

**SPECIAL
POINTS OF
INTEREST:**

- Have you talked to your spouse about your retirement plans recently? Take a look at some topics to discuss!
- Check out some of the trends that are continuing to weigh down economic growth.
- Do you know the difference between a growth stock and a value stock? Read on to find out!

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For Better, For Worse: Communicating About Retirement

A recent survey suggests that many couples are not communicating clearly about retirement goals and strategies, even as they approach retirement age. The couples surveyed were at least 46 years old with a minimum annual household income of \$75,000 or at least \$100,000 in investable assets.¹

Only 41% said they handle decisions on retirement savings and investments together, and 73% disagreed on whether they had a detailed strategy for retirement income. Many couples also disagreed on when they would retire and whether they would continue to work in retirement.²

In general, wives expressed less confidence than husbands about handling retirement-related financial decisions (see chart). This trend is of special concern considering that women often have longer life expectancies than men

and may eventually have to make financial decisions on their own.³

Talk It Over

Recognizing and working through these kinds of issues could help prevent unpleasant outcomes. Even if you and your spouse communicate well about retirement, it may be helpful to discuss these basic topics:

- When each of you plans to retire. Where you would like to live. What kind of lifestyle you envision.
- Whether either or both of you plan to continue with some type of work.
- How much income you expect when you retire, your expected sources of income, and your confidence in the amounts they could provide.



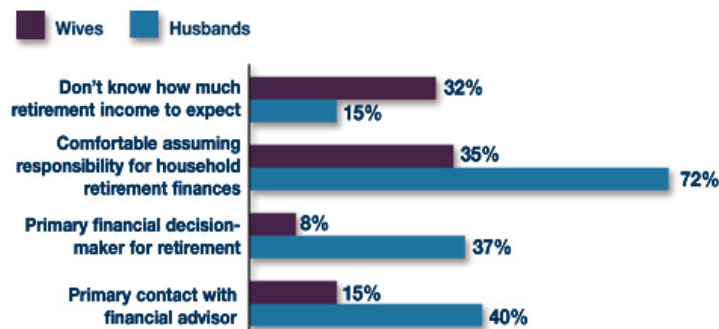
- How well you both understand your investments. Whether you both know where official documents are located and have all necessary account information.

Preparing for retirement can be a major challenge. Making sure you and your other half are in agreement and working toward common goals may help you avoid wasted effort and lost opportunities.

1–3) financial-planning.com, June 29, 2011

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SHE SAID, HE SAID
Percentages of responses from wives and husbands



Source: financial-planning.com, June 29, 2011

Are Consumers Holding the Keys to a Better Economy?

Overall consumer spending still accounts for about 70% of gross domestic product, but some government statistics suggest that consumers may have reduced spending drastically in recent years, especially on purchases that are not considered absolutely necessary.¹

According to a report from the Federal Reserve Bank of New York, discretionary service spending (which excludes basic needs such as housing, food, and health care) dropped almost 7% since the beginning of the most recent downturn and has yet to recover significantly. Going back many decades, this category of spending had not fallen more than 3% per capita during past recessions.²

The employment situation, historically high household debt, and a general lack of confidence may be affecting the average consumer's ability and willingness to spend — a trend that could continue to weigh down economic growth.

Lost Buying Power

High unemployment and several years of slow wage growth mean that many consumers simply have less money to spend. Midway through 2011 and one year into the economic recovery, national average wage levels were nearly the same as they were at the beginning of 2008.³ High gas prices in the first half of 2011 also ate into disposable incomes and forced many consumers to forego discretionary purchases such as furniture, vacations, and restaurant meals.⁴

A Thin Debt Cushion

In the past, consumers have often added debt, even during lean times, so they could continue to spend. But debt levels have risen to such a point that many American households may not be in a position to rely on borrowing.

The household debt-to-income ratio (after taxes) peaked at 135% in the third quarter of 2007 and fell to 119% by mid 2011. By comparison,

dence is one of the reasons why many people have been slow to return to their old shopping habits.

