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PLANNING FOR TODAY & TOMORROW



Find your Financial Equilibrium

by Brian M. Clouden

What asset allocation strategy fits you best? By testing yourself with a asset allocation questionnaire you may be able to focus on your financial goals, tolerance for risk and time horizon. These kind of questionnaires can be very simple or very in depth. Below is a basic questionnaire that will give you an idea of the type of questions that are asked. Circle the points for each answer and then add up the circled points.

What is your age?

Less than 45.....	5
45 to 55.....	4
56 to 65	3
66 to 75	2
Older than 75	1

When do you expect to start drawing income?

Not for at least 20 years	5
In 10 to 20 years	4
In 5 to 10 years	3
Not now, but within 5 years	2
Immediately	1

What is your goal for this investment?

To grow aggressively	5
To grow significantly	4
To grow modestly	3
To grow with caution	2
To avoid losing money	1

Assuming normal market conditions, what would you expect from this investment over time?

To generally keep pace with the stock market	5
To slightly trail the stock market but make a good profit	4
To trail the stock market but make a modest profit	3
To have some stability but make modest profits	2
To have a high degree of stability but make small profits ...	1

Suppose the stock market performs unusually poorly over the next decade, what would you expect from this investment?

To lose money	5
To make very little or nothing	4
To eke out a little gain	3
To make a modest gain	2
To be little affected by what happens in the stock market ...	1

Which one of these statements would best describe your attitude about the next three years' performance of this investment?

I don't mind if I lose money	5
I can tolerate a loss	4
I can tolerate a small loss	3
I'd have a hard time tolerating any losses	2
I need to see at least a little return	1

Which one of these statements would best describe your attitude about the next three months' performance of this investment?

Who cares? One calendar quarter means nothing	5
I wouldn't worry about losses in that time frame	4
If I suffered a loss of greater than 10%, I'd get concerned ...	3
I can only tolerate small short-term losses	2
I'd have a hard time stomaching any losses	1

Total Points

What does your point total mean?

- 07 to 18 points: Conservative Investor (with a suggested mix of 30% to 40% stocks and 60% to 70% bonds or fixed investments)
- 19 to 26 points: Moderate Investor (approximately 60% stocks and 40% bonds or fixed investments)
- 27 to 31 points: Growth Investor (approximately 80% stocks and 20% bonds or fixed investments)
- 32 to 35 points: Aggressive Investor (100% stocks)

I hope this basic exercise helps you better understand your financial goals, tolerance for risk and time horizon. Bring this worksheet in on your next appointment or call the office to speak to your planner about your results. See you at your next appointment!

A personal message from Joe

Dear Valued Client,

We have recently experienced some volatility in the markets. After the great run that we have had, this is not a surprise. Plus, we often see some downward movement in July and August. What should we do and why?? Generally, the best thing to do is stay the course!! One should not be in the market if he/she has a short time horizon. The vast majority of us are in it for the long haul and history has taught us, if we are patient, we will likely be handsomely rewarded.

I pay special attention to valuations & the overall health of the market. Business is strong not only here in the United States, but also internationally. And, valuations are still VERY LOW...my guess is 20-25% BELOW VALUE. So stocks just got cheaper. I implore you to not get scared out of this market because of negative press. Feel free to call our office if you have any questions regarding your account.



On a more positive note...WE MADE IT!! Our 10 year project has become a reality. Harvest Hill Golf Course and Learning Center opened officially on Wednesday, July 25th...to RAVE REVIEWS. Here's just one of them:

Joe,

My husband and son can't stop talking about the course!! They have the opportunity to play all over (in tournaments, guests at country clubs, nice vacation courses), and they said--Harvest Hill is the best! They are so excited! They used words and phrases like--spectacular, out of this world, amazing, etc. I can't remember the rest of the adjectives, but they were all good!

*Great job,
Anne*

And, we just found out that we are the # 1 First Tee Program **in the world** for number of kids thru our training program...and that was **before** we opened (we have been running programs out of Cazenovia, Lackawanna High School, Bob-o-Links and the Town of Orchard Park). We now have our 50 acre training facility for kids...including their own 3 hole golf course. So call 662-1980 to enroll your child or set-up your next tee time. The entire complex is absolutely beautiful. I want to thank so many of you for helping along the way!!!

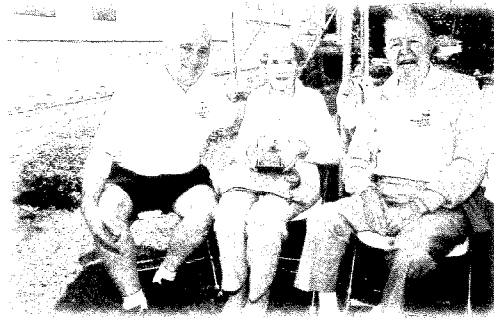
All the best,

A handwritten signature in black ink, appearing to read "Joe". The signature is written in a cursive, flowing style with a large loop at the end.

