



## **Spotlight:** **Social Security**

*by Shawn McLaughlin*

As you are no doubt aware, the future of Social Security is quite a mystery. The Bush administration has stepped up to the plate to address an issue that many other administrations have stayed away from.

Information and opinions on the subject seemingly can not be avoided as they are the topic of numerous television programs and newspaper articles. One thing that we can be sure of is that the future of Social Security will be markedly different than what it is today. There are two main suggestions, neither of which are popular, as to how we can begin to address the issue: either reduce benefits or raise the age at which one can collect benefits. Let's examine the latter suggestion and see how that might affect Social Security. When the concept of Social Security was first introduced in 1941 a person who lived to the age of 65 was expected to live another 13 years. In contrast a person who lives to the age of 65 today is expected to live another 18 years due to improvements in health care and advances by pharmaceutical companies.

The idea of raising the age at which one becomes eligible for Social Security is not a new concept. In 1983 congress enacted a policy which would gently raise the age at which an individual could receive full benefits from 65 to 67 years old. Currently 40 cents of every federal dollar spent goes to retired persons in the form of Social Security, Medicare and benefits for retired government workers. In order to keep pace with an aging population the tax rate has been increased 22 times from 2% to 12.4%. Increasing the age of full benefits to 70 years old would begin to take some strain off of the current system. Many economists agree that one of our nation's largest untapped resources is healthy retired individuals between the ages of 65 and 75 years old. Currently only 12% of people in this age group are working. If we can raise that number to just 25% it could account for an additional \$360 billion in economic output. The downside to this suggestion is obvious. A white collar worker (accountant or lawyer) could easily work the additional years where as a blue collar worker (involved with physical labor) may not be able to. It is obvious that a solution needs to be found and unfortunately there are no cost free solutions. We can be sure that the system of Social Security will change, but we will have to wait and see what face it will wear in the future.



### ***Corporate Client Recognition.***

*TR Communications ([www.TRCommunications.net](http://www.TRCommunications.net)) is one of the many corporate clients at SgROI Financial, LLC.*



## **Fee-Based Asset Management**

*by Jennifer Jurek, CFP®*

As you may or may not know, SgROI Financial offers Fee-Based Asset Management as part of the financial solutions offered to our

clients. Fee-Based Asset Management, also known as Managed Accounts, is a process by which the financial advisor invests in well diversified portfolios of selected investments from numerous fund companies. The advisor charges a fee based on the total value of the portfolio for managing the assets, as opposed to charging a commission for each individual transaction.

The advisors of SgROI Financial have developed properly allocated portfolios of investments from various well-known fund managers. We have personally researched and selected top funds in all asset categories and have created 5 model portfolios with varying risk levels. The Conservative, Moderate, Balanced, Growth, and Growth Plus models each vary in stock, bond, and cash composition and underlying individual fund holdings. The team of advisors actively manages the portfolios, adjusting the holdings as various circumstances dictate.

Investing in Managed Accounts provide you access to top rated funds within the industry, and the security of knowing that professional advisors are continually monitoring your assets. To learn more about Managed Accounts and the different portfolio's offered, please call us at 674-6700 for an appointment.

# *A personal thank you from Joe*

Dear Valued Client,

For many years I have financially supported a wide range of activities and organizations whose goals are to improve the greater good. Included in that is my church. I fully and proudly support their extraordinarily successful efforts to improve literacy, alleviate drug abuse, improve family relations and provide effective disaster relief, including aid, manpower and organization in the aftermaths of the 911 tragedy and the Southeast Asian Tsunami crisis.

I have also made donations to over 75 local and national charities, including the United Way, Boy Scouts of America, Junior Achievement, Kids Escaping Drugs, The West Seneca Soccer Complex, Erie Community College, Bishop Timon High School, Catholic Charities, St. Francis High School, The Mercy Hospital Foundation and many others.

I am currently Board Chairman of The Sisters of Mercy Development Council which raises money to provide for the health and well-being of our aging Mercy Sisters here in WNY and the Philippines. I was a very active, 15-year member of the Mercy Hospital Foundation Board of Directors and a major proponent of their new maternity wing. As President, I was honored to be one of the keynote speakers at its Grand Opening.



I am a Co-Founder and President of the West Seneca Rotary Foundation which will open a spectacular public golf course and learning center for kids in the Southtowns next year.

I own and operate a very successful financial planning firm. I could have retired years ago but I continue to work hard to benefit my clients and community. This includes working sometimes as much as 80 hours per week and rarely less than 65. My wife Betsy and I live in the same house that we built locally in 1973. We are proud parents of 4 awesome children who have blessed us with 5 delightful grandchildren. My purpose in life has always been to help people. I work hard at it and will continue to do so.

Our community has suffered a lot for a long, long time. So many of our bright, young adults leave for greener pastures and many of our seasoned citizens pack up and leave as well. I want to bring them home. My goal is to help make WNY a better place to live and work. I pledge to continue to support many of these great causes that help in the accomplishment of this goal.

Thanks for your wonderful support!!

All the best,

## Dollar-Cost Averaging in a Flat or Downward Market

*by Brian M. Clouden*

In a year when the market is flat or trending downward, like the conditions we are currently experiencing, there is an opportunity for long-term investors. Short-term market fluctuations work to a long-term investor's benefit for two reasons: time is on your side and some great companies have just gone on sale, giving you the opportunity to buy more.