Consumer spending usually falls during an economic downturn. Generally, this is followed by the emergence of pent-up demand and a rise in consumer spending, which is normally a significant driver of growth during recoveries.⁶ However, it's unclear how long it will take for hard-hit consumers to regain the financial strength and confidence to resume spending — or how much more consumption may be needed to help propel the economy forward.

1, 4) *The New York Times*, June 27, 2011

2) *The New York Times*, July 16, 2011

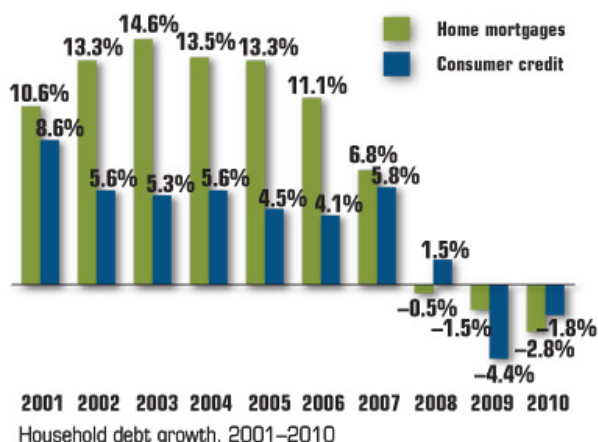
3) CNNMoney, July 27, 2011

5) *The Wall Street Journal*, July 15, 2011

6) *The New York Times*, July 19, 2011

Focused on Debt Reduction

U.S. households have shed more than \$1 trillion of debt since 2008.



Sources: CNNMoney, July 25, 2011; The Federal Reserve, 2011

it averaged only 89% in the 1990s. Highly leveraged consumers who must devote a larger portion of their incomes to paying off debt may have little choice but to limit spending on other goods and services.⁵

Shaken Confidence

Even consumers who have not faced job losses or other types of financial difficulties may have seen their net worth and/or confidence damaged by housing price declines, global financial crises, and general economic and market uncertainty. It's possible that a lingering lack of consumer confi-

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Growth, Value, or Both

More than half of Americans have direct investments in the stock market, and it's probably safe to say that they would like their investments to grow.¹ Most investors would also like to believe their investments have value.

So what does it mean to invest in a growth mutual fund or a value mutual fund? The labels “growth” and “value” reflect different investment approaches that mutual fund managers use when making portfolio decisions.

Two Strategies for Pursuing Results

Growth stocks are companies that appear poised to grow. These companies generally do not pay dividends because they are more likely to reinvest profits. A growth company may be on the verge of a market breakthrough or acquisition, or may occupy a strong position in a growing industry. Generally, smaller companies have more potential to grow, but a larger company may also be a growth stock. As you might expect, growth stocks carry substantial risk.

Value investing tries to identify companies that are undervalued by the market. Their stock prices may be lower in relation to their earnings, assets, or prospects. Established companies may be more likely to be considered value stocks than newer companies, and value stocks may pay dividends. When purchasing a value stock, the fund manager expects that the broader market may eventually recognize the value of the company, potentially causing the share price to rise. One of the risks is that a stock that is undervalued as a result of prob-

lems with the company or the industry may not be able to recover from the setback.

Many mutual funds that focus principally on value or growth stocks commonly have the word “value” or “growth” in the names. *Blend* mutual funds may include both types of stocks. The return and principal value of stocks and mutual funds fluctuate with changes in market conditions.

Shares, when sold, may be worth more or less than their original cost.

