CFM UPDATE

SUMMER 2006

THE QUARTERLY NEWSLETTER OF CARTER FINANCIAL MANAGEMENT AND CARTER ADVISORY SERVICES

"BUT MY WILL *WILL* TAKE CARE OF IT – RIGHT?"

By Patty Hammond, CFP®

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That is a common assumption regarding our individual estate plans — that a will is all we need to meet our estate planning goals. For many people, a will is an important piece in that planning process — but it is only one piece. Creating a workable estate plan that meets your objectives requires understanding important concepts that are often glossed over while making an estate plan, including the difference between a gross estate and a probate estate, and how to transfer assets.

What is a Gross Estate?

During our lifetimes, we accumulate "stuff," including investment assets, retirement assets, personal assets, various liabilities and insurance policies. We use these assets and property to meet our various lifetime goals. However, at our death these assets and property remain. The object of a wise estate plan is to determine what is in the estate, who will receive these assets, how to conserve the estate and how to minimize costs. The "gross estate" is defined by the tax law and is the starting point on calculating how much tax the estate must pay.

The first step begins with an inventory and analysis of our property and assets. Such an inventory includes listing all assets over which we can exercise any control or incidence of ownership. These can include the obvious ones of personal investment assets, bank accounts and real estate property, but also can encompass retirement plans, such as a 401(k), IRAs, the life insurance you can control and assets in a living trust.

Of course, this is can be as simple or complex as the various assets in your estate. For the purpose of illustration, let's use an example of an individual's estate inventory to illustrate the concepts of a gross estate, a probate estate and how each asset can be transferred:

TABLE 1	
Investment Assets	$300,000
Joint Account with Rights of Survivorship (JTWROS) with Niece	50,000
Retirement Accounts (IRA & 401(k)	200,000
Insurance Policy (Death Benefit)	500,000
Personal Property (Car, Jewelry, etc)	50,000
Property in New Mexico in Living Trust	150,000
Residence	250,000
Total Assets	**$1,500,000**

As a result, the gross estate inventory is $1,500,000. At this point, we are not concerned with calculating the estate tax, and therefore have not considered available deductions. There will be deductions from the estate for tax calculations, but we are mainly concerned with transfer issues in this article.

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NURTURE VS. NATURE: THE BEHAVIORAL APPROACH TO INVESTING

By Jimmy Kull, JD, CFP®

Jimmy Kull, JD, CFP®

For the past 50 years, business schools have used Modern Portfolio Theory (MPT) to explain the valuation of the securities markets to finance students. MPT's foundation is based on the concept of portfolio diversification, originally introduced by Dr. Harry Markowitz in the 1950s. Over the years, academics have added to Markowitz's contribution by analyzing systematic and unsystematic risk on both an individual security and portfolio level basis.

Although each succeeding generation of academics took the original research in different directions, any study of MPT starts from the same set of three overarching assumptions from which the data is interpreted:

1. Investors have rational expectations.
2. Investors make investment decisions based a portfolio approach (i.e., diversification).
3. Investors are risk averse.

Because the "real world" behaves differently than how the MPT model suggests, these three primary assumptions that underlie MPT limit the applicability of the various valuation techniques. Instead, a relatively new field of economics called "behavioral finance" attempts to explain market

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PRESIDENT'S LETTER

SUMMER 2006

Bill E. Carter, CFP®, ChFC, CLU

While things have changed drastically from first quarter 2006, if you read my last President's Letter, you'll agree that what is going on in today's markets comes as no surprise.

First, a correction in market is generally defined as a 10 percent drop from current values. There has not been a correction in the market for an unusually long period of time, so needless to say, we were due for one. Combine that with rising interest rates, high energy prices and the uncertainty surrounding several geo-political situations around the world, and you have the perfect situation for a correction.

