



A Sacrament of the American Dream: Owning Your Own Home!

But in the long run, is "owning your home"...

Your Method or Your Objective?

The news reports are in: individual home ownership is at its highest level (as a percentage of the population) in American history. Bully for us!

But as we ponder this wonderful news, we might pause for just a moment to ask: Is this the best we can do? And the answer may very well lie in the answer to the bigger question: Is home ownership an end unto itself (in other words; the objective) or is it a method towards the objective of having an amount of wealth that we own and control?

Consider these two options:

\$100,000 equity in my home

These dollars grow at 0% forever.

I save by not paying interest (albeit tax deductible interest) on a \$100,000 mortgage.

If I want to access my equity, I must do so through a lender and I might have to pay high interest rates or I might even be turned down. In this case, the only way for me to get my money is to sell my home.

In the event of an economic disaster (disability or death), I or my family could lose our home, and do so at a great loss to the \$100,000 equity.

Banks will foreclose faster on me than on someone with much less equity in their home.

Both require I make monthly payments which will increase my overall wealth.

Even though the housing market has never lost money over a 30-year period, it is still possible for my home to experience a drop in value.

\$100,000 equity elsewhere*

These dollars grow at a historical 5-6% tax free rate.

I may still be paying interest on my mortgage, but I don't have money trapped at 0%.

I can access my equity any time I want. I can never be denied my money and I can take it in the form of a loan, or cash, or as leverage, based on what the best deal is for me at the time.

Disability or death will not cause a loss of my \$100,000 and may even enhance the total value to my family.

Banks will foreclose faster on those who have more equity in their home than I, thus buying me some critical time in the event things really get this bad.

Both require I make monthly payments which will increase my overall wealth.

I am guaranteed a minimum of a 4% rate of return regardless of market performance.

*Permanent life insurance



Having a great deal of money in your home. Is this your method or is this your objective? Please carefully consider your options.

By Jeff Terrill, Associate



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WELCOME FROM LIFEPOINT



Welcome to the inaugural issue of the LifePoint Financial Advisors Newsletter. We are hopeful that you will be informed and entertained with the information we will impart to you in these pages. As the Senior Partner in our firm, I want you to know that this newsletter is for you. Our goal is to provide relevant information that will assist you in making better financial decisions to improve your financial position both now and in the future.

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So let's briefly discuss a subject that is most important to us all, the coming demographic population shift and what it could mean for each of us when we retire. According to the federal government, there are approximately 78 million baby-boomers in this country (people born between 1946 and 1964) and beginning

January 1, 2008, the first born of this group will become eligible for Social Security. Once this onslaught of new Social Security recipients begins, it is estimated that the unfunded liabilities of our government to pay this group's benefits will be in excess of 53 trillion dollars. That's right, TRILLION! Many leading economists say that even the world's most prosperous economy, the United States, cannot fulfill these promises without a crushing increase in taxes, or worse. It is estimated that the number of recipients eligible for Medicare will double by 2030 and spending per recipient is expected to increase from \$1,751 in 2004 to almost \$27,000 per recipient in just 23 years! Where will

this money come from? How are you planning your future so that you will not be affected by a large potential decrease in Social Security and Medicare benefits and/or a large potential increase in taxes? Traditional planning methods are not designed to deal with this problem. In fact, it is normally not even discussed. It is critically important that you understand this potentially catastrophic problem. We can assist you by providing solutions to this problem in your planning. Ask one of our representatives and they will show you how. We will discuss more about this issue and its effect on you in future issues. Until then, be sure you are reading and staying up with current news. We can help you here as well. See you next issue.

Jerry LaValley, CLU, ChFC
General Agent

Our mission:

Our mission is to help clients build lifetime wealth by maximizing cash-flow and reducing risk, thus giving clients permission to spend and enjoy their money without fear of running out and allowing them to leave a legacy that stands the test of time. We strive to assist our clients to achieve these goals under changing economic conditions through professional financial services and exemplary customer service.





How Tiger Woods' Golf Lessons Can Help Your Financial Strategy

Let's say you and I are out on the golf course one day and, since I'm a little better golfer than you, I decide I want to help you with your golf game. So I come up with a couple of different ideas on how to do that. My first idea is to buy you the newest, greatest, most incredible set of golf clubs that are on the market today thinking, boy, how could you fail with these new clubs, they're amazing! Then I reconsider because I realize that the problem isn't the clubs you're using, but rather your swing. So instead of the new clubs, I decide I'm going to buy you two weeks of private lessons with Tiger Woods.

Now what's the first thing Tiger's going to have you do when he meets with you so he can determine how he can improve your game? Well, he may have you swing the club a couple of times to see how you're lined up to the ball, to see how far away from the ball you are, how you strike the ball and probably many other things that may seem insignificant to you. But from Tiger's perspective, he knows that fixing something that may seem insignificant to you could lower 1 stroke off your game. If he could help you in several different areas, you could now start to lower several strokes off your game. You see, it's not the clubs or financial tools we are

using, but more importantly "how we use them".

As Tiger is to you in the game of golf, we are to you in the game of finances. Now with every game there are rules, boundaries, shortcuts, pitfalls and, don't forget most importantly, that 9 games out of 10 have a game board. Without the game board you will have a hard time understanding how to play the game. Yes, there is a game board to the game of finance. When you understand the rules to the game, you will realize that what you may have considered insignificant we consider inefficient. We will teach you how to turn those inefficiencies into monies that will create more monies. Just like Tiger is teaching you how to take several strokes off your game, we will teach you several ways to become more effective and more efficient in your game of finances.

