



*In Step with Your Dreams*

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Greetings from Dallas! We hope all is well in your part of the world. As always, we hope you find this month's newsletter informative, convenient and timely.

## Ageless Wisdom

Remember the book "All I Really Need to Know I Learned in Kindergarten" by Robert Fulghum? Although originally published in 1986 the content of the book is no less relevant in today's world. The book hypothesizes that "the most basic aspects of life bear its most important opportunities". I was reminded of this book when I ran across an article in Businessweek last month titled, "The Five Rules of Money for Children," by Karlyn McCormack. Although written as a guide for children the rules could as easily apply to grown-ups. Think about these five rules - do your kids know them?

1. *A penny saved is a penny earned* – Today the average American is spending more than they actually bring home in discretionary income. By some measures, the U.S. savings rate is close to 0%. As with any set of statistics, arguments can be made for and against the accuracy of that number; however, a majority of economists agree that our overall savings rate should be higher. (As a general comparison, China's average savings rate is closer to 40%). The virtues of thrift are as true today as when Ben Franklin first published the above quote.
2. *Stick to the budget* – Often the single greatest asset a person will have at their disposal is their ability to earn income. Learning how to match available income to needs and wants is a valuable skill that should be learned at an early age. There are many ways to teach budgeting to children; however, most learn (or not) by observing their own parents' fiscal habits.
3. *Learn the power of interest* – Einstein has been attributed to saying, "the most powerful force in the world was compound interest". This may have been said tongue in cheek but there's still truth to the sentiment. As the article states, open an account for your kids, let them experience the power of interest with their own dollars.
4. *Stay out of debt* – According to Cardweb.com, (a service that tracks trends in credit cards) the total outstanding credit card debt at the end of 2002 was \$750.9 billion by the 84 million American households that have at least one credit card. It's estimated that approximately 80% of American households have at least one card. This works out to an average debt per American household with one card at \$8,939 in 2002. (The last year figures are available). Learning about debt as an early age will often have a tremendous positive impact on a child's future financial habits.
5. *Giving back is the best gift* – The value of sharing, whether at the playground or through our own charitable intent is always a good lesson. The sooner we learn that the better off we'll all be.

## Market Commentary

March started off pretty scary for most investors. The proverbial "meteor" struck the Shanghai stock market the second day of March and its effects were felt across the globe. As China lost 10% of its market's value overnight we quickly followed suit by giving back 4% the next day. While many investors saw this as a much needed correction, it was frightening nonetheless. These initial fears were then compounded by statements made

by the former head of the US Federal Reserve, Alan Greenspan. Greenspan was quoted as saying, "It was 'possible' that the US would end the year in recession." Almost on cue the current head of the US Federal Reserve, Ben Bernanke, tried to calm investors by confirming that there was no reason to change his previous economic growth forecast. His forecast called for a slowing down in the 1st half, and a speeding up in the 2nd half of 2007. After a couple days of frenzied selling the markets regained momentum. If that weren't enough, in comes the crisis in Iran. After 15 British sailors were captured, there was plenty of saber rattling. This concern drove the price of oil up to \$66 per barrel and the markets back down. These two incidents highlight how strongly our market is affected by international events and how skittish investors truly are right now.

March also saw the sub-prime lender fears materialize with the announcement of New Century Financial filing Chapter 11. While the days of 110% financing and zero down loans are probably gone we still have to brace for the impact of the outstanding obligations. With approximately 70% of adjustable rate mortgages resetting this year, many fear a long and steep decline in both the housing sector and consumer spending. Whether the sub-prime mortgage contagion will spread to other areas of the mortgage is yet to be seen. We are also starting to see the first signs of potentially more defensive allocations with the institutional funds showing dramatic shifts towards higher quality bonds and main-stream equity markets. Despite much of this unsettling news the markets held their own over March and appear off to a good start in April.

## By The Numbers

Index	March- 07	QTD	YTD	Description
Equity				
S&P 500 Index*	1.00%	0.18%	0.18%	Large-cap stocks
DJIA*	0.70%	-0.87%	-0.87%	Large-cap stocks
NASDAQ*	0.22%	0.26%	0.26%	Large-cap tech stocks
EAFE	2.55%	4.08%	4.08%	Europe, Australasia & Far East Index
Bonds				
Lehman Aggregate	0.00%	1.50%	1.50%	US Government Bonds
Lehman High Yield	0.11%	2.64%	2.64%	High Yield Corporate Bonds
3-month Treasury Bill	0.44%	1.31%	1.31%	US Government Debt

\*All returns are estimates as of March 30, 2007. Return numbers do not include dividends

## Just for Fun

**257** – billions of dollars (worldwide) transferred to one's home country by migrant workers. This is up from \$132 billion in 2000. – *World Bank*

**73** - The number years before 2006 when the nation's personal savings rate last sank to negative 1 percent or lower – *Commerce Department*

**66** – Percentage of affluent baby boomers (\$500,000 or more in investable assets) who plan to pay for retirement by selling their home – *Spectrum Group*.

**40** – Percentage of current retirees who had to retire earlier than planned, mostly due to layoffs or poor health – *McKinsey & Company*

**35** – Percentage of employers of 200 or more workers offering retiree health benefits in 2006 versus 66 percent in 1988 – *Kaiser Family Foundation and the health Research and Education Trust*

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