For example, from March 31 to June 30, the Dow rose 0.37 percent, the S&P decreased 1.90 percent, the NASDAQ decreased 7.17 percent, and the EAFE index went down 0.26 percent. The second quarter has not been a fun time for investors; however, the market *did* recover some during the last few weeks of the quarter.

Honestly, I think market corrections are healthy. It is very important for markets to correct from time to time. I want to stress I do not see this as a negative. In fact, if anything, this represents a buying opportunity for those who have cash.

This past volatility in the market did not quite reach correction status. The market corrected 8.8 percent, but never reached the 10 percent level. In the June 27, 2006 Money section of *USA Today*, Adam Shell wrote, *"It has now been 830 trading days since the S&P 500's last correction. And if it is able to avoid falling below 1193 today (it closed up 6 points Monday at 1251), it will rank No.2 behind the record-setting, 1,767-session run without a 10% drop that ended Oct. 7, 1997, says Ned Davis Research (NDR)."*

Will an 8.8 percent correction be enough to calm the markets and set the stage for a sustained rally? I will give you my thoughts at the conclusion of this letter.

I realize the main question in everyone's mind is, "How long will this volatility last?" There is no way to know that answer. I do not know and no one else does either. I suspect the markets will begin to turn whenever interest rates begin to stabilize or come down. I think that will be the key catalyst.

Honestly, I think market corrections are healthy. It is very important for markets to correct from time to time. I want to stress I do not see this as a negative.

There are many other factors affecting the market today. For example, the difficult time President Bush has with his low ratings creates a certain degree of uncertainty that the markets, generally, do not find attractive. However, as I stated in my last letter, what President Bush is going through at this stage in his second term has happened to many other presidents during their second term, and it is not at all unusual.

I think the current volatility in the market is simply a correction trying to happen, and I would be very surprised if we go into a full blown bear market. Keep in mind part of the reason this market has reacted the way it has is because of the fear of inflation and the increasing of interest rates as the Fed tries to ensure inflation does not become a problem. This is happening because the economy is stronger than most people had anticipated it would be at this time – a stark contrast to the time when the Fed lowered interest rates and the government provided tax incentives and increased spending in an effort to get the economy growing. We are now on the other side of that situation.

There are other issues that could occur, such as an oil price spike, which would have a negative impact on the markets and could be strong enough to take us into a full-blown recession. While that *could* happen, the thing I fear most is that the Fed, in its effort to combat inflation, will raise interest rates *too* high, causing an economic slowdown resulting in a recession. This is a greater concern to me than energy prices. However, neither of these bode well for the market in the short or, for that matter, long term.

As I stated at the beginning of 2006, we would try to talk about some of things we have learned over the 30 years since we opened Carter Financial Management. I think that what is going on in the market today lends credence to a very topical discussion, which we always hear when the market goes down: market timing. Everyone, and I mean everyone, would like to sell out at the top and invest at the bottom. There have been hundreds, if not thousands, of companies that developed programs to do this. What is always interesting to me is that they always work on their back-tested models, but never seem to work moving forward.

We have tried market timing in the past, but found that most people do not have the patience to put up with market timing because of the whiplash they get from time to time. Timing services often stay out of the markets for long periods of time when the market is going up, or on the other hand, stay in the market for long periods of time as it goes down. When the timing company says "switch," investors do. Guess what? The market goes in the opposite direction – whiplash.

If you look at the great investors, Peter Lynch, John Templeton and Warren Buffet – and others just like them – no one believes in market timing. It is difficult to sell out at the top; how does one determine the top

of a market? What is even more difficult is for people is to buy in at the bottom because it is simply counter-intuitive. People are always afraid that the market is going to continue to go lower, or on the other hand, if the market is going up, many people will continue to think the market is going to go higher. We certainly saw a lot of this in 1998, 1999 and 2000 when many dumped every investment they had to invest in Large Cap Growth stocks, primarily technology stocks, right at the time the asset values became the most expensive. We all know what happened.

