

## Lifestyle Link

Your link to a better quality of life

Volume VI Issue III

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### Letter from David

Dear Friends,

Over the last few months, new and old clients, alike, have asked me the same question: "How much longer will you work?" Maybe I am looking older or acting older, but the question has given me a wakeup for thinking of my own retirement and maybe doing a little planning for myself. You have heard the story of the cobbler's kids going barefoot; I did not want this to be the retirement planner with no plan.

The subject has been top of mind during "Tractor Time". As many of you know, I get to cut my own ten acres of grass and have a small farm where bush hogging is the only real work I do, so I spend a lot of time on the tractor: no cell phone, no TV, no traffic, only thinking. The picture is not totally clear, but here are my random thoughts on the subject; they may come in handy for you as well.

When we are kids, we save our money to buy a new bike (remember the Sears catalog?), and we would cut out a picture so we could plan for the day. A little bit older, we saved for our first car, or first home. Then we started saving for retirement, but we never had a picture of it. Retirement was a time in the future when we could stop work and do something we enjoy. It was like being paroled: Work for 30 years and then you are released! But we never had a vision of what retirement looked like. So here are my most recent conclusions, but with most things, it is a work in progress.

I have a great job. I get to work with incredibly nice and successful people, build wealth and then I get to help them spend it to make dreams come true. Why would I ever want to be paroled from that? I have fantastic freedom, seven grandkids, drive a nice car, and

can get on a tractor anytime I want. I get a **Play**check, not a **Pay**check.

So, as disappointing as it may sound, I will be here a long time; hopefully, you will be too, and we can grow old together. I am having too much fun. If retirement is doing what you want, then I am doing it. Thanks to those who asked, and thanks to those who did not. "Tractor Think" is a great thing; maybe you can try it in retirement.

David

### Office Hours

*We will be closed the following days:*

*Friday, July 4th  
(4th of July Holiday)*

*&*

*Monday, September 1st  
(Labor Day)*

*Bridget will be on vacation from  
June 13th to June 23rd.*

### In This Issue

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## How to Use the Strategic Petroleum Reserve

by Lincoln Anderson,  
Chief Investment Officer & Chief Economist, LPL Financial

John McCain and a number of other senators have been recommending that the Bush administration stop buying crude oil for the Strategic Petroleum Reserve (SPR). They're right.

Over the last eight months, the Department of Energy purchased more than 10 million barrels of oil for the SPR as the price rose \$40 to above \$120. This is not sensible. It puts upward pressure on oil prices at the worst possible time. It is a waste of taxpayer money. It gives aid and comfort to unfriendly nations. And it is an insurance policy that, for the most part, is no longer needed.

In fact, we should be *selling* oil from the SPR at \$120. Doing so could be a powerful tool for U.S. energy policy. First, a little background. The SPR was established in 1976 in response to the growing instability of the Persian Gulf supply, and to address the threat to oil imports in event of a war with the Soviet Union. It's been used sparingly, the largest drawdown was only 17 million barrels in 1991 during Desert Storm. Today we have 701 million barrels of oil stored, of which 4.4 million barrels a day can be pumped. This could replace three quarters of OPEC imports for about 150 days. But we do not need a brim-full SPR for national emergencies. There is a terrorist threat, to be sure, but it would not shut down oil imports. Other types of energy crises require small oil releases or are not related to import supply constraints.

But the SPR could be used to counterbalance the Organization of Petroleum Export Countries (OPEC). The blunt fact is that the price of crude oil on global markets is controlled by this cartel of governments, with 40% of the world oil production, it is the biggest player, and it uses its clout. True, OPEC's market share has eroded to 40% today, down from 52% in 1973. But non-OPEC production is already starting to falter. Because oil prices do fluctuate over a wide range, some say that OPEC is not controlling them. But the cartel is not after stability; rather, it wants a high average oil price. One of its most powerful tools to control non-OPEC oil production and alternative energy development is to allow price crashes to occur from time to time, to cow the competition. In 1985, for example, OPEC increased production in the face of weakening demand, sending prices down to \$10 per barrel; it did the same in 1998.

The answer to the situation is perfectly straightforward. We should sell out of the SPR when oil prices are high, say above \$80 or \$90 a barrel, and buy oil when oil prices drop below \$40. The SPR would then become a powerful tool to stabilize crude oil prices but at a lower level, while generating a sizable profit for taxpayers. Is this government intervention in the crude oil market? It is. It is intervention in a market rigged by a cartel of governments.

