

**SPECIAL
POINTS OF
INTEREST:**

- **Stability in Fixed Annuities?**
- **Is moving Mutual Fund assets to Money Markets funds for you?**
- **3 ways Companies try to influence their Quarterly Earnings Reports**

**INSIDE
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Fixed Annuities May Offer Stability

In the wake of steep stock market declines in 2008, American workers have begun to doubt whether their tax-deferred retirement plans will be able to generate the income they will need during their retirement years. In fact, only 42% of participants in a 2009 survey still expect their 401(k), IRA, and other retirement savings plans to be a major source of retirement income — the lowest measure since the annual survey began.¹

If you are concerned about having a stable source of retirement income, a fixed annuity may just fit the bill.

Income Now or Later

A fixed annuity is a contract with an insurance company that guarantees a fixed rate of return during the life of the contract. Payouts can be structured to provide a guaranteed income that will last for a specific period or for life. There are two basic types of fixed annuities from which to choose.

An *immediate* fixed annuity is typically funded with a lump-sum premium, and income payments start immediately thereafter. This type of annuity is most often purchased at the end of a career and

the beginning of retirement.

A *deferred* fixed annuity can be funded with either a lump sum or a series of payments. The contract will begin making income payments at a specific future date, and the future value of the contract is based on the rate of return specified in the contract. A deferred annuity allows contract owners to accumulate retirement assets over time on a tax-deferred basis.

claims-paying ability of the issuing insurance company. Most annuities have surrender charges that are assessed during the early years of the contract if the contract owner surrenders the annuity. The earnings portion of annuity withdrawals is subject to ordinary income tax. Withdrawals prior to age 59½ may be subject to a 10% federal income tax penalty.

A source of guaranteed income may help remove some of the uncertainty associated with retiring when the financial markets are fluctuating. Annuitizing a portion of your savings may allow you to enjoy your retirement years free of the fear that you might outlive your money.

1) Gallup, 2009

SHIFTING EXPECTATIONS

The percentage of Americans who expect their 401(k), IRA, and other retirement savings accounts to be a major source of retirement income has fallen significantly over the past decade.



The amount of income paid by an annuity depends on a range of variables: the amount paid in premiums, the contract's rate of return, the age and gender of the contract holder, and the number of years over which income payments will be received. Most annuity contracts offer options that provide income payments for the rest of the contract holder's life or for the lives of two people.

Annuities have contract limitations, fees, and expenses. Any guarantees are contingent on the

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Making Moves to the Money Market

At the end of the first quarter of 2009, 41% of total mutual fund assets were invested in money market funds, compared with 30% a year earlier.¹ Many investors move money into these funds in reaction to financial turmoil and changes in interest rates.

If you are seeking protection from market volatility, money market mutual funds can provide a place to stash your cash, but the lower risk doesn't come without its own considerations.

Money market funds are mutual funds that invest solely in cash-equivalent assets that are categorized as low-risk, low-return investments. These funds seek to preserve a value of \$1 per share.

Temporary Parking

Because of their liquidity and low level of risk, money market funds can be a good place to "park" your investment dollars in some situations. If you are expecting to need a sum of cash in the near future or are looking for a place to put money while deciding where to invest it next, money market funds may be a good option.

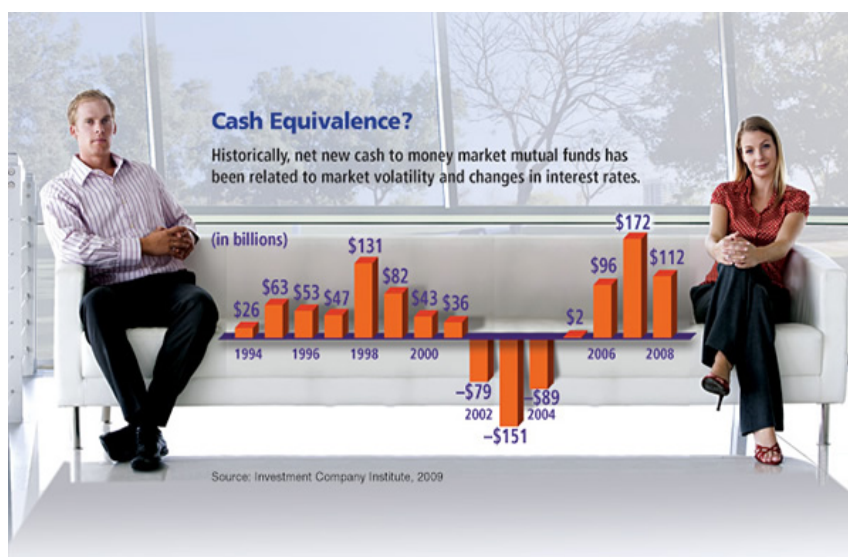
A Couple of Caveats

Although money market funds may provide some shelter from periods of market turmoil, their low rates of return may not make them ideal for long-term investing. Over the course of several years, meager gains could turn into net losses as inflation erodes the purchasing power of money.

Furthermore, pulling money out of the stock market during a crisis is an understandable emotional reaction. But this strategy may cause an investor to miss out on potential gains when the market recovers.

from your financial professional. Be sure to read the prospectus carefully before deciding whether to invest.

1) *InvestmentNews*, May 4, 2009



Money market funds can play an important role in a balanced portfolio that takes into account your savings goals, risk tolerance, and time horizon. However, you should consider carefully whether cash investments will help you reach your long-term goals.