There is a type of timing, though, that I think *is* effective. While I have always found it hard to call market tops, it has never been difficult to encourage people to invest when the market is down. I never know where the market bottom is, just as I do not know when the top will be, but I do know that stocks are a lot cheaper after a correction. Consequently, I am a great believer in adding to investments during down markets. I generally recommend dollar cost averaging during these periods because the market may very well continue to go down further – giving investors the opportunity to buy more shares at lower prices.

How can you determine this “time?” Generally the best time is when everyone else is selling, when all the news is negative and everyone is saying it is the very worst time to invest.

I am also a great believer in having alternative investments as part of an investor’s total portfolio, i.e., investments that do not correlate with the U.S. stock market. Nearly anyone who lived through the 2000 – 2002 bear market feels the same way. Very few who had this experience will ever want to have all of their investments tied to equities, either domestic or international, anytime in the future. Some investments that fall into this category include real estate, commodity future funds, hedge funds and private equity.

If for no other reason than the fact that many of these investments are more illiquid than equities, investors should enter this arena carefully. Look at large foundations and see how their money is allocated. Their allocation to alternative investments would indicate that this asset class should be an important part of most investor’s portfolios. The lesson after 33 years is clear: Market timing doesn’t work … diversification does.

Economic outlook is good with the exception of energy prices. For my money, the 10 percent correction is still in the cards.

Let me once again encourage you to mark November 18 on your calendar for the 27th annual Carter Investment Conference. Roger Gibson and Dr. Peter Ricchiuti are speakers of national renown, and you will not want to miss their presentations. As always, we will also have other exciting and fun events happening on that day, but I cannot stress enough how informative and entertaining these two speakers are in their presentations. We look forward to seeing you there.

Bill E. Carter, CFP®, ChFC, CLU
President

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FINANCIAL TRENDS	**6/30/05**	**9/30/05**	**12/30/05**	**3/31/06**	**6/30/06**
Dow Jones Industrial	10,274.97	10,568.70	10,717.50	11,109.32	11,150.22
NASDAQ	2,056.96	2,151.69	2,205.32	2,339.79	2,172.09
NAREIT Composite	137.88	155.27	154.73	174.39	170.52
Russell 2000	639.66	667.80	673.22	765.14	724.67
MSCI-EAFE	1,473.72	1,618.84	1,680.13	1,827.65	1,822.88
Prime Rate	6.25%	6.75%	7.25%	7.75%	8.25%
Gold	437.10	473.25	513.00	582.00	613.50
10-Year U.S. Treasury	3.92%	4.33%	4.39%	4.85%	5.34%
30-Year U.S. Treasury	4.22%	4.57%	4.55%	4.89%	5.19%
1-Year Certificate of Deposit	3.05%*	3.55%*	3.60%*	4.00%*	4.25%*

*Past performance may not be indicative of future results. Source of Information: Issues of the Investment Book and The Wall Street Journal. *Bank of Texas rate*

"Nurture v. Nature"
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movements differently than MPT by overlaying human psychological factors into the market valuation analysis.

This field of finance received increased recognition and exposure in 2002 when one of its proponents, Daniel Kahneman, won the Nobel Prize for Economics. In direct contrast to MPT, behavioral finance has these three assumptions:

1. Investors have biased expectations.
2. Investors do not examine investments in the context of their entire investment portfolio.
3. Investors are loss averse.

Here are several examples of tendencies that explain the assumptions by the behavioral finance camp. My primary source for much of this material is John R. Nofsinger's *The Psychology of Investing*.

Biased Expectations

Overconfidence. Investors make decisions based on the information available to them, but rarely is that information complete or precise. Nevertheless, we, as human beings, tend to believe that the information we gather is better than average (especially when we feel we have control over the collection of the information) and that we possess superior skills in interpreting the data. This behavioral tendency leads to overconfidence in the decision-making process, which often results in increased trading and higher transaction costs associated with such trading. This increased trading may also lead to a higher tax liability.

