BUILDING AND PRESERVING WEALTH

INVESTMENTS | TAX | RETIREMENT | INSURANCE | ESTATE

Quarterly Update
October 2010

Upcoming Seminar

Health Care Reform to the Rescue?

Monday, October 25th

6:00pm-7:00pm

Planning for a Healthy Retirement

- **What do I need to know about getting health insurance after I retire?**
- **What are the biggest drivers for individual health care costs?**
- **Is there a difference between Medicare and Medicaid?**

Presented by:
Michele Kimball
Senior State Director

AARP Minnesota

Host:
Crystal Enderson, *Insurance Consultant*

Light refreshments will be served

RSVP to:
WEBB FINANCIAL GROUP at
952-837-3200 or
crystal@webbfinancial.com
by October 18th-please bring a guest

Wells Fargo Plaza
Building Conference Room
Suite 550
7900 Xerxes Avenue South
Bloomington, MN 55431

Seating is limited

The Nine Financial Land Mines

Ryan Shannon, CFP®

Patrick Kelly writes in his national best seller Tax-Free Retirement about avoiding what he has coined the “Nine Financial Land Mines”. He asserts that there is no easy answer for financial security, but there are common mistakes that many people make which hinder them from making wise financial choices.

1. **Lack of Planning**

Most people have no idea how much money they need to retire and even fewer have a roadmap to get there. The secrets to financial security are to set a goal, pay yourself first, start today, and be consistent.

2. **Procrastination**

One of the most important pillars of investing is that time has a huge effect on your money. What seems like only a little bit now can turn into a lot of money in the future. So everyone needs to be putting at least a small amount aside for the future.

3. **Getting on the Wrong Side of Mr. Interest**

Mr. Interest can work for you or work against you. It is pretty simple, really. In a loan you are paying interest and in an investment you are receiving interest. Since our goal is building wealth, we should strive to limit our debts, maximize our investment, and stay on the right side of Mr. Interest.

4. **Desire for Instant Gratification**

This is how you get on the wrong side of Mr. Interest. Society tells us that we deserve what we want and we should get to have it now. Too often people use credit cards to make these purchases and then they get into a cycle of paying off yesterday’s purchases instead of saving for tomorrow’s needs.

5. **Following the Masses**

The national statistics read like a “what not to do” checklist. Over 40% of Americans will not have enough savings for retirement while 60% carry credit card debt. The masses are usually wrong. Mutual fund flows illustrate this exactly. During the height of the stock market in 2007 investors were pouring $250 million per month into stock mutual funds while at the bottom of the stock market correction in 2008 $60 million per month flowed OUT of stock mutual funds. The masses buy high and sell low.

6. **The Inertia Factor**

Inertia is defined as an object that is at rest will remain at rest while an object in motion will remain in motion. Fight the inertia factor. Move yourself from doing nothing to planning and investing for your future. Once you are started, the inertia factor will be on your side. This force will help keep you on your path

7. **A Desire to Get Rich Quick**

One principle rule in investing is *there is no free lunch*. Be wary of schemes that promise to make you a lot of money in a short amount of time or with little risk. Investing is a relationship between risk, reward, and time. Every opportunity to get rich quick has an opposing side to get broke quick. Listen to the experts. An investment advisor’s expertise is to match investments appropriate to each person.

8. **Lack of Generosity**

This might seem counterintuitive, but giving a portion of your money away will lead you to be more financially secure. Giving to charity often makes people more responsible with the rest of their money. Also, a lack of giving shows shortsightedness and therefore a lack of planning.

9. **Acting Like the Future Will Never Arrive**

All previous eight pitfalls come together here. The reason people make these mistakes is that they say they plan to retire, but their actions don’t show it. True belief requires action.

Don’t fall victim to these nine financial land mines. To ensure your financial security both today and in the future, save more than you spend, be conservative but also generous with your money, and work with your advisor to start planning right away.

WEBB FINANCIAL GROUP LLC
WEALTH MANAGEMENT

2010 RMD

Required Minimum Distribution

The 2009 Waiver of RMD has expired. For those age 70 1/2 and over you are subject to take a RMD from your retirement accounts. If you would like to change your federal or state withholding amounts, we will be sending out the new IRA distribution form to those who have not satisfied their RMD. Please consult your tax accountant regarding your tax withholding election.