Of course, it would be unwise to empty the SPR. Some oil, perhaps as much as 120 million barrels, should be the minimum reserve. That reserve would be seven times larger than the largest drawdown in the history of the SPR, and would provide adequate supply for a disruption. But an SPR that is 80% empty is a very valuable thing when oil prices collapse. And a full SPR is great to have when oil prices are high. Environmentalists should approve of this proposal. Oil price gyrations create havoc for long-term investments in alternative energies and conservation; they hurt everybody but OPEC. When oil prices are \$120, OPEC makes a huge amount of money. When oil prices are \$15, OPEC is still profitable, because their production costs are low - but everyone else gets slammed around. Businesses end up with unprofitable investments, consumers make bad decisions on energy use and conservation, and environmentalists complain about under-investment in alternative energy. We have a great tool to address this problem: the SPR. Let's use it.

### Our Mission

Haire Bohmer Wealth Management Group is an independent, service-driven team of professional wealth planners providing clients with a solid and comprehensive plan that enhances their current and future quality of life by defining client objectives, proposing recommendations, and creating life-long partnerships

### Our Beliefs

- ◆ We believe that our client partnerships are the heart of our business.
- ◆ We believe that we must serve the best interests of our clients with honesty, integrity, care and knowledge.
- ◆ We believe that we are more than wealth planners for our clients.
- ◆ We believe that giving is more important than getting.
- ◆ We believe that it is important to listen to our clients.
- ◆ We believe that it is important to develop a high level of trust with clients by anticipating their needs.
- ◆ We believe that caring about our clients is important.

## Why are oil & gas prices so high?

### What is going on?

Before 2002, oil prices usually hovered around \$20 a barrel. By early 2006 they were above \$60 a barrel. They were at \$62 a barrel in May 2007. One year later, oil prices have doubled. In October 2004, a gallon of regular unleaded gas averaged just under \$2.00. Now it is almost twice that. Is this just a supply and demand story? Has demand for oil and gas doubled in the last four years? Have worldwide supplies shrunk notably over the same period? It's a bit more complex than that. Let's look at some of the factors analysts cite for the soaring prices.

- ◆ **The commodities market.** We've seen a historic bull market in commodities recently, with oil, soybean, wheat, gold, and silver prices at record inflation-adjusted highs. It isn't cooling down just yet. All the speculators investing in the commodities market have helped to drive prices higher.
- ◆ **The weak dollar.** What fueled the commodities bull market? Many economists point to the dollar, which has declined about 35% in value against other benchmark currencies since February 2002. When the dollar weakens, investors tend to buy commodities like oil futures as a hedge against inflation. Also, when the dollar loses value against other currencies like the euro and the pound, it makes oil cheaper for overseas investors. The Federal Reserve has signaled that it is through cutting interest rates for the near future, and many people think that this will boost the dollar's value against other major currencies. (The dollar tends to slide when the Fed cuts the key interest rate.) So that may encourage a drop in oil prices, and in retail gas prices.
- ◆ **Sustained demand.** If somebody told you to cut back on driving, would you do it? Could you? Many Americans can't. We complain about higher and higher gasoline prices, but we ultimately sigh and put up with them. In addition to ongoing American consumer demand for gasoline, industries worldwide demand crude oil. As the economies of China, India and other new major-league economic players have developed, their needs for oil and gas have correspondingly increased, raising demand a bit.

### What will make prices fall?

- ◆ As mentioned, some analysts believe a recovering dollar will be a big factor. Others point to reduced worldwide demand for oil as an effect of record prices. OPEC has revised its demand forecasts downward twice in the last three months.
- ◆ Industrial needs aside, the American driver might be a factor here. Change is occurring; SUV and truck sales are declining; people are adjusting their driving habits, and driving less. The U.S. is a prime market for oil exporters, and if consumer demand for gasoline lessens, oil prices seemingly have to fall. So your consumer sacrifice might send a message to Big Oil.

## Travel during retirement.

The freedom that retirement offers provides an excellent time to see the country or even the world. Planning out retirement travel, though requires financial savvy, prioritizing, and a great deal of forethought.

### How to Budget your Travel

As a retiree living on a fixed income, it's crucial that you set and adhere to a strict travel budget. That said, just because you have a budget, doesn't mean you can't have exciting travel experiences. In fact, there are a variety of ways that you can save money on travel, allowing you to see more of the world for less than you expect.