The old adage of "buy low, sell high" is sometimes forgotten when the market moves down. The continuous investment in securities, regardless of fluctuating price levels, is a type of strategy that takes advantage of market swings. While this type of program does not necessarily assure a profit or protect against loss in declining markets, it can lower your average purchase price per share. If you consider implementing a plan like this, you should think about your financial ability to continue the purchases through periods of low price levels.

We consider it our responsibility to assist our clients in keeping focused on the plan we have developed to reach your long-term financial goals. Taking advantage of these short-term fluctuations — buying low, staying focused on your long-term goals, and adjusting your portfolio when necessary — is the reason we are here.



## Protecting and growing a lump sum in a Flat or Downward Market

*by Brian M. Clouden*

The daily ups and downs of the financial markets can be frustrating when you have a sum of invested dollars you are no longer adding to. As you review your statements, remember that they only provide a snapshot of the market at one particular moment. It's easy for some investors to focus on the short-term fluctuations when reviewing their statements. Investors who have experienced a market decline recognize the importance of maintaining a long-term perspective and staying invested. The history of the stock market illustrates its unpredictable nature and investors that stay in the market long enough will certainly see more ups and downs in the future. We must continue to stay focused on long-term goals rather than short-term statements. At your next appointment, you should discuss the advantage of maintaining a diversified portfolio. In today's investment landscape no single investment approach will work in every economic situation. You should also review your current investments to confirm that you are not taking on more future risk than you are comfortable with. As always, if you have questions or concerns about your portfolio, please call the office.

**Be sure to watch Joe on A.M. Buffalo  
with Linda Pellegrino live every  
Thursday morning on Ch. 7 @ 10:45**

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**Listen to the Sgroi Financial radio show  
every Saturday morning from 9-10 on  
WKBW 1520 AM**

## Knowledge is power

If you're about to change jobs or retire, you may be eligible to receive a lump sum distribution from your company retirement plan. It probably represents a large portion of what you have accumulated for your retirement. Congratulations! You're in better shape than most Americans, over 50% of whom have little or no retirement savings.

Don't let unexpected taxes and penalties eat away at your retirement assets. If you're tempted to simply take your distribution in cash and worry about what to do with it later, watch out! Tax law requires that your employer withhold 20% of your cash distribution for taxes. You may also be subject to an additional 10% penalty tax.

**Be informed.** With so much at stake, it's important to get the facts before your employer cuts the check. The choices you make now can significantly affect what you will have to enjoy tomorrow. A direct IRA rollover into a mutual fund (or a portfolio of funds) allows you to defer taxes and avoid costly penalties.

No matter what your age, your retirement assets still need to grow! Even if you're retiring, a direct IRA rollover still makes sense. With convenient systematic withdrawal features, you can receive a monthly payment while your remaining assets continue to have the opportunity to compound tax-deferred until you need them. For more information, please contact the office.

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## Cathy's Insurance Corner

*by Catherine Balducci*

**Did you know?** One out of two Americans will require long-term care at some time in their lives and 40% of those receiving care are under the age of 65?

Preparing for long-term care is essential for families today. Without planning, your loved ones may be faced with the burden of having to provide care or of paying for the care themselves. Only a small portion of long-term care services are likely to be covered by Health Insurance, Medicare or Medicaid. Long Term care is expensive: the average nursing facility in the U.S. costs \$58,000 per yr. The average length of stay is 2.6 yrs, meaning that the expense could jeopardize your life savings and your assets.

A Long Term Care Insurance policy will **protect** your health, physical well being and financial assets and it is **tax-qualified!**

Find out more about LONG TERM CARE INSURANCE.

**Don't delay, contact us today for more information!**



## Congratulations

☺ **Joe Sgroi finished 2004 as the top financial planner within our broker dealer, Cadaret, Grant & Company Inc.. Cadaret Grant represents over 1400 independent financial planners nationwide. This is an incredible accomplishment. Way to go Joe!!!**

☺ **Joe also received the prestigious Pathfinders award last month. The award honors educators and business people who have forged partnerships that benefit students in Buffalo Niagara. Sgroi Financial has been a proud and active partner with education for 35 years.**

## A Welcome Addition

**Jennifer Jurek, CFP®**

*Director of Research & Development*

Jennifer has been aboard for over a year. Her role is to consistently research new products and financial concepts, as well as keep the staff current on existing product changes and updates. Jennifer will also be expanding her duties in the training department where she will be teaching a course from the College for Financial Planning to the administrative staff of Sgroi Financial.

After receiving her bachelors degree in Finance from Canisius College in 1995, she worked for M&T Bank for 9 years as a Branch Manager and Financial Consultant. Jennifer has her Mutual fund, Annuity and Life Insurance licenses, as well as her CFP® designation. Jen lives at home in West Seneca with her husband Mike and 2 children, Michael 3½ and Leah 15 months. Jen is an awesome addition to our staff!!

## Reminder

**Throughout our 35 years of existence it has been proven year in and year out that a key ingredient for successful financial planning is your annual appointment. If you have not met with your planner within the past year or so, we strongly advise you to schedule in.**