Money market funds are neither insured nor guaranteed by the Federal Deposit Insurance Corporation or any other government agency. Although money market funds seek to preserve the value of your investment at \$1.00 per share, it is possible to lose money by investing in such a fund.

Mutual funds are sold only by prospectus. Please consider the investment objectives, risks, charges, and expenses carefully before investing. The prospectus, which contains this and other information about the investment company, can be obtained

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Get Ready for Earnings Season

Why Do Companies Try to Shape Perceptions of Quarterly Results?

Regardless of whether publicly traded corporations meet expectations, beat the street, or disappoint investors, the government requires them to report their quarterly earnings to shareholders and regulatory agencies.

Earnings season is the hectic period during which corporations release their quarterly earnings to the public. For most companies, this begins shortly after the last month of each quarter; as a result, these reports can profoundly influence the financial markets each October, January, April, and July.

In addition to their regulatory filings, many companies announce their earnings results through press releases, conference calls, and the Internet, rather than allowing stock analysts alone to share—and shape—the information. These quarterly reports typically include unaudited financial statements, a discussion of business conditions during the quarter, and some guidance about the company's expectations for the near future.

Here is a look at how and why companies attempt to exert some influence over these announcements.

Control

Leaving analysts to search through quarterly financial statements and publish their findings and impressions might not result in a message the company is comfortable with. Although analysts typically have already weighed in with their forecasts of the company's earnings, the company can help shape public and analyst perceptions by announcing its own earnings results, often emphasizing

announcement can help the firm put negative results in the past and move forward with corrective actions.

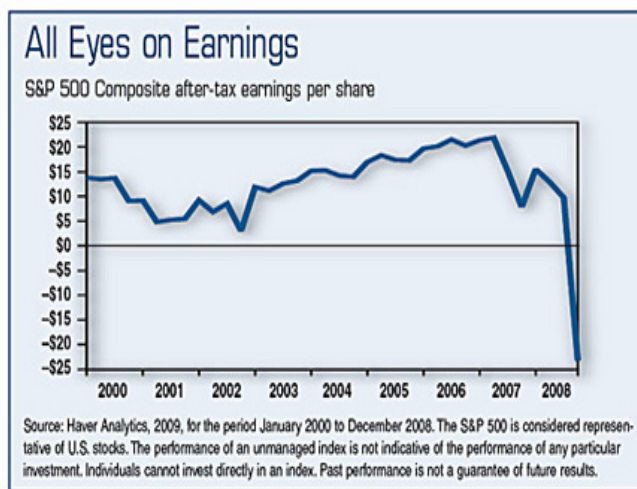
Publicity

There are thousands of publicly traded companies, so many of them will not capture the attention of the media or the general public. A surprising earnings announcement can help a company draw attention and gain valuable publicity.

Earnings can provide a key to understanding the performance of an individual company and the behavior of the stock market in general. However, it's critical to be aware of some of the techniques companies use that

could potentially influence public perceptions of their earnings results.

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ing positive aspects of the report while downplaying the negatives.

Timing

Quarterly report due dates are usually set by the company's fiscal calendar. A company can employ strategic timing by pre-announcing earnings results on a day of its choosing. When the news is good, the company may seek the maximum exposure. If it knows the earnings results are going to disappoint, the company may strive to bury the information by releasing the report when fewer people are watching for it or are distracted by other news. Otherwise, pre-

What's New at Brandywine



From Raymond's Desk

The cold weather is upon us and flu season is here! We have become so concerned with the H1N1 Virus and spreading the Flu virus that some people have stopped shaking hands to avoid contact. And I have been told even in some Churches they have stopped the offering of peace to avoid contact. I guess a nod and a smile will have to do until we are out of flu season, better yet, you could carry around hand sanitizer like I do.

This month I wanted to reiterate the importance of protecting your personal information. I use a service called "Lifelock." You may have seen the commercials on television, the owner of the company is in New York City and he has his Social Security number on a billboard for all to see. Identity theft can ruin your credit and take years and more importantly a lot of *time* to fix. Take a look at their website and make an informed decision on how to protect yourself.

www.lifelock.com

On a more personal note, I decided to update the bathrooms in my house. The woman who owned the home before me had "different" taste than I and I am looking to put it on the market in January so I need to update the colors to make them a little more neutral. I decided I wanted to do most of the work myself and started ripping out the floors and vanities to prepare it for the flooring company. I have found it rather enjoyable and of course now I am looking for other projects I can start. Wish me luck!

From Jill's Desk

As the days start getting shorter and the weather keeps getting colder, I am reminded that it is time to start thinking about what our goals will be for 2010. I know you are probably thinking that I am crazy, and that it is only the middle of October, but the truth is that there are only 76 days left in the year!

Well, I decided to get a jumpstart on two of my new years resolutions; Getting healthy and doing more good deeds and the best part about it is that I am going to do them at the same time! I am going to participate in my first 5K. The event is called the National Brain Tumor Society's Race for Hope and it is a fundraiser to raise money and awareness for brain tumor research. I lost my Aunt Joanne the day after Christmas four years ago to a brain tumor that took her life within 6 months. Not only was she my godmother, she was also my mothers sister and very best friend. It takes place on Sunday, November 1, 2009 at the steps of the Philadelphia Museum of Art. The run starts at 8:30 and the walk starts at 9:15, if anyone is interested. For more information, check out www.brainumor.org. I'll be racing on team McGlone. Wish me Luck!