
APRIL 2015

SOME STUDIES, SOME QUESTIONS, SOME ANSWERS.

Sometimes I get perplexed. Most of my job is asking questions. In a job like this, with the great diversity of clients and potential clients, one would think all of the answers would be different. Surprisingly, this is not true.

One question I always ask is this: 'do you believe there will be another financial crisis like 2007 and 2008?' They always say yes. Then I ask 'what will you do to make sure what happened last time does not happen again?'

This is where the answers change.

One of the most recent studies of retirement planning scores the likelihood of achieving retirement income success. This study concluded those who use indexed annuities to fund their retirement income will have a

SOME STUDIES, SOME QUESTIONS, SOME ANSWERS (con't)

97.5% success rate. Those relying on stock market returns, and variable annuities will have a 44% success rate. Gold, real estate and other types of financial opportunities scored lower on the success ladder. Inexplicably, many people I meet with rely on their investment acumen, the limited choices in their 401ks, and expensive risky products such as variable annuities.

Another question I ask is this: 'if interest rates remain low, and the stock market underperforms in the time you need it to perform, what is your plan to build a successful retirement income?' Another recent study showed that fewer than 30% of people in the 'retirement zone' have acquired enough assets to fund not only their current lifestyle, but maintaining that lifestyle through inflationary periods, or market downturns.
(cont'd page 2)

TABLE OF CONTENTS

1. **Some studies, Some Questions some Answers**
2. **Studies, (cont'd)**
2. **Accumulation of Riches**
3. **Ten Steps to Goal Setting**
3. **It's a Challenge to Succeed**
3. **Tools for Thought**

Sergeant John M. Stryker (Sands of Iwo Jima):

"A lot of guys make mistakes, I guess, but every one we make, a whole stack of chips goes with it. We make a mistake, and some guy don't walk away - forevermore, he don't walk away."



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"I do not know the dignity of their birth but I do know the glory of their death. They died unquestioning, uncomplaining, with faith in their hearts, and on their lips the hope that we would go on to victory"

Douglas McArthur, West Point, 1962

AN ACCUMULATION OF RICHES

by Brian Tracy

LITTLE THINGS MEAN A LOT

One of the greatest success principles of all is called the Law of Accumulation. This law says that everything great and worthwhile in human life is an accumulation of hundreds and sometimes thousands of tiny efforts and sacrifices that nobody ever sees or appreciates. It says that everything accumulates over time.

LEARN WHAT YOU NEED TO LEARN

There are three areas where the law of accumulation is important. The first is in the area of knowledge. Your body of knowledge is a result of hundreds, perhaps thousands, of small pieces of information.

SAVE YOUR MONEY

The second area where the Law of accumulation works is with regard to money. Every large fortune is an accumulation of hundreds and thousands of small amounts of money, and the place to start is to take any amount of money that you can right now and begin to save it.

ATTRACT RICHES INTO YOUR LIFE

Start to put savings aside and it starts to attract into your life and into your work all the money that you need to achieve your goals. The reason why most people retire poor is they never put the initial savings aside to start with.

GET THE EXPERIENCE YOU NEED

The third area where the law of accumulation applies is in the area of experience. You'll find that successful people in any field are those who have far more experience in that field than the average. And there is nothing that replaces experience.

EVERYTHING COUNTS

But the fact is that until you move out of the comfort zone and get the experience from making the mistakes, it's not possible for you to grow and become capable of earning the kind of money that you desire. Now here's the key to the law of accumulation. It says that everything counts. Everything that you do counts.

USE YOUR TIME WELL

If what you are doing is not moving you towards your goals, then it's moving you away from your goals. Nothing is neutral. Everything counts. The law of accumulation says that everything counts.

You have brought them abundant joy and great rejoicing, as they rejoice before you as at harvest, as men make merry when dividing spoils. For the yoke that burdened them, the pole on their shoulder, and the rod of their taskmaster you have smashed, as on the day of Midian...for a child is born to us,, a son given us; upon his shoulders dominion rests. Isaiah 9, 2-3,5.

Some Studies, cont'd

Another recent study found that over 75% of people in the 'retirement zone' expressed concern of outliving their money. In the same study, over 90% were concerned that a catastrophic illness would impoverish their spouse. A long time ago I started asking the question: "what is your plan for when you get sick and can no longer care for yourself?"

This is inextricably tied to the income question. What is important is this: Income Producing Assets answer most sticky problems. The elephant in the room isn't what your portfolio is worth. For most people, the elephant in the room is this: What is that portfolio going to generate in terms of income and income flexibility? What part of that portfolio is going to guarantee income when we need it? What part of that portfolio is going to guarantee income we can't outlive?

So I go back to the first mentioned study. If using indexed annuities in your retirement plan boosts your chances of successfully retiring to 97.5% , why do some people stare at the statistics and go back to doing the same things that failed in the past?

