CRAIG WILLEKE'S FINANCIAL NEWS DIGEST

MONEYLINE

Follow Rules, Not Herds

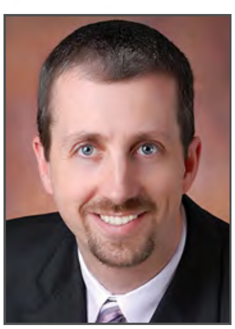
Courtesy of Craig Willeke, LUTCF, CLTC

Following the herd works when you shop for a consumer product. A car or washing machine that has performed well in the past may be likely to excel in the future. The opposite is often true in the financial world. What's hot today is likely to be cold tomorrow, and vice versa. If you expect investment performance to repeat, you are likely to be disappointed.

In fact, according to financial columnist, Kathy Kristof of *CBS MoneyWatch*, "The herd tends to gather the most strength right before the investment it is chasing goes off a cliff. Ill-timed moves in and out of funds, sectors and markets go a long way toward explaining why the performance of average fund investors is decidedly poorer than the reported results of their funds."

Follow rules, not herds. These rules can be as simple as refusing to buy or sell in response to news reports, or making sure you invest the same amount every month no matter what the market is doing. Resisting the urge to follow the crowd can help you prevent committing the sin of buying high and selling low. Or simply developing a balanced strategy and purposing to stick to it regardless of what is happening in the market.

Do you have a balanced strategy?



Willeke Financial Group, LLC

8700 Executive Woods Drive
Suite 400
Lincoln, NE 68512

(402) 483-6656
www.willekefinancialgroup.com

According to credit expert Bill Hardekopf, CEO of LowCards.com, the offers of 0% interest—often for 15 or 18 months rather than the standard 12 months—have become more widespread among major credit card issuers. Consumers generally must have credit scores at least in the mid-700s to qualify, and nearly all of the cards impose a transfer fee, typically 3% to 5%. *Exception:* The Slate card from Chase Visa offers 0% interest for 15 months on balance transfers and on new purchases, with no transfer fee.

Source: Forbes.com

Save on flood insurance. Premiums are standardized by the federal government, but you still can get more value from the policy. Insure your home to the maximum level allowed. Put valuables on an upper floor to be sure that they will be covered. Raise deductibles to save on premiums in low-to-moderate-risk zones. Move utilities such as central air-conditioning to an upper floor. *Also:* If you think your home is incorrectly classified as being in a high-risk zone, file an appeal—called a "Letter of Map Change." Get information by calling FEMA at 877-336-2627.

Source: FEMA.gov

"When we are planning for posterity, we ought to remember that virtue is not hereditary."
— Thomas Paine

Living And Working Longer

By Jill Schlesinger, Tribune Content Agency

Here's the good news: We're living longer. And here's the bad news: We're living longer. According to the Society of Actuaries, Americans who reached age 65 in 2011 are projected to live another 21 years to age 86, on average. If these same Americans reach age 86, their life expectancy would extend to age 93!

Previous generations could plan on retirement lasting 10 or 15 years, today we have to count on 25 or 30 years, making the task of saving enough a mighty difficult one.

When most people think about retirement planning, there are three basic strategies: save during your working years; spend less in retirement; and delay the age of retirement. While saving early and consistently is the oft-prescribed remedy, it's not always easy to implement. In fact, pre-financial crisis retirement planning often consisted of relying more on an increase in home equity and a steady rise in investment accounts than on increasing contribution levels. But the financial crisis and Great Recession of 2008-'09 blew up those assumptions, forcing some to reduce or abandon contributions and in extreme cases, to spend down a substantial portion of their nest eggs to survive.

These folks are looking at ways to squeeze their current and future expenses, but many have determined that the only way they will be able to fund a lengthy retirement is to work longer. According to the Associated Press Center for Public Affairs Research, 82 percent of working Americans over 50 say it is at least somewhat likely they will work for pay in retirement.

Given what has transpired over the past five years, those results should not surprise anyone. Among those who report retiring before the Great Recession, the average retirement age was 57, while the average for those who retired after the crisis is 62. The dramatic turn in financial circumstances, combined with living longer and healthier lives, has led many to remain in the workforce. According to the U.S. Bureau of Labor Statistics, about 18.5 percent of Americans age 65 and over were working in 2012. By 2020, an estimated one-quarter of workers will be 55 or older, up from 19 percent in 2010.

But just because you want to work does not mean that you will easily get a job. The AP study found that 22 percent of adults aged 50 years and older have searched for a job in the last five years. Of that group, over half have found the job search to be moderately or very difficult. With 11.3 million Americans seeking employment, the competition is obviously stiff.

