



Financial Principles, LLC

NEWS

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Mike Flower

Realizing the New ROI in Your Golden Years

Local Financial Advisor Helps Investors Ensure Reliability of Income During Retirement

FAIRFIELD, NJ (July 10, 2007) – Most Americans can expect to live to be at least 78 years old, according to the National Center for Health Statistics. And with many Americans retiring well before the age of 62 (and with many having not saved enough to stop working permanently without risking their financial security), that means the money they saved for retirement has to last longer. According to Mike Flower, a Fairfield-based financial advisor, instead of just looking for ROI in business transactions, investors need to look for ROI from their retirement accounts.

“Most people think that ROI means ‘return on investment,’ which is true, but what people planning for retirement need to look for is the new ROI: reliability of income,” says Flower. “What that means is developing a solid plan to ensure that your money doesn’t run out before you do.”

According to Flower, investors have gotten pretty sophisticated about accumulating wealth. “What many investors don’t understand is that accumulating wealth for retirement is vastly different than *distributing that wealth* to provide a comfortable lifestyle for themselves.” Flower offers six tips to ensure that your income lasts as long as you do.

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SIX SEGMENTS TO INCOME PLANNING

“Putting your assets into six segments will help investors plan for lifetime income,” says Flower. “The most conservative segment receives the largest deposit while the successive five segments receive varying lesser percentages, totaling 100% of deposits.” Under the Income for Life™ model, as the deposit gets smaller, the asset class gets more aggressive. This means that a smaller amount of their portfolio is held in riskier investments, thus helping to provide a more stable source of income, from the most conservative portion of their portfolio.

IN RETIREMENT, THERE ARE *SOME* GUARANTEES

“It *is* possible to create a guaranteed income stream by utilizing a single premium immediate annuity or FDIC Insured banking products for a five year period,” advises Flower. According to Flower, for every subsequent five-year period, one of the other five segments will be converted into a guaranteed income strategy with sixty monthly payouts. “If the projected rates of return are realized, sufficient money will be available to provide guaranteed income in amounts capable of providing an increasing level of retirement income.” Guarantees are backed by the claims paying ability of the issuer.

CAUTION: WITHDRAWAL AHEAD

“Once you retire, your nest egg will likely seem like a never-ending supply of cash that you’ve been waiting to spend since you started accumulating it,” says Flower. “But you have to still pay attention to what the market is doing. If you are withdrawing from a growth investment in a down year, you’ll not only be drawing down your nest egg, but your portfolio won’t be able to recover because it’s losing value both from market conditions and your need to meet living expenses.”

LESS CAN MEAN MORE

“The most important advice I can give clients is first and foremost to pay attention to volatility. During your distribution years less can truly equal more. The benefits that volatility can provide during your accumulation years—like dollar cost averaging, a technique that allows you to accumulate more shares when the price is down and provides more shares moving up as the market recovers—might actually have the opposite effect during the distribution phase of the portfolio. Secondly it’s smart to take less income when beginning to draw from a retirement account,” advises Flower.

“By taking less at the beginning, you’re allowing more of your investments to grow, theoretically leaving you more money for your later retirement years.” This also allows more dollars to be available to cover any unforeseen events.

DON’T FORGET ABOUT INFLATION

Inflation is a naturally occurring economic event, yet most investors fail to plan properly to allow for it. “Just because you live on \$3,000 a month today, doesn’t mean you can live on the same amount 15 years from now,” advises Flower. History shows that inflation can make \$3,000 in theory turn into significantly less than that in practice.”

DON’T BE AFRAID TO GET HELP

A financial professional can help map out a strategy designed to generate income that outlasts your lifetime needs, including inflation estimates and income distribution scenarios.

About Financial Principles, LLC

Financial Principles understands the importance of planning – whether it’s for retirement, saving for college or even charitable giving. Two senior partners, Bradley H. Bofford, CLU, ChFC, and Mike Flower, bring a combined 25+ years of financial services experience to their clientele. Both are recognized as qualifying life members of the prestigious Million Dollar Round Table, “The Premier Association for Financial Professionals®”. As representatives of Securities America, Inc., Bofford and Flower are able to provide comprehensive services and advice in all areas of personal finance, such as estate planning, retirement planning and tax reduction strategies.

Bofford and Flower believe that a well-informed client is essential for success. They love taking clients from fear to confidence regarding finances, by placing a strong emphasis on educating people about how to prepare for and enjoy a comfortable retirement.

Visit www.financialprinciples.com to learn more about the advisors at Financial Principles.

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NOTE:

When you need a knowledgeable professional to speak on complicated financial topics in an easy-to-understand and comprehensive manner, please call the advisors at Financial Principles.

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