### How to Save Money when Traveling as a Retiree

- ◆ **Travel off-season:** Everything from air travel to hotel costs to restaurant and grocery prices are lower during a region's off season. Traveling during this time doesn't necessarily mean you'll be faced with terrible weather, either. For instance, in September, once the school year begins, the number of visitors to national parks in the United States plummets. If you visit a park in mid-to late September, you'll miss the crowds but enjoy good weather and lower prices. A little research into the travel spots that interest you is usually all it takes to find a great time to visit off-season.
- ◆ **Fly mid-week:** Plan tickets often cost less during the week than during the weekends, when most people fly. Keep in mind that to get the cheapest prices, you'll often have to stay through at least one Saturday night.
- ◆ **Ask for discounts:** There are often travel discounts available to the general public that booking agents may know about, but refrain from mentioning. If you ask for a discount, you might just get one.
- ◆ **Ask for senior discounts:** If you're over 50, you may be able to get additional senior citizen travel discounts. Discounts may be offered through AARP or by airlines, hotels or other travel services.

### How to Prioritize your Travel

Although some retirees have the time and resources necessary to visit every location on their travel wish list, most have to prioritize their travel goals. Consider which places you most want to travel to and which landmarks you most want to see. When prioritizing travel, also think about what makes a vacation worthwhile to you. If you enjoy your vacations more fully when you spend them in luxury hotels, you may want to take just one or two expensive vacations a year, as opposed to more frequent but less costly vacations.

### Alternative Travel Options

Active retirees can enjoy travel experiences that include much more than just sightseeing, including:

- ◆ **Elderhostel:** Elderhostel programs ([www.elderhostel.org](http://www.elderhostel.org)) combine affordable travel with education to provide an experience that offers physical, mental, and social stimulation. Grandparents can even bring grandchildren along on many Elderhostel trips.

*(continued on the back cover)*

## Client News and Reviews

We always want to hear from our clients with news and reviews. Check out the home page of our website to submit your latest news or a review of something you want to share with others.

### In the News

Both **Jeff Weber** and **Mike Kuechenmeister** were recently featured in the Pulse-Journal. We are proud to have such famous clients!

### New Great Grandson

**Otto Bauer-Nilsen**, became a great grandfather for the first time in April with the birth of Owen Parker Sanders. Congratulations!!

### Travels

**Jerry & Marlene Lehker** recently returned from a trip to Alaska. "It was an amazing trip, somewhere we thought we would never get to visit." They have set their sites on Hawaii next! So glad you had a great trip!

### *Save the Date!*

Our Client Appreciation Event is quickly approaching! Please make sure you have marked your calendar for

**September 18, 2008**

Look for information in your mailbox soon!

Here is a little trivia, with a few clues thrown in, to help get you in the spirit!

**What is the square root of 17,572,864?**

**Who was the talking horse in a 60's sitcom?**

**What great American said, "Give me liberty or give me death?"**

**What is always celebrated on June 12th?**

## PRIME NUMBERS

Prime Numbers is back on the air!

If you aren't already listening, please tune your radio to **Oldies 1160 AM on Saturday from 9-10 am.**  
**513-579-1160**

Listen to past episodes online at  
[www.primenumbersonline.com](http://www.primenumbersonline.com).

As always, please call the show with questions, or send David an email at [david@primenumbersonline.com](mailto:david@primenumbersonline.com).

### *Matching Contributions!*

Focusing on the community has always been a priority at Haire Bohmer, from the Free Store/Food Bank, sponsoring Little League teams and numerous other charitable events. As a part of our year long effort to focus on giving, David has taken it one step further and has offered to match YOUR contributions to your favorite charities up to \$100. So far almost 50 of our clients have taken advantage of this generous offer. With matching contributions of \$4262.77 already donated. Keep it up! We hope this will inspire you to give back as well.

### *Travel during retirement (continued from inside cover)*

- ◆ House Exchange: Participating in house exchange programs allows you to save money while seeing a location from a local's eyes instead of a tourist's. Cars are often included in exchange agreements, saving you additional money. Services that facilitate home exchanges include [www.homeexchange.com](http://www.homeexchange.com) and [www.homelink.org](http://www.homelink.org).
- ◆ Volunteer vacations: You can make a difference in another country by participating in a volunteer vacation. Earthwatch, Global Volunteers, Habitat for Humanity, and many other service-oriented organizations coordinate worldwide volunteer travel opportunities. Though less expensive than traditional travel, volunteer vacations aren't free - expect to pay your own airfare and a volunteer fee.