Age	Factor	Age	Factor	Age	Factor	Age	Factor
70	27.4	80	18.7	90	11.4	100	6.3
71	26.5	81	17.9	91	10.8	101	5.9
72	25.6	82	17.1	92	10.2	102	5.5
73	24.7	83	16.3	93	9.6	103	5.2
74	23.8	84	15.5	94	9.1	104	4.9
75	22.9	85	14.8	95	8.6	105	4.5
76	22.0	86	14.1	96	8.1	106	4.2
77	21.2	87	13.4	97	7.6	107	3.9
78	20.3	88	12.7	98	7.1	108	3.7
79	19.5	89	12.0	99	6.7	109	3.4

Attention Snowbirds:

Be sure to call us with your winter address so you are able to receive your mail during the winter months.

Webb Financial Group provides comprehensive wealth management solutions to individuals and businesses. For over thirty years, we have helped our clients achieve financial security.

Jerry Webb, *CFP® & Chairman*
Michael Bischoff, *CFP® & COO*
Gary Webb, *RFC® & CEO*
Ryan Shannon, *CFP®*
Crystal Enderson, *Insurance Consultant*
Michelle Ganske, *RP®*

Mutual Funds Investment Litigation

Michael Bischoff, CFP®

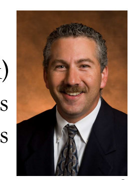
Over the past few months hundreds of thousands of investors have received letters in the mail in reference to mutual fund investment litigation. We have received several calls with questions and felt we should address this matter for the clients we have not spoken with individually.

These lawsuits allege that the investment companies were involved in unlawful market-timing and late trading. Market-timing is a term to describe short-term "in and out" trading of shares, which may be used to capitalize on the inefficiencies in the way investments are priced. Late trading is a form of market-timing that involves placing orders to buy, sell or exchange shares using the prior day's price to capitalize on information obtained after the close of the market. These suits affected many well known investment companies and investors of all types. To date, companies have settled out of court to avoid the substantial costs and risks from continuing the lawsuit. Each company agreed to pay a specified amount to the shareholders that owned shares between 1999 until 2004. Each company must pay a large aggregate amount, but when allocated to the number of shareholders involved it's actually very small amount for an individual investor.

The main two companies affecting our clients were Janus and Invesco. For example the payout on the Invesco Core Equity Investment Fund was $0.0010 per share. After reviewing all the fine print regarding the Invesco settlement, we saw that the minimum claim entitled to receive payout was $20.00 or a check would not be issued. These payout amounts are also before attorney fees and distribution expenses. The Janus Worldwide fund payout was $0.007 per share, but their check minimum was set at higher amount of $50.00. I did the math and a shareholder needed to own over $300,000 in the Janus Worldwide alone to get past that $50.00 amount. You can see that most individual investors didn't own enough shares to receive a payout.

As a firm we have not seen many situations where a client would be eligible to receive a refund. We are happy to provide you the information needed to determine your claim, if you are interested. Please don't get your hopes up for a financial windfall, because often times the claim amount is not worth the postage required to mail it in.

401K mistakes to avoid



Gary Webb, RFC®

Not contributing. Despite the endless news reports about the importance of 401(k) savings, a survey done by Deloitte & Touche in 2009 found that 25% of employees don't participate in their 401k plan. The study also found only 33% of participants defer enough to receive the maximum company match. A key finding by Boston College indicates that 54% of workers have not taken the time to complete a retirement needs projection.

Cashing Out / Borrowing from Your Future. Nearly 50% of employees cash out their 401(k) when leaving their job. Liquidating the 401(k) means paying income taxes plus a 10% early-withdrawal penalty if under age 59-1/2. When money is tight, it can be tempting to borrow from your 401(k). The risk is, if you lose your job or take another one, you must repay the loan within 60 days.

Owning too much company stock. A recent study done by Financial Engines, stated that 43% of those over age 60 have more than 20% of their 401K portfolio in company stock. Despite recent company collapses and market volatility, many Americans still underestimate the high risk associated with holding high concentrations of company stock. Many older employees holding the highest amounts of company stock have the least amount of time to recover if their company's stock happens to fall.

The 401k plan is a great way to save for retirement considering the tax benefits and company matching. Work with your advisor to ensure that you are saving enough in your plan and are well diversified.

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