Snake Bite. This behavioral tendency refers to our reluctance to take on risk in a portfolio after having experienced losses. Being "snake bitten" refers to our inclination to sell investments at the absolute worst time imaginable – when those investments are at or near their bottom.

Trying to Break Even. The opposite of the snake bite effect, Trying to Break Even, refers to an investor's desire to recoup large losses in one quick long-shot investment. Anyone who has ever spent an unprofitable evening at a blackjack table can immediately understand this tendency. In investing, this conduct encourages risky behavior when the investor is probably least capable of assuming the degree of risk inherent in such an "all in" type gamble.

Representativeness. This refers to the behavioral tendency to simplify decisions by treating certain characteristics as predictive of future success. For example, investors often associate "good companies" with "good stocks." Evidence suggests, however, that stocks of past highly profitable companies (i.e., "good companies") often under perform in the broad stock market during subsequent time periods because the market has already priced the good news into the value of the stock. As a result, investors tend to buy securities that are fully- or over-valued.

Asset Segregation

House Money. Another tendency intimately known by any gambler is the "house money" effect – treating any gambling winnings as "free money." This results in the player being much

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BILL CARTER AND CFM RECEIVE TOP INDUSTRY HONORS

Over the last several months, Bill Carter and Carter Financial Management received several top industry honors: the Aggie 100 Program and the Loren Dunton Memorial Award.

Aggie 100 Program

In early 2006, Carter and CFM were named to the Inaugural Aggie 100 Program. The Aggie 100 was created by the Mays Business School's Center for New Ventures and Entrepreneurship (CNVE), and according to the Mays Business School, serves as a way for Texas A&M University to demonstrate its pride in the accomplishments of former students while enriching the educational experience for today's students.

The CNVE initiated its search for the Aggie 100 in January 2005, soliciting information from more than 700 Aggie-owned or Aggie-led businesses around the world. Criteria included the compounded annual revenue growth rate from 2002-2004, as well as being in business at least five years and revenues of at least $100,000 in 2002.

Together, the Aggie 100 firms have more than 17,000 employees and earned more than $3.3 billion in 2004. The list includes energy, medical, computer software, construction and consulting firms headquartered everywhere from Texas to Canada.

Loren Dunton Memorial Award

Carter is the recipient of the Loren Dunton Memorial Award given by the International Association of Registered Financial Consultants, Inc. (IARFC). The award is given annually in honor of Loren Dunton, generally recognized as the founder of the financial planning profession. Carter is the seventh recipient of the award.

"Your lifetime of contribution to personal financial services and to the institutions that serve financial advisors and the public has been significant," says Edwin P. Morrow, chairman and CEO of the IARFC. "Many persons have become more effective financial advisors through your efforts."

The award is given to a person who has made a substantial contribution to the financial services profession and/or the financial interests of the public. Dunton organized financial professionals in the late '60s, and with their help, created the "financial planning movement" – including the formation of associations, magazines, colleges, university programs and foundations.

The award was presented during a ceremony at the Annual Financial Founders Forum on Friday, May 12 in Middletown, Ohio.

more likely to take large risks with this pool of capital. Similarly, in investing, individuals are likely to treat investment winnings as "house money" that can be treated differently (i.e., riskier) than the original corpus. The overall portfolio diversification suffers as a result of this behavior because investors look at assets in isolation and make decisions based on this narrow viewpoint.

Reference Dependence. An investor's reference point for what a stock is worth is often more instrumental in the buy/sell decision than any underlying valuation model used by that investor. A reference point is simply the stock price against which the current stock price is compared.

For example, an investor may have bought Cisco in 1999 at $20 per share. By 2000, that stock increased fivefold and traded around $100. Today, the stock is back to trading around $20. On paper, it's worth the same amount of money as when it was purchased seven years ago. However, because that investor owned the stock when it traded around $100, he or she will probably be reluctant to sell that stock at a "loss" since it is trading below its 2000-peak of $100 per share. This tendency is similar to the "fear of regret" discussed below, and leads to poorly diversified portfolios.