One glimmer of hope is that, as the recovery continues, more jobs will become available, and as the folks in charge of hiring examine the applicant pool, they may find that a robust 55 year old will be a more appreciative and loyal employee than a younger counterpart.

What You Should Know About Tech Warranties

By Patricia Mertz Esswein, Kiplinger's Money Power

Extended coverage could pay off if your phone, laptop or tablet meets with an accident.

The dog ate my smart phone. In a recent survey of 1,000 parents, half said their kids had damaged a laptop, tablet or smart phone. Pets do their share of mischief, too. So if you're buying a mobile device, purchasing an extended warranty or service contract that covers what the industry calls accidental damage from handling (ADH) could be a smart move. It will cover repair or replacement of your device due to mishaps that manufacturers' warranties typically exclude.

Do your homework. Even if you intend to buy your tech gift at the mall, comparison-shop warranties on the Web, including the sites of retailers where you think you might buy the item and companies that sell warranties directly to consumers. Among the latter are SquareTrade.com, ElectronicWarranty.com and Safeware.com, all of which are rated A or A+ by the Better Business Bureau. Find out the terms and conditions of extended coverage: deductibles, limitations (such as the number of damage incidents covered) and exemptions.

Take your time. You're likely to get a hard sell at checkout because extended warranties generate profit for retailers — as much as 50 percent of what you pay for them. You can generally buy an extended warranty within 30 or 90 days of the purchase date. So if you're not sure you want the coverage, just say no at the time of purchase.

It pays to shop. Apple's own AppleCare+ for iPad costs $99; it covers two incidents of accidental damage, each with a $49 service fee (deductible). SquareTrade's two-year coverage with no deductible also costs $99 but covers unlimited incidents, up to the amount you paid for your device.

Convenience counts. Most extended-service warranties require you to take your device to a local authorized service provider or ship it to a more distant service depot. SquareTrade allows you to choose your service provider. You can also send your device to SquareTrade's own service depot (the repair and shipping will be free). If you take your device to an Apple store or repair shop, you'll pay out of pocket and submit a receipt for reimbursement.

And to play it safe ... File your sales invoice and any paperwork regarding product claims. Register the extended warranty so there will be no hassle when you need repairs. And get a case for your phone or tablet. For example, for an iPad you can buy the OtterBox Defender Series case with screen protector and stand for $60 on Amazon.com.

"I don't want a prenup.
I want a warranty!"

Best ways to spot counterfeit money: On a real bill, the portrait stands out from the background—on a counterfeit, it tends to blend in. Real bills have red and blue embedded fibers—with fake ones, dyed hair sometimes is used and is on the surface, not embedded. Real serial numbers are the same color as the Treasury seal—they may differ on a fake bill. Federal Reserve and Treasury seals should be clear and sharp—they may be uneven or blurred on fakes. Borders are sharp on real bills but may be blurred on phony ones. Real bills have a raised texture—counterfeits feel flat. Real bills have watermarks matching the portrait—phonies have no watermarks or have mismatched ones.

Source: SecretService.gov

Scammers claiming to be from brokerages are calling investors with information that purports to be about high-yield CDs. The thieves solicit personal information and use it for identity theft or to steal money from a victim's account. If you are not sure that someone who calls you is legitimate, hang up and call your brokerage directly.

Source: BankRate.com

"A man is rich in proportion to the number of things he can let alone.

— Henry David Thoreau

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6100 Fairview Road, Suite 400
Charlotte, NC 28210

Briefing Your Family On Your Estate Plan

By Jessica Anderson, Kiplinger's Money Power

One of the most important talks you'll ever have with family members is to walk them through your estate plan and provide them with a framework that outlines your intentions.

And to ensure that your heirs have easy access to your financial life, leave them a written road map. These documents can be stored online (Amy Goyer, a home-and-family expert at AARP, recommends AboutOne.com or Dropbox.com), as long as you share your log-in and password with your kids, but keep a paper copy in a safe place in your house and tell your heirs where to find it.

Financial accounts. Prepare a list of all your accounts (bank, credit card, investment and retirement), as well as household bills and insurance (health, home and auto), and update it once a year. The list should include account numbers as well as log-ins and passwords.

Legal documents. Give a copy of your wills, trusts and powers of attorney (financial and health care) to anyone named or authorized to act on your behalf, and store the originals at home; otherwise, your children could have trouble getting them at the critical time. Use any major life change as an opportunity to review these documents and update them, if necessary.

Your team. Your tax person, your financial planner, your life insurance agent and attorney: these folks know what's going on with your money and your estate plan and can help heirs later on. List names, contact info and what they do for you. Even better: Introduce your kids to them. "If you're going to build this beautiful plan with your advisers, your kids should meet with them," says Doug Orton, a vice-president with money-management firm MFS. After you're gone, your children will be more comfortable working with a team they know.