

Retirement Wellness Report™



History Of Savings Bonds

On Feb. 1, 1935, President Franklin D. Roosevelt signed legislation that created the U.S. Savings Bond.

In the 1950's, messages about U.S. Savings Bonds were integrated into TV programs such as "Father Knows Best," "Superman," and "Lassie."

In 1963, President Kennedy's Payroll Savings Committee stimulated the largest enrollment of EE bond buyers since World War II.

Congress created the Education Savings Bond program in 1990 which allowed EE bonds to be used tax free for school tuition and expenses.

As of Jan. 2012, paper Savings Bonds were retired. Instead, Americans can buy Savings Bonds online at TreasuryDirect.gov
Source: Treasurydirect.gov



Need a helping hand with your retirement situation?

I can help. Call me today to schedule an appointment!

Jeff Bingham
B&H Wealth Strategies
1402 East Center Street
Kingsport, TN 37664
(423) 247-1152
jeff@bhretire.com

The Miracle Of Retirement

Whether you're nearing retirement age or just starting to get serious about calling it quits, the fact that you're even considering actual retirement is a modern day financial miracle. After all:

When you were born, life expectancy tables suggested you'd only survive 3-5 years in retirement at best.

There was no credit! If you wanted something you had to wait while you saved for it. Credit cards were actually charge cards that required you pay them off at the end of every month.

Your first mortgage probably had an insanely high rate compared to today's terms. During the 70's, mortgage rates were near 8%-10%, while those seeking a 30-year mortgage in the early 80's may have been faced with rates as high as 15% and 17%. What's more, that first home was probably completely coated in lead-based paint or some form of asbestos siding.

You bought investments that actually took 10 years or more to mature. U.S. Savings Bonds were a staple of your life's savings plan, and were typically purchased through payroll deductions or at the bank and frequently given as gifts to celebrate birthdays, graduations, and religious ceremonies.

The concept of saving for retirement was introduced at a time when you were busy working, taking care of your family, and making those high mortgage payments. The IRA was established in 1974 with a maximum contribution up to \$1,500 and the 401(k) didn't come to fruition until the mid-1980's.

Your savings weathered most of the worst stock market downturns since the Great Depression including:

- **Market crash of 1973-1974:** Major indices lost over 45%
- **Black Monday, October 19, 1987:** DJIA dropped 508 points, or 22.61%, in a single day
- **Dotcom bust with 9/11 terrorist attacks:** 2000 - 2002, the Nasdaq plummeted 78%
- **The Great Recession:** From its 2007 high to 2009 low, The DJIA lost over 54%

Email us your favorite Savings Bond memory, the interest rate on your first mortgage, or when you started saving in an IRA or 401(k)



Bay of Financial Pigs? Cuba May Be The Next Big Retirement Scam

If you remember the Bay of Pigs, it's possible you'll see and perhaps be a part of another Cuban disaster. A financial crisis that could zap years of your retirement savings given the dangers of investing in anything to do with Cuba.

Many people are salivating over all the investment possibilities that could be brought about by renewed diplomatic relations between the US and Cuba. However, despite the long term potential for automakers, internet providers, fast food chains, oil and gas companies, travel agencies, medical suppliers and more, the biggest opportunities may be the illegal ones that pop up to try and make a quick buck from unsuspecting retirees and seniors.

While politicians debate the merits of this deal and re-examine the financial impact of the current embargo, the door is now wide open for scammers and hucksters looking to make a quick buck. That's why it's important to let every retiree and senior know that,



Answer: d) 3.5%

Subsequent issues in 1918 climbed as high as 4.5% with the majority of sales going to banks and financial groups. Despite patriotic appeals, the majority of Americans were simply uncomfortable converting a significant portion of their savings into what, for them, was a new and uncertain form of investment.

Source: Wikipedia



What was the interest rate for the first issue of Liberty Bonds used to fund the first World War in 1917?

- a) 6%
- b) 9%
- c) 2%
- d) 3.5%

See answer below left.



At this point, any sales pitch which promises to make money from Cuba should be avoided at all costs.

at this point, any sales pitch which promises to make money from Cuba should be avoided at all costs ... no matter how good it may sound.

Reality is, the costs to bring Cuba's infrastructure up to the 20th century - let alone the 21st - will be staggering. Furthermore, Cuba is an extremely poor country. According to the United Nations its economy ranks 69th in the world with annual income, pegged at about \$6,200 per person. That doesn't leave a lot of money for buying a new car, computer, cell phone, or late-night Havana burger and fries. The World Bank adds that, when it comes to public infrastructure, including roads, factories and housing, Cuba has one of the lowest investment rates in the world. Putting an exclamation point on how far removed Cuba is from turning a retiree's portfolio into a winning lottery ticket, Bloomberg suggests the island's total domestic product is roughly \$68 billion per year - the equivalent to what we produce here in the US in about a day-and-a-half. Those stats dull the rosy picture retirees might be encouraged to consider and invest in.

There are, undoubtedly, some legitimate long-term opportunities, assuming things continue down the current path, but not right now for retirees. A better strategy for retirees might be to be fast followers. Wait for well-known companies to establish a presence there and then follow them into the new areas, but don't try cutting to the front of the line.

Are you aware of other financial scams? Email us with your thoughts, questions, and experiences.



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