By Ric Conkey, **Associate**



FINANCIAL ADVISORS LIFEPPOINT

Upcoming Events

March 1 - April 30 - Foremost's Butterflies are Blooming at the Frederik Meijer Gardens & Sculpture Park. The largest temporary butterfly exhibit in the United States. Thousands of tropical butterflies in the tropical habitat of The Lena Meijer Conservatory. For more information call (616) 957-1580 or visit www.meijergardens.org and www.foremostbutterflies.com.

January 26 - May 13 - American sculptor Patrick Dougherty, best known for his outdoor works: large, temporary, architectonic sculptures made of sticks, twigs, and branches. This unique masterwork will exist only through the duration of the exhibition. Location: Frederik Meijer Gardens & Sculpture Park. For more information call (616) 957-1580 or visit www.meijergardens.org.

April 27 - Friday at 8:00 PM - Grand Rapids Symphony SymphonicBoom Series: The Music of Pink Floyd. A full rock band with vocals, accompanied by the Grand Rapids Symphony will feature more than a dozen legendary classics. Location: DeVos Performance Hall. Tickets through Ticket Master or for more information call (616) 454-9451 or visit www.devosperformancehall.com

May 5 - May 12 - 78th Annual Tulip Time Festival in Holland Michigan. Enjoy a celebration of Dutch heritage with parades, the Klompen Dancers, musical shows, and spectacular tulip displays. For more information call (800) 822-2770 or visit www.tuliptime.org.

June 1, 2, and 3 - Festival of the Arts. A celebration of the arts featuring six performance stages; food booths offering ethnic delights of all kinds; singers, dancers, thespians, visual artists, and performers from all over West Michigan; over half a million people in attendance. Location: Downtown Grand Rapids. Admission is free. For more information call (616) 459-1300 or visit www.festivalofthearts.org

June 16 - 9:00 a.m. to 5:00 p.m. - 41st Annual Reeds Lake Clothesline Art Festival. A juried art show featuring over 130 fine arts and crafts booths from artists across the country. Works include painting, ceramics, photography, sculpture, fiber, pottery, jewelry, clothing, glass, wood and more. Location: Lake Side Dr., John Collins Park & Wealthy Street in East Grand Rapids. Admission is free. For more information call (616) 949-1247.



MYTH: THE MYTH OF THE 401(K)

The doors of possibility open up on many levels when we direct our efforts to satisfying what we truly want, and get away from the old school ideals of what our basic needs are.



"LifePoint Financial is on the cutting edge of financial information. Jerry has introduced me to new and exciting ideas which are allowing me to maximize the leverage on my company assets resulting in a solid approach to a secure retirement, while maintaining ownership well into the future."

Bud Gottlick,
President & CEO, Professional Benefits Services, Inc., Grand Rapids, Michigan

I cannot help but find it amusing the advice we are given by so called "financial guru's" regarding the 401(k) retirement savings plan. If you open up any financial publication, the same advice is being spread like a computer virus to all of those unsuspecting readers. The logic that is being told is very simple and very basic: max out your 401(k) before you invest money anywhere else because you will be putting money away on a pre-tax basis, which will grow tax deferred until you withdraw the funds, which of course by that time you will be in a lower tax bracket than you are today. The first issue I would like to address is that notion that you will be in a lower tax bracket when you retire. If this is your plan for your golden years, congratulations, you are a financial failure. Perhaps that is a little harsh, but unfortunately true. The mentality of being in a lower tax bracket comes from "needs based" planning. It is based on how much basic expenses you will have in retirement, and how do we get enough income to cover those expenses. What if we forget about what you need in retirement and focus all our strategies on what you WANT? If you were to complete a retirement budget analysis and figured out that you only needed \$50,000 a year to live on, but I told you that you have the assets to generate \$90,000 a year without the fear of ever running out, would you WANT it? The doors of possibility open up on many levels when we direct our efforts to satisfying what we truly want, and get away from the old school ideals of what our basic needs are.

What if we take the idea of being in a lower tax bracket one step further? Let's take a married couple that is making a combined taxable income

of \$120,000 for 2007. At the end of the year they both retire and start to implement the plan that their financial advisor put down on paper for them. Instead of having a plan that maintains their current income lifestyle, this plan calls for them to live out their retirement on 40% less income (what a plan). On April 15 of the following year, after clipping coupons all day, the couple goes to file their taxes. Remember they have 40% less taxable income (\$72,000). Their accountant regrettably informs them that they are still in the same 25% tax bracket as they were in their final year of employment. So all that money that they have withdrawn from their 401(k) throughout the year is taxed as if they were still working.

How is their financial plan doing for them?



One final note regarding the 401(k). In the next ten years, our country will be going through the most dramatic demographic shift in its history as the baby boomer generation starts to

retire. Two-thirds of the now working population will be age 60 or older*. If you break the stock market down into its most primitive form, if there are more buyers than sellers it goes up, visa versa, it goes down. If you have two thirds pulling money out of the stock market to live on and only one third behind them buying the stocks that they are selling, what effect will that have on the stock market? If your retirement is based entirely on the success of the market, you may be in for quite a ride.

*Renier, Leonard A., Sudden Impact, Infinity Publishing, 2005

By Jeff Farmer, **Associate**