

DECEMBER 2006 NEWSLETTER

Hello, everyone and Welcome to our new monthly email newsletter!

I wanted to make some changes in what I was doing based on what some of you have told me in the past few months. Many of you told me that the snail mail newsletters were getting lost in the shuffle and you weren't actually seeing them. You told me that you wanted something shorter in length.

So here we go.....

Quote of the Month: Albert Einstein - "Try not to become a man of success but rather a man of value."

I thought the following passage from Pamela Yellen's December newsletter was really great.

"In an interview from the New York Times News Service (April 9, 2006), Ms. Suze Orman made an astonishing admission... she does NOT follow her own advice.

Even though one of the most often-repeated pieces of advice she dispenses is to make sure you own lots of domestic and foreign stocks and funds to build a diversified portfolio, Ms. Orman herself only has a meager 4% (that's NOT a typo!) of her own assets in those vehicles. Suze says she gave up on portfolio diversification a long time ago and holds 75% of her net worth in just one asset class that she admits gives her no hedge against inflation and NO possibility for growth. Ms. Orman explained the reason she only has 4% of her assets in the stocks and funds she recommends to you and me, is so she can be confident that "when nobody wants to buy my books any more," it won't matter.

She wants to be able to COUNT on getting a certain minimum amount every year from her assets. She says she just has little tolerance for risking her own money.

So let me see if I've got this right...

Ms. Orman, who estimates her own worth at \$25 million, doesn't feel comfortable having more than 4% of her assets in the investments she tells her followers to load up on.

But for the rest of us "regular" folks who make a LOT less, it's okay for us to risk OUR nest-eggs?

Suze wants to know FOR SURE how much she'll have to live on when she retires. But, apparently, we shouldn't want that same feeling of security?"

I know that many people watch her television show religiously and are probably pretty upset to read this. This is not an uncommon attitude for people with large amounts of

money to have. The fears about losing money in the stock market or through other bad investments are not unique to the middle class.

Even though the stock market troubles of the early 2000's have passed, many of you still fear of a repeat. I cannot disagree with you!

Having too large a percentage of your savings and assets in stock market related investments is still a big problem today.

I personally am in a position where about 70% of my net worth is tied up in stock market related investments. I have toned down my risk to the minimum and am systematically moving a percentage of the money into BOY plans every month. (This is the same procedure I am using with many of you.) Ultimately, I would want to have at least 70% of my net worth in BOY plans. However, this will take some time to accomplish. In the meantime I will have to deal with the possibility of a market problem. However, the more time that passes, more money of mine will be safe.

In the end, I think that this approach will actually give me much more money to work with at retirement. I will recapture interest I am paying and would have paid to lenders. I will also recapture the purchase price of the cars, etc. Best of all, having this found money will increase my dividends and retirement income out the back end.

After all, isn't maximum retirement income what we are all shooting for?

I find it amazing that financing my cars, home improvements and vacations using BOY will increase the amount of retirement income I can get later on. Maybe Suze Ormand would do well to look at BOY for her "safe" money?

I WISH YOU ALL HAPPY HOLIDAYS AND THE BEST NEW YEAR IN 2007!!!



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