happy everyday. **Learn to change your mind about anything—it's easier than you think.**

Allowing Him to Bungle—*continued from page 1*

suspend," and many combinations of these options for married couples. It is definitely worth careful study and analysis of each option. Yet a majority of Americans make their choice impulsively and emotionally.

The decision is extremely crucial for women. For 42% of single women older than 62, Social Security is their sole source of income. Women on average outlive men. Thus, planning for retirement is usually much easier for men (who statistically tend to have more assets and die younger). Widows are twice as likely to live under the poverty line as men who have lost their wives. And the poverty rate for elderly single women is 23% compared to just 5% for retired couples.

So couples must take their joint longevity into account before either one files for benefits. The person with the longer life expectancy will inherit either a wise or a foolish decision that will last a lifetime. Given that the husband's benefits are often higher and the wife's life expectancy longer, each case needs to be analyzed carefully.

Unfortunately, many people file after considering only one or two options in isolation. Even worse--- the Social Security Administration's new online filing system enables quick decision-making. People can easily submit their request without any professional advice or planning.

Before filing, get informed about all the options. To begin, you need to know your personal Social Security earnings and the projected benefits for both you and your spouse. You can request an estimate at www.ssa.gov/estimator and then print the results. Or call the Social Security Administration at 800-772-1213. You can also get a copy of "Retirement Benefits," Publication No. 05-10035, online.

Social Security planning is crucial for everyone. People with significant assets should carefully consider both the lifetime benefits and tax consequences of Social Security in light of their overall portfolio strategy. For the less well-off, Social Security benefits will dictate their retirement lifestyle. Proper planning could well determine what they can afford to eat. ❃

This month's Special Gold Member call-in times for Lindsey's Insider Circle will be 9/24/12 from 2:00 to 4:00 pm. To schedule your appointment, contact Kristen at (251) 633-4070.

More Places to Catch Us on the Radio

Richard is now co-hosting "Safe Investing in the New Economy" with Jim Byrd. The show can be heard each Sunday evening at 6:00 pm on WAVH FM Talk 106.5, each Tuesday morning at 10:05 WABF 1220 AM and NOW each Saturday morning at 10:30 AM on WBHY 840 AM and 103.5 FM.

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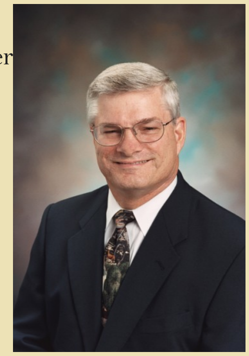
Below, you'll find a list of areas in which we know very credible, ethical and outstanding professionals. If you're looking for a professional in a specific area we've listed, please feel free to contact us. We will be glad to put you in touch with the people we know who provide these services.

* Advertising Specialties
* Land Surveyor
* Veterinarian
* Marketing Coach
* Bathroom Remodeler
* Printer
* Attorney
* Realtor
* Home Insulation
* Financial Advisor
* Mortgage Broker
* Used Auto Dealer
* Chiropractor
* Massage Therapist
* Hair Stylist
* Handyman Services



The Leaky Bucket Analogy—*continued from page2*

Stick Like Glue I tackle this topic of customer acquisition versus customer retention in what I call "The Leaky Bucket Theory." Here is a small excerpt from the book.

When I speak around the country about newsletter marketing and effective customer retention strategies, I like to use the leaky bucket analogy. Think of your company as a giant bucket of water. The water in your bucket represents your customers—the lifeblood of your business. Every drop of water that leaks out of your bucket is a lost customer and lost sales, including all future revenue. Ouch!

If your company is like a leaky bucket—and every business is to some degree—then it is paramount to your survival that you continuously fill your bucket with more water. After all, no water, no business! So the question is: How leaky is your bucket? How many holes does your bucket have that are letting your customers constantly pour out?

Be honest—does your bucket simply have a few leaks around the seams that let customers occasionally seep out, or is it riddled with holes, and customers are gushing our from every one of them? If I can be blunt, my guess is that your bucket has more holes than you even know about. But don't be too embarrassed; most businesses do.

There are two ways to keep the water level in your bucket full and therefore, customers in your business:

1. Constantly add more water, new customers, while previous customers continue to pour out.
2. Plug the leaks in your business, and keep the water you've already got in your bucket.

Jim Palmer is known internationally as the "Newsletter Guru," the go-to resource for smart, effective strategies for maximizing the profitability of customer relationships. Jim is also the acclaimed author of The Magic of Newsletter Marketing—The Secret to More Profits and Customers for Life and Stick Like Glue—How to Create and Everlasting Bond with Your Customers So They Spend More, Stay Longer, and Refer More! Jim is also the creator of the wildly successful No Hassle Newsletters and Newsletter Postcards.