Loss Averse

Seeking Pride and Fear of Regret. Psychologists have performed study after study documenting the human preference to avoiding losses versus experiencing gains. The disappointment we feel after a negative occurrence is shown to be two to three times *more* intense than the pleasure we would have felt if the same event had a positive outcome. The "seeking pride" tendency refers to the joy felt from making a wise decision; the "fear of regret" tendency refers to the pain felt after making a bad decision. The former causes investors to sell winners too early, while the latter causes investors to hold on to losers too long. Both of these decisions are irrational from a tax standpoint and lead to poor diversification in a portfolio.

Real World Implications

Jeff Saut, chief investment strategist at Raymond James, is fond of saying that his father taught him early in life that the market is driven in the short term by fear and greed, with only a loose connection to the business cycle. This concept is exactly what behavioral finance tries to measure and predict. Consider the following observation written by money manager Christopher Davis in the winter report of his New York Venture Fund:

"Investor behavior is also a source of substantial but hidden costs. By generally investing more after the market has gone up and less after it has gone down, investors suffer a self-inflicted timing penalty. For example, in 2000, investors poured over $300 billion into equity mutual funds. As we now know, these record inflows immediately preceded the worst two-year returns of the last three decades. In 2002, investors withdrew almost $20 billion right at the bottom, missing out on 2003's staggering 29 percent market gain."

The markets are much too complex to suggest that either MPT or behavioral finance alone explain all or even most of the movements in the markets. I believe these theories are helpful, however, in structuring your portfolio and governing your reactions to short-term market events. After all, the behavioral theorists show us time and time again how our innate human tendencies result in sub-optimal portfolio performance. Likewise, the MPT adherents provide us with a wonderful set of valuation metrics with which to calculate a security's fair value in a laboratory-like setting.

Ultimately, both schools of thought support the notion that the greater amount of discipline you demonstrate in creating, implementing and monitoring your investment strategy, the greater the probability for your overall success over the long-term.

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CFM HIGHLIGHTS

- Justin Cassida and Kathy Muldoon attended the Raymond James Consulting Services Symposium in Chicago, April 5-6.
- Bill Carter was the featured speaker at Texas A&M University's Campus Muster on April 21.
- Bill Carter was inducted into Texas A&M University's Tyrus R. Timm Honor Registry of Former Students, April 6.
- Justin Cassida attended a behavioral finance meeting in New York, May 8-9.
- Tom McIntire attended the DWS Scudder Due Diligence meeting in New York, April 26-28, the NAIFA Dallas meeting on May 5 and the FPA Planning Symposium on June 2.
- William Taylor's son, Whit, celebrated his 1st birthday on May 23 and the family moved into their new home on May 20.
- Jimmy and Kathy Kull welcomed their little girl, Audrey, to the world on Jan. 17! She weighed just under 9 lbs!
- Bill Carter and Jerry Mallonee attended the FPA Retreat in Arizona, May 4-7.
- Bill Carter attended the IARFC Financial Advisors Forum, May 12-13, where he received the Loren Dunton Award (see related story on page 4). He also attended the Baylor School of Dentistry Foundation Board of Directors meeting on May 19; a Capstone meeting in Detroit, May 21-23; the 12th Man Foundation Annual Advisory Directors Meeting in Austin, June 23-24; and the Texas Brokers Synergy Meeting in San Antonio, July 7.
- Carter Financial Management worked with Habitat for Humanity at its semi-annual Charity Day on May 18 (see story and photos on insert page).
- Carter Financial Management had a successful Emerging Investors Seminar on June 20 at SpeedZone in Dallas (see story on page 7). ■

"But My Will Will *Take Care of it – Right?" continued from page 1*

What is a Probate Estate?