We will be happy to include your friends & family on our mailing list.  
Please let us know where to send their copy of *Lifestyle Link*.

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# Advice for Life<sup>SM</sup>

Here's a *simple* question: Who is the beneficiary of your IRA? How about your 401(k) or 403(b), your life insurance policy or annuity?

You may be able to answer such a question quickly and easily. Or, you may be saying, "You know...I'm not really sure."

Whatever your answer, it is smart to periodically review your beneficiary designations.



**Your choices may need to change with the times.** When did you open your first IRA? When did you buy your life insurance policy? Was it back in the 80's? Are you still living in the same home and working at the same job as you did back then? Have your priorities changed a bit – perhaps more than a bit?

While your beneficiary choices may seem obvious when you initially make them, time has a way of altering things. In a stretch of five or ten years, some major changes can occur in your life – and they may warrant changes in your beneficiary decisions.



**You may be saying, "I recently updated my will. I have clearly indicated who is to get what."** Many people do not realize that beneficiary designations take priority over bequests made in a will or living trust. For example, if you long ago named a son or daughter who is now estranged from you as the beneficiary of your life insurance policy, he or she will receive the death benefit when you die, regardless of what your will states. How about your ex-spouse? – Did you ever

remove his/her as a beneficiary?

**Keep your plan up-to-date.** It is important to occasionally review and readjust all beneficiary designations so that your estate plan accurately reflects your wishes AND the laws of the state in which you reside. Outdated beneficiaries – older parents, ex-spouses – could misdirect the intended flow of an entire estate plan unless changed

now. Don't assume. Don't guess. Be sure to consult with your attorney and financial advisor in order to ensure that your beneficiary designations are in tune with your goals.

## Naming Beneficiaries: Rules to Remember

**A will does not trump a beneficiary.** Your children are named in your will as your heirs. Your ex-spouse is still listed as the primary beneficiary on your life insurance policy and 401(k). Your children end up with the house and cars; your ex collects on your insurance and retirement accounts.

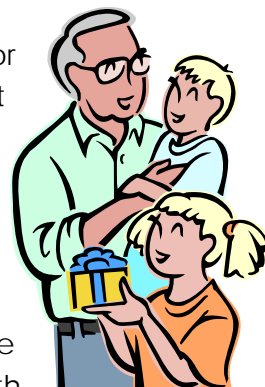


**Use Named Beneficiaries.** Do not name your "Estate." In naming your estate as your beneficiary, the assets will probably end up going through probate, a time-consuming and sometimes costly process.

**Name Contingent Beneficiaries.** If your primary beneficiary dies prior to you (or perhaps simultaneously, in the event of an accident) and no contingent beneficiary is named, then your beneficiary is generally the "estate of the insured," which means the death benefits end up being probated and ultimately distributed according to the instructions of the decedent's last will and testament. If an individual dies without a valid will (intestate), then the order of legal beneficiaries to whom assets are distributed is specified by state law (not your wishes).

**Be careful in naming a charity.** Make sure your attorney has reviewed the tax consequences to your estate and any other named beneficiaries.

**Do not name minor children as beneficiaries or contingent beneficiaries.** Minor children cannot legally control the assets. Insurance companies and retirement plan custodians may NOT pay death benefits to minors. Instead, these benefits are held until they can be paid to a court-approved guardian and/or trustee of a children's trust until the child reaches legal age (18 in most states). The court may or may not appoint the custodial parent or guardian. Think of it in these terms – Your ex-in-law, who you never liked, could end up controlling your sizable retirement account on behalf of your minor grandchild until he/she reaches age 18, when he/she could then receive the *entire* account to do with as he/she pleases.



**Consider a Trust.** Speak with your attorney regarding your wishes and whether they would be best carried out by way of a trust. Minor children and/or grandchildren can be protected. In the case of blended families, each parent can be assured that the surviving spouse is cared for but that the assets pass on to their own children, if that is what they desire. A trustee (be sure to name a successor trustee as well) can manage and disburse assets according to your wishes.

**Consult with an Attorney.** In the end, a qualified attorney must draw up your legal documents – wills, durable powers of attorney, health care powers of attorney, trusts, etc., according to the

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*Advice for Life recognizes that we are all on a special journey. Each of us requires a personalized roadmap to help get us to where we want to be. We believe that focusing first on your life goals and dreams may improve the changes*

laws of the state in which you reside. Be very clear with your attorney as to what you want to have happen to your assets at the time of your death. Review your estate planning documents and beneficiary designations at least every 3-5 years.