

IN-SIGHT[©]

TIMELY OBSERVATIONS AND HOW THEY MAY IMPACT YOU



MASCAGNI & COMPANY, INC.
Providing financial planning for financial changes.

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PLANNING PERSPECTIVES || BY [RANDY MASCAGNI, CFP[®]](#)



As you think about your retirement goals, are you feeling a little perplexed or frustrated these days? Well, don't feel like the Lone Ranger. According to a recent consumer survey by Charles Schwab Corp., currently 32% of employed Americans expect to hold onto their jobs and delay retirement. The study also found that 9.5 Million retired Americans are considering returning to work at least part-time. Quoting from a separate survey by LIMRA, "retirees are definitely feeling the effects of the 2008 financial crisis and have begun changing their behavior." Many are feeling less secure about their future and are reducing their spending. Plus, 43% in the survey said their tolerance for investment risk has decreased since last year. This situation today requires careful financial planning, execution, and good monitoring to possibly get back on track. We, too, are all about that, making changes, and suggesting new client strategies. But in the meantime, what else may help all of us? *Could it be our perspective of life?*

Some of what has helped me actually came from a funeral I attended earlier this year for the father of a very close friend who passed away at the age of 98. You see, "Poppy," as he was known, was from "The Greatest Generation" and served in World War II for 2 years. He arrived on Omaha Beach approximately a month before our soldiers landed and lived in a bunker, evading the enemy, and working undercover as an engineer getting supplies ready for when our troops would land. He was a child of the Great Depression. I can remember my father telling me that as a young boy he was happy when he was given an apple or a piece of fresh fruit. Many of them were glad to own a small house where the children would share bedrooms. They were also blessed to have one car, and commuted to work on the bus. Wow!

To focus in more, consider that many of this generation didn't even talk about retirement as a reality, and certainly would have felt guilty discussing "kicking it back" at 55, 60, or 65. All they knew was they had to keep their "head to the plow," hoping to have enough food for day. They lived within their means and saved money for tomorrow. They felt fully responsible to take care of themselves and their family. In fact, much of what we enjoy today came from this generation's work ethic. For instance, later in life "Poppy" designed an engineering plan to reroute the Mississippi River and to establish Mud Island as we know it today.

In perspective I have to ask myself, "How bad is it really?" Think with me and consider... is it as bad as Fox News and others report? What am I supposed to learn from this? Who am I supposed to help, encourage, listen to, and even support financially? Each of these answers can vary. What I do know, however, is as soon as I get busy helping someone else, all my "stuff" and worries about tomorrow somehow vanish. Surely there can be a lot to gain from the example set by many of our grandparents and others who lived before us.

ECONOMIC PERSPECTIVES || BY [BRIAN HARRIS](#)



My wife and I were talking the other night about part-time jobs that she could do from home. The traditional job, as everyone knows, is traveling to an office or other place to work. When I think of working from home, multi-level marketing is the first thing that comes to mind... and rarely do I meet anyone that can make a good living at MLM. My wife has a special skill set: she is a great editor (she actually edits my section of this newsletter). So for fun, we did some research on editing from home and came across a site called eLance. This site brings people that need something edited together with people that are good at editing. I thought that surely there can't be that many editing jobs out there, but boy, was I wrong. There are currently over 29,000 jobs that are out there for someone like Leah to do from home. I was blown away. This type of work was not possible 20 years ago, but now the possibilities are endless.

I get excited when I think of the changes that have happened in our economy. When I see websites like eLance, or the many sites like it, I think of *creative destruction*. Joseph Schumpeter popularized this term in his book Capitalism, Socialism and Democracy. Creative destruction is an innovative quality that makes capitalism the best economic system. The "destruction" part refers to the fact that things become obsolete over time, such as cameras that use film, the milk man, VCRs, dial-up internet, the yellow pages, phonographs, typewriters, newspapers, and candles. I could go on, but you get my point. I read a recent

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article where a 15-year-old boy was given a walkman. I remember when those were all the rage. This boy looked at it for a while, and then realized you had to put a CD in it. You couldn't just plug it into a laptop and download thousands of songs into it. You could only put one CD into it, and it was much larger than the iPod he carries today. I could not imagine what this boy would have thought if you gave him an eight track or a vinyl record.