As we will see below, assets can be transferred to heirs in a variety of ways. When the will is the determining document, it must be filed with a probate court whose purpose is to oversee that the distributions are in accordance with the will. The calculation of the assets to be distributed by the will is called the "probate estate." We can see an illustration in the following discussion.

How are Assets Transferred?

There are four primary ways assets are transferred to your heirs:

1. **Ownership Designations**: There are a wide variety of ownership classifications, such as separate property, community property and JTWROS (Joint Tenants with Rights of Survivorship). Often, the type of ownership predetermines who will receive the asset upon your death. In the example, the joint account with the niece predetermines that the niece will receive the assets of $50,000. This transfer will not be determined by the provisions in the will.
2. **Beneficiary Designations**: Retirement accounts, annuities and insurance policies request the naming of the beneficiaries at time of the initial contract. This directs the custodian or insurance company to pay the proceeds of any of these contracts directly to the beneficiaries. In the above example, the life insurance policy proceeds of $500,000 and the retirement plan, $200,000, will be distributed to the named beneficiaries. These transfers will not be determined by the provisions in the will. When an estate plan does not properly coordinate these assets with the will, unintended consequences can occur. For example, a trust can be established in the will with the intent to be funded by the insurance policy, but if the trust is not the named beneficiary, proceeds of the policy will go directly to the individual named.
3. **Trusts Provisions**: There are a wide variety of trusts structures; some are revocable and some are not. Under either circumstance, a trust is considered a separate entity with its own distribution instructions. Living Trusts are popular tools to help manage a portfolio or to limit probate issues that may arise from owning property in other states. Within the trust, a determination is usually made as to how the assets owned by the trust will be distributed in the event the grantor is no longer capable of managing the assets or if the grantor dies. In the above example, the property in New Mexico owned by a Living Trust, $150,000, will be distributed by the terms of the trust. This transfer will not be determined by the provisions in the will.

The object of a wise estate plan is to determine what is in the estate, who will receive these assets, how to conserve the estate and how to minimize costs.

4. **Will Provisions**: The will becomes the document of final resort. When your intent is not stated through any of the above distribution methods, the distribution provisions of your will govern your remaining assets. This requires going through a court proceeding to appoint an executor who will act on behalf of the estate to pay taxes, distribute assets and close the estate. This is called the Probate Process. As a result, in the above example, the investment portfolio of $300,000, the residence valued at $250,000 and the personal property of $50,000 will be subject to the probate process.

Do Your Homework

Through the example, the individual has an estate valued at $1,500,000, of which $50,000 passed by ownership designations, $700,000 passed by beneficiary designations, $150,000 passed by trust provisions and only $600,000 passed by will provisions. As a result, the probate estate is actually a subset of the larger "estate."

A carefully planned estate can be undermined when all the assets are not coordinated with the larger picture. It is important for you to examine how all the pieces work together. Are the beneficiary designations on your retirement plans up to date? Do you know who the contingent beneficiaries are on your life insurance policies? Are there assets that would be more appropriately gifted than others to meet your charitable goals? How are the trusts set up in your will coordinated with your IRA?

Now is a good time to review those questions with your planner so you don't have to ask "My will *will* take care of that – right?"

Patty Hammond, CFP®, is an experienced financial planner with Carter Advisory Services, a partner of Carter Financial Management. She also is a registered representative of Raymond James Financial Services located in Dallas, Texas, and can be reached at 214/363-4200 or phammond@cascfm.com.

Please note, changes in estate planning laws may occur at any time and could have a substantial impact upon each person's situation. While we are familiar with the estate planning provisions of the issues presented herein, as Financial Advisors of RJFS we are not qualified to render advice on legal matters. You should discuss any legal matters with the appropriate professional.

The investment profile is hypothetical, and the asset allocations are presented only as examples and are not intended as investment advice. Please consult your financial advisor if you have questions about these examples and how they relate to your own financial situation. ■

CARTER EDUCATIONAL SERIES

Emerging Investors Recap: It's Never Too Soon to Learn the Ropes

By Franklin Matute, Charlie McCartin and Laura Mentemeyer

Along with providing financial education to clients, Carter Financial Management retains its commitment to informing younger generations about the importance of personal finance by holding annual seminars. This year's Emerging Investors seminar held in June included information on credit cards, identity theft, spending plans, insurance, compound interest and retirement savings.