Unfortunately I am unable to answer that question. In my 22 years in the financial business I have seen every fad and theory of success catch fire, burn out, and ultimately fail or have mixed results. Part of this is due to the rapidity of change. With the demise of defined benefit plans, this generation of retirees is facing two threats to their income. The first is the problem with social security. With the Trust Fund set to fund benefits at 77% of current obligation, and the exposure of 401k IRA and other funds to market fluctuation, retirees and would be retirees face daunting challenges to income security.

Yet, many who grasp these facts return to the same old practice. 'Give the money to a financial advisor, and hope they can outsmart the market'.

Insanity is defined as doing the same thing over and over again and hoping for a different outcome. Enough said.

TEN STEPS TO GOAL GETTING

by Zig Ziglar

1. Make the commitment to reach your goal. "One person with a commitment is worth a hundred who only have an interest." -- Mary Crowley.

2. Commit yourself to detailed accountability. Record your progress toward your goals every

night, and list the six most important things you need to do the next day. Daily discipline is the key to reaching your goals.

3. Build your life on a solid foundation. This foundation will give you an honest shot at reaching any goal you have set properly.

4. Break your intermediate and long-range goals into increments.

5. Be prepared to change. You can't control the weather, inflation, interest rates, Wall Street, etc. Change your decision to move toward a goal carefully--but be willing to change your direction.

6. Share your "give-up" goals (i.e., give up smoking, being rude, procrastinating, being late, eating too much, etc.) with many people. Chances are excellent they're going to encourage you.

7. Become a team player. Remember: You can have everything in life you want if you will just help enough other people get what they want.

8. See the reaching. In your imagination see yourself receiving that diploma, getting that job or promotion, making that speech, moving into the home of your dreams, achieving that weight-loss goal, etc.

9. Each time you reach a goal your confidence will grow. After accomplishing any goal, record it.

10. Remember, what you get by reaching your destination isn't nearly as important as what you become by reaching your goals

UPCOMING EVENTS:

1. Bonfire, Mankato, April 9 and 14, Estate Planning Workshop, 6PM
2. Green Mill, Eau Claire, April 28 and 30, Estate Planning Workshop, 6PM
3. Marie's, Red Wing, Estate Planning Workshop, May 3 and 5 6PM
4. Bomfire, Savage, May 19 and 21, Estate Planning Workshop, 6PM

Contact us through our website at www.srins.com to register.

Tools for Thought

*The other day I was re-reading passages from my fathers' book, **'Wine and Gall'**. On page 153 there is a concise dissertation about what was 'changing' in the culture of the young. This article was written in the late 60's. After reading this article again, I reflected on a few things in it that got my attention.*

The first was his observation about the culture of 'youth'. Changing attitudes about patriotism, religion, responsibility, sexual mores, and the work ethic were bothering him.

My father's experience taught him there was no substitute for hard work. He distressed at the changing belief in the value of work. The amelioration of prohibitions against pre-marital sex, drug use, gaming the system, fidelity, and love of country made him wonder where the parents of his day and the education system of that time had failed. His concern for the moral development of that generation was profound.

In this article his focus was no physical laziness, but intellectual and emotional laziness. He defined life's hard work in this manner: "it's hard to live by a religious code. It is hard to work for the good of your nation and its people. Work is hard. Self-indulgence is much easier than the self-denial good living requires."

Easy for him to say, right? My parents faced many challenges. I never heard him complain once. Through the loss of 3 babies, a tough job for which he accepted under-compensation, and the normal struggles of raising five children I never heard a note of self-pity or reproach. Even in the greatest professional crisis of his life, my father refused to disparage those who destroyed his dreams.

They were disciplined people who loved God above all else. Sometimes I think all of us could use some old-time religion.

IT IS A CHALLENGE TO SUCCEED

by Jim Rohn

It is a challenge to succeed. If it were not, I'm sure more people would be successful, but for every person who is enjoying the fruit from the tree of success, many more are examining the roots. They are trying to figure it all out. "I am a nice person," the man says to himself. "How come this other guy is happy and prosperous, and I'm always struggling?" He asks himself, "I am a good husband, a good father and a good worker. How come nothing seems to work out for me? Life just isn't fair. I'm even smarter and willing to work harder than some of these other people who just seem to have everything going their way," he says as he slumps into the sofa to watch another evening of television. But you see you've got to be more than a good person and a good worker. You've got to become a good planner, and a good dreamer. You've got to see the future finished in advance. You've got to put in the long hours and put up with the setbacks and the disappointments. You've got to learn to enjoy the process of disciplines and of putting yourself through the paces of doing the uncomfortable until it becomes comfortable. You've got to be prepared and willing to attack the challenges if you want the success because challenges are part of success. Now that may sound like a full menu of activities, but let me assure you that the process of going from average to fortune isn't really all that difficult. Thinking about it is the difficult part. I've often said that to have more, we must first become more, and to become more, we must begin the process of working harder on ourselves than we do on anything else. I'd like for you to discover some strong feelings about your life and about what you want to do with that life. You probably have much of the knowledge and a lot of the experience and perhaps most of the skills that it takes to become successful. What you may be lacking in are the strong feelings about what you want and what you want to do. You may be one of those who have become so involved in the process of earning a living that you've forgotten about the choices and the chances you have for designing your own life.

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