



Time & Money

A NEWSLETTER FOR THE CLIENTS OF JOHNSON BIXBY & ASSOCIATES, LLC

Time to Talk

World Traveler: Heidi's next passport stamp will come from Thailand (to add to her African and South American stamps!), where she plans to do some kayaking and general sightseeing. Megan and Karen Brown will be available for questions while she is out of the office. Debbie and Kim will also be in the office during her absence. Heidi will be back on March 20th.

Mid-Winter Conference: Several of us attended this annual Financial Planning Association event in January, which was held at the brand-new Vancouver Hilton. These meetings are always a great opportunity for us to learn about new trends, strategies and resources. Since the event occurred just 4 blocks from our office, we also hosted a post-conference reception for our financial planning colleagues.



Megan Woodard, Kim Baker,
Deborah Johnson, & Heidi Bixby

Is This a Good Time to Invest?

With things such as terrorism threats, natural disasters, rising fuel costs, and high housing costs, it is only natural that this question comes up. As unsettling as present events might seem, it is important to remember that every generation has had its fair share of challenges, and none of those obstacles put a permanent end to the stock market's progress. Investing through uncertain times is the rule, not the exception, which means that the question to ask is not when to invest but how to invest in order to capitalize on current market opportunities.

As the chart below illustrates, we've seen the full spectrum of stock returns over the past 7 years, ranging from the big gains of the late 1990's to the worrisome decline of the early 2000's. The last three years have been right in the middle. Because we never know what direction the market will take from year to year, we continue to stress that your investments need to be diversified among asset categories and should match your time horizon and risk tolerance.

Mutual Fund Total Return with Dividends and Capital Gains Reinvested

<u>Category</u>	<u>1999</u>	<u>2002</u>	<u>2005</u>
Long Term Bond	-3.03%	13.13%	1.91%
Municipal Bond	5.32%	9.60%	2.98%
Short Term Bond	2.97%	4.35%	1.62%
High Yield Bond	4.60%	-1.15%	2.42%
Small Cap (core)	28.43%	-19.23%	6.42%
Mid Cap (core)	38.27%	-17.37%	10.26%
Large Cap (core)	22.35%	-21.23%	4.85%
Science & Tech.	134.77%	-41.38%	5.11%
Balanced	10.30%	-10.69%	4.69%
International	40.80%	-13.83%	14.67%

Selected statistics from Lipper Analytical Services, Inc., reported in the Wall Street Journal, representing average performance of a number of mutual funds in the categories shown, but not the performance of any specific fund. Past performance is not indicative of future results.

Thought You'd Want to Know...

- The annual amount that one individual can gift to another without incurring gift tax consequences has gone up again this year. After rising to \$11,000 in 2005 (the limit had been \$10,000 for many years), the new limit is now \$12,000.
- Paper stock certificates are gradually being eliminated, and will soon be a thing of the past. If you hold shares in a brokerage account, you may not be able to get a paper certificate any longer, or may find that there are additional charges assessed if you insist that an actual certificate be issued. Big companies that have already switched to the Direct Registration System include Microsoft, Intel, Chevron, Starbucks, UPS, and AT&T.
- Get ready for the latest craze to sweep the financial industry: rebranding. We have seen several firms alter their logo, image, name and/or marketing message already (such as American Express to Ameriprise and School Employees Credit Union to IQ Credit Union), and know of a few more that are set to happen in coming months. There are many reasons that a company may adopt a new brand, ranging from a desire to stimulate sales, to a way to bury a poor performance history, to a need to distinguish a newly formed division of a parent company. While not necessarily something to be concerned about, do take notice if you receive something from a company that you aren't familiar with.

Do I REALLY Need to Come in for a Review?

It is not unusual for questions to come up in annual reviews that clients didn't realize we can assist with. The annual review is not just an opportunity to talk about investment performance, but also to discuss how life changes and world events might play into future decisions.

We encourage clients to ask us questions, even if they aren't certain we'll have an answer. This gives us a chance to give feedback on issues such as choosing a 15-year or 30-year mortgage, whether leasing or buying a car makes more sense, or deciding to rent or buy a home.

Questions also afford us an opportunity to share more information about a particular subject such as long-term care insurance, or what the current limitations or restrictions are for retirement plan contributions. Or, it could be a matter of perspective and looking at things in a different light, such as what to consider when investing in real estate or starting a new business. It could even be an opportunity to learn something that is brand new or unknown, like whether consolidating student loans makes sense or what the rules are for receiving Social Security benefits under a spouse's (or former spouse's) earnings history.

When a question is posed to us that we are unable to answer, we have a rich network of other professionals that we are able to tap into to find the appropriate referral.

If nothing else, regular reviews can help nudge clients to change things or help them feel better about what they're doing.

Use Electronic Banking for Speed and Safety

When appropriate, we may suggest setting up electronic banking in order to more safely and efficiently get money into or out of your investment accounts. Making sure that we have your investment account(s) linked to a local bank account allows us to transfer money directly to or from your checking/savings without having to wait for a check to be sent through the mail. With concerns about security and privacy, we understand that there may be some hesitation to establishing such a link, but the companies we work with have tight controls on account access and the convenience of having this feature set up can certainly save time if funds are needed in a hurry. In fact, some folks feel this is a safer method than sending checks through the mail!

Please keep in mind that these types of transfers are faster, but still not instantaneous – it may take up to 3 business days before seeing the funds in your checking account.

Longview Dates – please remember our NEW location!
(1128 Broadway — corner of 12th & Broadway)

Every Wednesday - Kim

March 7 – Debbie

April 11 – Debbie

May 4 – Heidi

March 28 – Heidi

April 18 – Heidi

May 17 – Debbie

Now that Kim is our new office more often, we are experiencing more people dropping things off. We welcome this and it is helpful to know to expect the visit - an email or call is great.