As these young "Emerging Investors" entered the conference room at the SpeedZone, there was a short meet-and-greet with fellow peers and Carter employees. Before the official start of the seminar, each participant filled out a questionnaire to test his/her financial knowledge. Justin Cassida, the coordinator of the event, described the philosophy behind holding the educational presentation each year.

After the introduction, an interactive discussion of the questionnaire was facilitated by Micahl Wester. The questionnaire contained 10 questions on basic financial topics ranging from credit cards to insurance coverage that appeared on a survey taken by 6,000 high school seniors across the country. The average score among those 6,000 students was 52.4 percent. This is a frightening statistic because most young adults receive credit card solicitations before they even graduate from high school!

Credit card companies entice young adults to apply for a card by offering a free T-shirt or a chance to win a dream vacation. Most Americans overlook the terms of the card that are defined in the fine print of the applications. To illustrate this point, Micahl brought in an actual solicitation that promised reward points and a low introductory rate. However, after reviewing the fine print, the severe penalties for default and a variable interest rate were revealed.

Next, Brandon Ratzlaff stressed the importance of regularly checking your credit report. Errors in a credit report could prevent you from being able to purchase a car or even a home, and could also signify evidence of identity theft. Just last year, 8.9 million Americans were victims of identity theft and, on average, spent 40 hours correcting the damage. Brandon also explained the process for developing a functional spending plan.

According to Albert Einstein, "The most powerful force in the universe" is compound interest. The idea of "paying yourself first" and starting to save at a young age are the most practical steps in accumulating a large amount of future wealth. Justin gave an example to demonstrate the importance of starting early — how compound interest can significantly impact a portfolio

CFM Summer Interns: (from left) Franklin Matute, Charlie McCartin and Laura Mentemeyer.

over time. Justin asked the Emerging Investors whether they would choose $1 million in 30 days, or 1¢ doubled every day for 30 days. The Emerging Investors learned that the penny doubling every day could grow to more than $5 million in one month.

Taylor Steele identified different options in planning for retirement, including company-sponsored programs such as 401(k)s or 403(b)s. Many companies will even match the amount you save, which is essentially free money that many employees leave on the table by choosing not to participate. Taylor also compared individual retirement plans, such as traditional IRAs and Roth IRAs, and discussed the advantages for young investors. Some of the major factors that affect the growth of a retirement plan include trends in the stock market, benefits of diversification and inflation. With all the different options available individually or through an employer, it's important to choose the plan that best suits your goals so you are prepared for the future.

At the conclusion of the presentation, the Emerging Investors enjoyed pizza and unlimited game play. Working with CFM's staff and this experience has opened our eyes to the importance of starting financial education early. We encourage parents and grandparents to discuss all aspects of personal finance with their children to equip them with the skills necessary to make responsible financial decisions. For more information on continuing education through Carter sponsored seminars, please visit *www.cascfm.com*.

Franklin Matute, Charlie McCartin and Laura Mentemeyer are summer interns with Carter Financial Management. Franklin and Charlie are students at Texas Tech; Laura is a student at Baylor. ■

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EMAIL UPDATES

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CFM MISSION STATEMENT:

Our mission is to become our client's trusted advisor by providing superior financial planning services that enable our clients to define and achieve their financial and life goals.

RJFS DEADLINES

Cutoffs:

Trades/Mutual Funds........................3:00 CST

No Load Mutual Funds – Buys:......1:00 CST

No Load Mutual Funds – Sells: ......2:30 CST

Nuveen Munis ....10:00 CST

Government Bonds............................4:00 CST

Wires-From Customer Accts. ....12:30 CST

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