Historical Performance

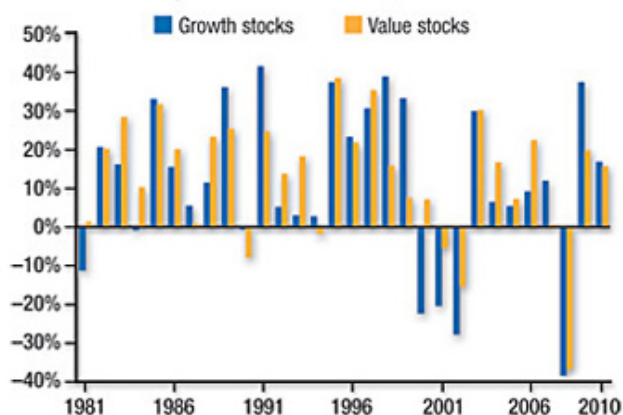
From 1981 to 2010, the average annual return for large-cap value stocks was about 2.1% higher than the average annual return for large-cap growth stocks. Yet growth stocks outperformed value stocks in 13 years of this 30 year period (see chart). Past performance is no guarantee of future results.

This suggests that holding both growth and value funds in your portfolio may help you take advantage of a variety of market conditions. We can help you determine whether growth or value investments — or both — may be appropriate for your portfolio.

Mutual funds are sold by prospectus. Please consider the investment objectives, risks, charges, and expenses

Compare and Contrast

Annual returns of growth and value stocks, 1981–2010



Source: Thomson Reuters, 2011, for the period 12/31/1980 to 12/31/2010. Growth stocks are represented by the Russell 1000 Growth Index. Value stocks are represented by the Russell 1000 Value Index. Expenses, fees, charges, and taxes are not considered. The performance of an unmanaged index is not indicative of the performance of any particular investment. Individuals cannot invest directly in an index. Rates of return will vary over time, particularly for long-term investments. Actual results will vary.

carefully before investing. The prospectus, which contains this and other information about the investment company, can be obtained from your financial professional. Be sure to read the prospectus carefully before deciding whether to invest.

1) Gallup, 2011

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What's New at Brandywine



From Raymond's Desk

I cannot believe we are already at the end of January! This month flew by, I am happy we have not had any significant snowfall yet! I traveled to Canada for the long Presidents Day weekend a few weeks back to Victoria, BC. It is the island off the coast of Canada, also known as, Vancouver Island. It is a very beautiful destination, but a very long trip! I was on 3 separate flights and the trip was 12 hours, but well worth it. We ventured over the Vancouver for a day trip, what a booming city that is! It was just ranked as the 2nd most expensive city in the world behind Hong Kong. The Real Estate market didn't skip a beat and is still on fire there, unlike the neighboring US market.

I have several workshops on Social Security Planning and I am teaching a course **"Retirement Planning Today"** set up for the months of February and March if anyone is interested in attending please call the office, they are listed below:

Two Night Class – **"Retirement Planning Today"** - at Temple University, Ft. Washington Campus
 Thursdays Feb. 23 & March 1
 Wednesdays Feb. 29 & March 7
 6:30 p.m. to 9:30 p.m.

Workshops – **"Savvy Social Security Planning for Boomers"**

Lower Providence Public Library
 Thursday, March 22nd 6:30-7:30 pm
 Saturday, March 24th 12:30-1:30 pm

Wissahickon Valley Public Library
 Wednesday, March 28th 7:00-8:00 pm
 Saturday, March 31st 10:00-11:00 am

From Jill's Desk

Happy New Year everyone! I am definitely ready for a fresh start. I have a crazy feeling that this is going to be a really good year.

I saw a psychic, who is pretty well-known around here, back in August, who said that all these wonderful things are going to happen to me in my 30's and guess whose turning the big 3-0 this year?? Ding, ding, ding, you guessed it, me! Apparently I am supposed to meet my future husband this year, who is supposed to be really tall, dark and handsome, which my 5'7" boyfriend, of 7 years was not very happy to hear. She also said she sees me having two children in the next couple of years, which I find outrageous, since that maternal instinct gene, I was supposed to get in my early to mid-20's, still hasn't kicked in yet and does not appear to be on it way anytime soon. Lastly, she said she saw me being very successful by time I turn 34, which is great news because who wouldn't want to hear they are going to be successful? The bad news is that I have to wait four years to see it, but I will take success whenever I can, so I can wait!

Besides my visit to the psychic, I still feel super positive that good times are coming our way again, so cheers to new year everyone!