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RETIREMENT INVESTING

SPECIALIZING IN INVESTMENT MANAGEMENT AND ASSET PROTECTION

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The Best Investment Advice That I Can Ever Give

I don't believe that anyone has ever found a better investment than the one that I am about to share with you. In fact, anyone who invests in it has the potential of becoming wealthy beyond his or her wildest dreams!

I believe that the best investment that you can ever make is in *YOU!* I sincerely believe that the best investment that you can ever make is in yourself, in your own talents, skills and abilities.

In an effort to achieve financial security, naturally our focus is often about making better returns and investing more for our future, for our children's education, or for retirement. In an effort to achieve financial security, we often forget our greatest asset: *OURSELVES!*

Everything that we do for ourselves is an investment in our future, whether it's learning a new skill or brushing up on an old one; mastering a language, or starting an exercise program; eating healthier or meditating; practicing Christian principles or making the effort to meet new people. Investing in ourselves is about finding the talents and abilities that lay dormant within us, and putting them to work for ourselves in a way that can bring us both financial and personal rewards.

Each of us have the potential to do and be whatever it is that we dream of, if we could only put our hearts and minds into it. By simply changing our thinking, we change our lives. Often those changes begin with simple things, such as joining a Church or professional organization, or taking a self-improvement class.

Investing in yourself doesn't always have to be serious. Sometimes, it can be taking yourself to a

movie or buying a book that you have been dying to read, *and then actually taking the time to read it!* Investing in ourselves can make us happier people, and happier people make for a happier world. Who can argue with those kinds of returns?

The idea is to never stop growing, to keep increasing our self-worth, which in turn increases our net worth.

We have at our fingertips so many resources for investing in ourselves – many of them are inexpensive, and even free. Libraries, adult school classes, spiritual retreats, Church classes, lectures, seminars, and professional organizations. Even hobbies and leisure time activities can be considered an investment worth putting time and money into, especially if these activities reward us with peace of mind, and better health. Sometimes, even the smallest, most insignificant investment can also pay the highest dividends.

All you need to do is put some time and money into the business of *YOU.* Take that risk now and make those investments, however big or small they may be. There's no better time than the present to invest in *YOU.* And pass it on. This is the best investment advice that I can ever give.

The Graying of America: Seniors On The Rise

The world's population of people age 65 and older is growing by an unprecedented 800,000 per month, according to a report issued by the U.S. Census Bureau and the National Institute on Aging (NIA).

The report, *An Aging World: 2001*, predicted that this phenomenon of global aging will continue well into the 21st century, with the numbers and proportions of older people continuing to rise in both developed and developing worlds.

The pace of population aging, the report found, varies widely among countries. Generally, developing countries are aging faster than more developed ones. Demographers estimated that more than three-quarters of the world's net gain of older people from 1999 to 2000 occurred in still-developing countries.

The ratio of older people to the total population differs widely among countries. The United States is 32nd on a list ranking countries with high proportions of people age 65 and older.

Helpful Hints For Your Retirement Budget

With the general population beginning to age, I thought that the following hints would be helpful if you are retired, or about to retire:

- Consider reducing or eliminating debt, such as your mortgage, and any outstanding balances on your credit cards. This can be a crucial step in using your retirement income effectively.
- Plan how and when you are going to take distributions from your employer's retirement plan or your IRA. For example, if you have more than one IRA, you will need to decide how you want to divide any distributions you may take among these accounts. If you have a traditional IRA, when you reach 70-1/2, you will be required to take the first minimum distributions from your IRA by April of the following year.
- Review the potential costs of medical and long-term-care insurance, since you may no longer be covered by a group plan.
- Remember to account for any dependent support expenses that you may have, including expenses for elder care.
- Think about updating your vehicle insurance coverage. Your coverage needs may change if you keep an older car or if you plan to drive less.

Potential Danger When Interest Rates Are Low

If you own bonds or bond funds, you know by now that the prices of fixed income securities move inversely with interest rates. Therefore, it seems that the best time to buy bonds or bond funds is when interest rates are high. Not only do you lock in a high rate, if interest rates subsequently decline, fixed income securities appreciate.

Correspondingly, the worst time to own or buy fixed income mutual funds is when interest rates are low. You

get a low rate locked in and if interest rates subsequently rise, you will suffer a decline in value. What solutions are there for fixed income investors?

If you buy individual bonds and hold them to maturity, then fluctuations in interest rates do not matter as much, since you will receive the face value of the bond at maturity. Fluctuations are a concern only if you sell bonds prior to maturity and must accept market value. Bond funds however, do not have a maturity date since there is no predetermined date when you have the assurance of recouping your original principal. It can be higher or lower than your original investment. Additionally, many bond fund investors do not realize that there is a trade off in bond funds. Funds that pay lower dividends have higher price stability and vice versa. Therefore, you should check that your fund managers actively change the term of the bonds in the portfolio, if these price fluctuations are a concern to you.