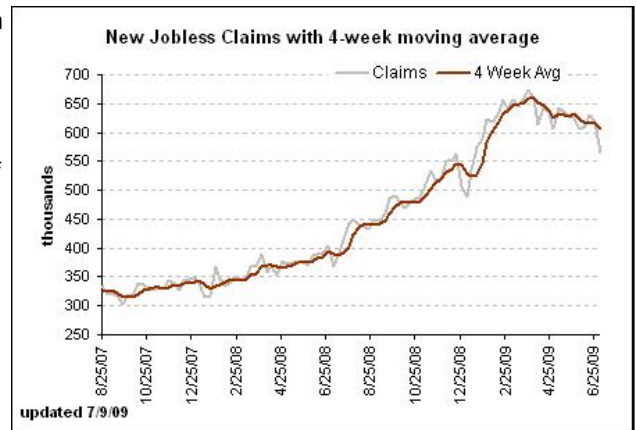
The "creative" part of creative destruction comes from the innovation of new and better products. It is the destruction part that is sometimes difficult for society. If you told a milkman in 1950 that he may want to look for a new career path, he would probably tell you that you were crazy. A great example of this is U.S. Leather Company. In the early 1900's, U.S. Leather Company was listed on the Dow Jones Industrial Average as one of the largest companies in the United States. Their main line of business was leather used in saddles. This was a great business to be in before the invention of the automobile. As the U.S. shifted from horse transportation to automobile transportation, U.S. Leather could not adapt with the times. They were dropped off the Dow Jones Industrial Average in 1924 and went out of business in 1952.

Woodrow Wilson once said, "If you want to make enemies, try to change something." We don't know the changes that are coming, or the new technologies that will change the way we live, but

we do think that it will be beneficial to our quality of life in the long run.

Initial Jobless Claims spiked down to 565,000, which is really close to our target that we have mentioned for the past two newsletters. I was excited when I saw the number posted, but I realized that the seasonality of the July 4th holiday may change the validity of that number. Seasonal adjustments are set at the beginning of the year by the U.S. Labor Department and are not adjusted to reflect current events. We were keeping a close eye on this number; now we can't take our eye off it. We will keep you posted, of course.

Brian



PERSONAL PERSPECTIVES || BY [MATT BROWN, CFP®](#)



Personal savings habits have changed quite a bit over the last several months. Many are focusing more on saving now due to the recent economic worries and the effects of a volatile stock market (which hit home when we open up our quarterly retirement plan statements). I like how Howard Dayton defines why people don't save in his book Your Money Counts. To quote, "Savings means to forego an expenditure today so you will have something to spend in the future. Perhaps this is why most people never save; it requires a denial of something that you want today, and our culture is not a culture of denial. When we want something, we want it now."

I'm definitely not about to retire—that's a given due to my age and resources. However, the recent economic environment has definitely taken its toll on my family, as it has on a majority of Americans. Have you stopped to listen to your everyday household conversations lately? Chances are, the subject of "money" is surfacing more and more. For us, we are talking about saving, more realistic plans, and even that word we all dislike—budgeting. This isn't bad, however. It forces us to refocus our spending and savings habits that have developed over time. Such an evaluation is healthy and is something we all need to do periodically.

To build on a theme I discussed last week (planning principles learned while running), let me encourage you to evaluate your current savings habits. Did you know that the Bible actually tells us that it is "wise" to save? In Proverbs 21:20 (LB) we read, "**The wise man saves for the future, but the foolish man spends whatever he gets.**" In fact, later on in Proverbs we read that the ant, of all creatures, is commended for storing up its food in the summer (to meet a future need). Dayton calls this the "Joseph Principle" for a similar reason—the example Joseph set when he saved during the seven years of plenty to ensure there would be enough food during the seven years of famine that followed. Remember, "Saving is making provision for tomorrow, while debt is presumption upon tomorrow." Are you saving enough for your future needs? Are you living within your means? Doing so can help smooth out these rough waters, and help you navigate them better to get closer to reaching your ultimate goals.

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