Now Open — Harvest Hill Golf Course & Learning Center



(l-r) Rick Gurney, Joe Sgroi, Ettore Porreca,
Frank Gallo, Tim Greenan,
John Miskovski, Bob Rigby



Joe Sgroi, Marion & Carl Lambein



Bill Collins, Rick Gurney, Jim Ball



Bud Carpenter, Dennis DiPaolo,
Joe Sgroi, Jeff Sgroi



George Kessler, Paul Williams,
John Clouden, Ross Cellino



Dick Scott, Ettore Porreca, Bill Stachura



Steve & Nancy Becker,
Gary & Doris Guyton



Jeff Sgroi, Dennis DiPaolo,
Chet Osadchey, Rian Lindell



Dan Marmion, Pat Sgroi, Kevin Kelly,
Chris Arnold



401K's are the New Pensions

by Jennifer Jurek CFP®

More and more we hear of companies that are no longer offering pension plans to their employees. Unfortunately, the days of receiving guaranteed pension income are quickly becoming extinct. Whether we like it or not, we are becoming responsible for funding our own retirement as 401K plans truly are replacing pension plans. There are other forms of retirement plans such as SEP's, Simple's, and 403B plans, but for the purpose of this article, I will stick to the most popular alternative; 401K plans.

A 401K is a type of qualified profit sharing plan that offers salary deferral savings for employees. An employee can contribute a maximum of \$15,500 per year up to 100% of compensation (for 2007).

Employers can contribute on a discretionary basis and sometimes offer matching contributions up to a certain percentage of employee contributions.

Here are some of the common mistakes we see clients making with their 401K plans:

1. Not taking advantage of the plan – Some people, usually younger individuals, do not sign up for the plan as it becomes available to them. The best advice I can give is to invest in your company's 401K plan early. Even if it means only contributing a small amount, just get started. You can always increase your contributions in the future.
2. Not taking advantage of the full matching benefits (if your 401K plan offers it) from your employer. As an example, ABC Company offers a 100% match on the first 4% you contribute. Simply stated, if you make \$35,000 and contribute 10% (or \$3,500) of your pay into the 401K plan, your employer would deposit an additional \$1,400 (or 4%) per year. That is "free" money the company is investing for you.
3. Not understanding the investment options. Most of the time, there is a list of mutual funds to choose from and people don't know what to invest in. We see clients investing too conservatively, too aggressively, or not being diversified enough. If your retirement is 10 or more years away, time is on your side and you can afford some risks in hopes of higher returns. If you are closer to retirement, it is important to preserve your assets. No matter what the time frame is...diversification is the key!
4. Cashing out the plan when they change jobs. Although it may be tempting to get a check for the amount vested in your account, this is usually a bad idea. You will be losing the growth potential of keeping it invested in the market, and will be subject to taxes and penalties. If you do leave your current employer you have a few options including, 1.) keeping the money invested in the old plan (if your previous employer allows), 2.) rolling it into your new employer's retirement plan (if they allow), or 3.) rolling it into your own IRA. This is generally what we recommend as you will have more options available to you when you have control of your assets in your own personal IRA.
5. Taking loans against the 401K plan. This is generally a bad idea. Again, although a very tempting source of money, the loss of potential return in the market and compounding of investment gains can have a dramatic



Mutual Fund 101

by Shawn McLaughlin

Putting together a well diversified stock portfolio, when stocks can cost a few cents to hundreds of dollars; or, a well diversified Bond portfolio when bonds cost \$1,000 apiece can be very expensive. What about the investor that wants to contribute as little as \$25 or \$50 per paycheck? The answer is Mutual Funds. The template for the modern mutual fund was created in 1924 by a company called Massachusetts Financial Services (MFS). The idea was simple: create a platform where people can pool their monies with other investors so that they can purchase the appropriate number of Stocks or Bonds to create a well diversified portfolio. Although an investor loses the ability to decide which

stocks and bonds they would like to purchase or sell (this job is left to the fund manager), they gain the ability to invest in a manner that is much more effective than trying to pick the few stocks and bonds that they would otherwise be able to afford.

The mutual fund universe is very diverse. There is literally a mutual fund for anything that you would want to invest in: Russian oil companies? Got it. Very small US companies. Got that too. The list goes on and on. Mutual funds can be comprised of 100% stocks, 100% bonds or a mixture of the two. A mutual fund will allow you to be as conservative or aggressive as you would like. You can even buy mutual funds that specialize in real estate as well.

If you have read and understood the descriptions above, then you know more about the world of investments than 90% of the population. I look forward to seeing you at your next appointment!