By switching to shorter-term bonds during periods of low rates, subsequent fluctuations in the fund share value will be minimized. On the other hand, such a fund that acts to protect your principal will need to cut the fund dividend, because short-term bonds pay less interest.

Some investors flock to funds with the highest dividends, which are usually payable because they are invested in longer-term, higher interest bonds. They soon learn that funds with long-term securities will fluctuate more in value.

If you own the bond fund because you rely on the monthly dividend, then consider staying with long-term bond funds *if* you can ignore the principal fluctuations. If you reinvest the dividend, or will not be holding the fund for as long a period of time, then consider investing in a shorter-term fund.

To get an analysis of your bond fund, check off on the attached coupon and list the names of your bond funds.

Do You Own Investment Real Estate?

Owners of apartments, rental homes and commercial property have several ways to avoid Capital Gains Tax when selling property.

Technique #1 – Exchange it

If the property is real estate, you can *exchange it* for real estate that is more desirable, without paying Capital Gains Tax. For example, if you have raw land worth \$500,000, and the land pays you no current income, you can *exchange* that equity for an apartment building, a retail store, or any other income producing real estate of comparable value.

Another example is an apartment owner who no longer wants to deal with tenants. He or she can exchange that property with a business, with a triple net lease. That business then pays all expenses, such as insurance, maintenance and taxes, and then forwards the real estate owner a *net* monthly rent check, making for a hassle-free investment.

Such sales and repurchases, when done properly, are called *exchanges* by the IRS and are tax free. You then hold the new asset until death, or trade it again, and avoid the Capital Gains Tax.

Technique #2 – Capital Gains Bypass Trust

You can place the assets in a Capital Gains Bypass Trust, also known as a Charitable Remainder Trust (CRT), because you must leave at least 10% of the balance to charity. This type of trust is tax exempt so the trust can sell your assets and pay no capital gains tax. The trust then reinvests this money however you like, into bonds for example, if you want income, or stocks if you want growth. You can then receive all of the income and gains for life, and even for the lives of your children.

You may avoid the Capital Gains Tax, and also get an immediate tax deduction, when you first place the assets in the trust. Additionally, the assets are out of your estate and will reduce your estate taxes. At the end of your life, the assets go to your favorite charities or schools.

What about your children? You can establish a Wealth Replacement Trust with some of the income that you are receiving from your Capital Gains Bypass Trust. In a Wealth Replacement Trust, you get a life insurance policy for the amount that you are depositing into the trust. At your death, the children receive the same amount from the life policy that they would have received had they inherited the assets that you put into the trust. This is becoming a very popular technique used by real estate owners and people with large stock market gains.

If you would like to learn more, check the coupon for more information on Capital Gains Bypass Trust.

You Are Invited...

For over a year, I have been conducting a seminar entitled, ***“Unlocking The Secrets To A Successful Retirement: How To Avoid Making Ten Common Investment Mistakes”***.

Recent studies by the *Wall Street Journal* have shown 10 common mistakes investors are making as they prepare for or live in retirement. Are you making these same mistakes? Have you developed an effective financial strategy designed according to your investment needs?

This seminar is designed to answer questions such as:

- The Economic Growth and Tax Relief Reconciliation Act of 2001 has 441 changes to the tax law and provides \$1.35 trillion in tax savings in the next ten years. Are you going to get your share?
- How can you make sure that you have enough assets for an unexpected long-term care situation?
- How can you take money out of your IRA or tax-sheltered annuity without increasing your taxes?
- How can you receive monthly income and portfolio growth?
- How do you allocate your retirement assets during volatile markets?

You are invited to attend a free dinner seminar designed to educate you and to help you avoid these common investment mistakes. To make a reservation, just call my office.

UPCOMING SEMINARS

“Unlocking The Secrets To A Successful Retirement”

Mrs. Miller’s Chicken and Steak House
4723 Central Avenue, Hot Springs, Arkansas

Tuesday, June 11, 2002 6:00PM

Thursday, June 13, 2002 6:00PM

Tuesday, July 9, 2002 6:00PM

Thursday, July 11, 2002 6:00PM

Tuesday, July 30, 2002 6:00PM

Thursday, August 1, 2002 6:00PM

Dinner will be served, but seating is limited.
Call 316-3100 or 800-468-3007 to make your reservation.

Fixed annuities, life insurance, and long-term care insurance are not offered by Great Nation Investment Corporation, but are offered through Martin Northern and Insurance Designers.

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Please send information on these topics mentioned in your newsletter:

- Please contact me for a *free* Comprehensive Financial Plan.
- Please contact me for a *free* review of my Estate Plan.
- Please send information on the Capital Gains Bypass Trust.
- These are the funds I own. Please send a free report indicating how they are doing based on the article.

Complete Fund Name _____

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- I would like to know more about these topics not covered in your newsletter:

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