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ClassicMoneyTalk

Specializing In Wealth Management
 And Asset Preservation



NORKUM WEALTH MANAGEMENT, INC.

A CLASSIC APPROACH TO CLIENT CARE

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Preparing for the Inevitable

As Ben Franklin once observed, nothing is certain "except death and taxes." The inevitability of death may hardly be a pleasant subject to contemplate — especially the death of a parent or other loved one — but by the same token, one always needs to prepare for the inevitable, because it is a lack of preparation that often causes the worst problems. But how do you prepare for something you've never had to deal with before?

The following is a brief guide to help you make calm, rational financial decisions in the days, weeks and months following the death of a loved one.

One of the first things you need to do is notify Rich. As a financial planner, Rich can help in two major ways. First, it's difficult to make rational money decisions alone in such times of stress. He can help you avoid making rash, and potentially costly, financial choices.

Second, he can help make decisions about what to do with life insurance benefits, investments, retirement accounts and your home — all of which have major tax, estate and

investment consequences that could benefit from his specialized advice.

After contacting Rich, here is a list of what else should be top priority.

- Obtain multiple certified copies of the death certificate — A death certificate opens the door to much-needed financial resources. You'll need to file an individual death certificate too.
- Make funeral arrangements — To help in this, find and read the will and any letter of instructions which may provide funeral instructions and other guidance to survivors.
- Control spending and create an emergency budget — Cash will be tight for many families (and perhaps remain tight) until additional financial resources such as life or medical insurance benefits become available. This is not a good time to run up debt.
- Find immediate cash or assistance — Whether or not you currently work, you may have more financial benefits and resources than you realize.

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***** Senior News You Can Use *****

We recently learned about a website *specifically for seniors* that shares information about resources and activities *in the Lake Norman area* that we think you might like.

***** Use and Share: www.LKNSenior.com *****

As a registered financial planner, Richard R. Norkum offers securities and advisory services through Jefferson Pilot Securities, a registered broker/dealer. Member NASD/SIPC. He is president of Norkum Wealth Management, Inc., which is neither a subsidiary of nor controlled by Jefferson Pilot Securities.

MoneyTalk With Rich

In our last newsletter I informed you that according to numerous studies, one in four baby boomers (1946-1964) won't have the money to retire on time and most likely will have to continue working at least two extra years. One of the primary reasons that people aren't on track with their retirement goals is that they just don't plan. And of course, the younger you start, the better.

Every client of ours, including clients that were assigned to us for servicing over the years by Allmerica, is offered at least one annual review to see if they are on track with their goals. During this time we not only address the existing investment or insurance product with you, but talk about other things that are important to you like tax planning, education funding, long-term care issues and estate planning to name just a few.

*We spend thousands of dollars in mailing costs to send out letters and surveys to see how we can better service you. This is all part of our **Classic Approach to Client Care**. We exist only because you allowed us to help you in the past or because one of the many companies that we represent asked us to service your accounts. We made a long-term commitment to service you after the sale. So here it is April 2007, and we have a lot more reviews to do.*

Pauline Baker, my assistant, is here to take your call to set a time when either Rocky or I can meet with you to see if you're still on track. If you can't make it to our offices, let Pauline know and we'll be happy to make other arrangements. Pauline's number is 704-895-0070, ext. 100. Call her today!

— Rich Norikum

Why Should You Consider a Rollover from A Former Employer's Retirement Plan?

Millions of you will leave your jobs this year through career moves, layoffs or retirement. If you are one of them, chances are that this change has left you with a lot to think about. And one important decision you need to make is what to do with your retirement savings.

You have several options when considering your retirement savings. The options include leaving the funds in your former employer's retirement plan (if the plan allows it), transferring it to a new employer's plan (if the plan allows it), taking a distribution in cash (penalties and taxes may apply) or rolling it to a traditional IRA.

One of the most widely used retirement distribution options is to roll-over your retirement savings into a traditional IRA. Rolling an employer-sponsored retirement plan into an IRA can yield a number of benefits for you.

The benefits can include:

- Increased investment options
- Consolidation of retirement accounts
- Ability to prolong the tax deferral of your retirement nest egg for your beneficiaries

When considering an IRA rollover, it is important to know the IRS rules. The preferred method of rolling funds to an IRA is to have the IRA institution request the funds directly from the employer-sponsored plan. Direct rollovers between firms (rather than between you and a firm) eliminate the 20% withholding requirement the IRS requires.

