

ARE YOU HEADED FOR A RUDE AWAKENING? NOVEMBER 2004

A recent study conducted by the *Investment Company Institute* found that mutual fund ownership is on the rise after two years of decline. This is an encouraging signal which Americans are starting to save more money. When speaking with investors most state that retirement saving is their number one priority. However, most are not planning and saving accordingly and are in great danger of coming up short of their goals.

The *Investment Company Institute* states that 48.1 percent of households own mutual funds. That is a small increase over last year, but still well below the peak of 52 percent in 2001. The median balance for households is \$48,000, which represents about 47 percent of total household savings. Sandy West, the group's director of market policy research states that retirement was the primary investment goal for 72 percent of fund owners surveyed, 84 percent participate in some sort of defined contribution plan, (such as a 401(k) or government thrift), and 69 percent said they own an individual retirement account, which is up from 57 percent in 1998. 58 percent of those surveyed state their first investment in mutual funds was made through their employers' defined benefit plan.

This data **does not** look so encouraging as far as Markowski Investments is concerned. American's planning on a long active retirement need to be saving more. We are finding more and more people; even families with substantially higher levels of savings are often taken by surprise when they discover they haven't set aside an adequate amount. We would say that in general most families are not saving enough money. Unfortunately, we find ourselves being the bearer of bad news for many of our more recent clients. Many clients overestimate how much they'll see from Social Security, and vastly underestimate how much they'll need for the future. We notice that many investors fail to take into account, inflation, and medical needs. Some unfortunately believe if they just max-out their 401(k) plan, everything will be fine, but in many instances it is not enough.

There are many ways to remedy this situation, and every remedy begins with getting your financial plan done. If you have the slightest worry that you might be heading for a rude awakening, do not hesitate to give our planners a call at (800) 447-0579, or request a financial planning kit at www.watchdogonwallstreet.com.