Your retirement plan distribution may very well be one of the largest amounts you've ever invested at one time. What you do with this money can affect how you live during your retirement years. It is best to consult a financial professional before making any decisions about your retirement distributions.

If you have any questions, please call Rich at 704.895.0070.

Why a Traditional IRA?

- Tax deductible contributions — depending on income level
- Withdrawals may begin at age 59½ without penalty, and are mandatory by 70½
- Taxes are paid on all withdrawals if contributions were tax deductible
- Funds may be invested in many types of investments including stocks, bonds, mutual funds, variable annuities, etc.
- All funds withdrawn before 59½ are subject to a 10% penalty — certain exceptions may apply

**A VERY
BIG
THANK YOU
TO THOSE OF
YOU WHO TOOK
OUR SURVEY!**

We want to say thank you to those of you who took the time to take the *Take Our Service Temperature* survey that was included with the Winter 2007 newsletter. Please know that we are taking your comments seriously.

And, a very BIG congratulations to Jay & Diana Mantak — the winners of our survey drawing.



NWM Endorsed by the National Ethics Bureau



NWM successfully passed the Ethics Check System™, which includes a seven year background check for criminal, civil and business violations as detailed below:

- Criminal Background Check — Verification of no felony or business-related misdemeanor convictions or pending litigations.
- Civil Background Check — Verification of no business-related violations against public interest or pending litigations.
- Professional License Check — Verification of license to offer financial services, which may include insurance and/or securities licenses.
- Department of Insurance — Verification of no pending or confirmed violations against public interest.
- National Association of Securities Dealers — Verification of no pending or confirmed violations against public interest.
- Securities and Exchange Commission — Verification of no pending or confirmed litigations or administrative enforcement actions.
- Other Federal, State and Private Agencies — Utilization of other agencies and resources for further investigation as needed.
- State Departments of Corporation, Commerce and Securities — Verification of no industry-related violations against public interest or pending administrative actions.

**All members of the National Ethics Bureau must agree to verification through a seven year business-related criminal background check. This endorsement was not independently conferred but was conferred after a paid membership enrollment was completed.*

Preparing for the Inevitable

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- Pay bills — Quickly take control of bill paying if you were not doing that task previously. You don't want to lose your good credit.
- Continue health care coverage — Don't let coverage lapse for yourself or your children. If your health insurance coverage was through your loved one, contact his or her employer within 30 days of his or her death.
- Handle business affairs — You may need to give some attention to critical management issues or other impending business transactions if the deceased owned an interest in a business.

It is imperative that your loved ones are involved in your financial planning process. They must know who your financial planner is and most importantly, how to get in touch with them.



News to Note

A dramatic decline in work at older ages persisted over most of the 20th century. Recently, however, retirement ages stabilized, prompting debate as to whether the early retirement trend had stopped or simply paused.

A new Boston College Center for Retirement Research study shows that the trend towards earlier retirement has not just leveled off but has apparently reversed, with especially large increases in labor supply of women in late middle age. The study notes that many of the likely causes of delayed retirement could potentially have greater effects on successive generations nearing retirement, making it possible that the trend towards delayed retirement will continue. Learn more at:

http://www.bc.edu/centers/crr/wob_9.shtml

Fast Facts ... BY THE NUMBERS As of 3/1/2007

On A Roll — After setting an all-time high at 11,723 on 1/14/00, the Dow went 1,688 trading days before achieving a new all-time closing high last fall on 10/3/06. In the 83 trading days since then, the Dow has gone on to set 26 additional record closing highs (*source: BTN Research*).

Up Again — The S&P 500 gained +1.5% (total return) in 1/2007, making it 14 of the last 15 months that have been up — its best run since an 18-of-19 month streak that ended in 6/1996 (*source: USA Today, Wilshire*).

Less & Less — An estimated 11% of all US workers will be covered by a defined benefit (DB) pension plan in the year 2011, or 4 years from now. In 1983, 62% of all workers had a DB plan (*source: TowerGroup*).

Bigger Slice of the Pie — The national total of health care costs in the US has escalated from 9% of our economy in 1980 to 16% in 2005, to a projected 20% of our economy in the year 2016 (*source: Centers for Medicare and Medicaid Services*).

Tumble-Free Run — As of the close of business last week, the S&P 500 has gone 922 trading days without suffering a 10% decline, the 2nd longest stretch the stock index has ever had without experiencing a double-digit correction (*source: BTN Research*).

Retirement Expense — A 65-year old couple will need \$295,000 on average during their retirement years to pay for health insurance premiums and out-of-pocket medical expenses if they live until life expectancy (*source: Employee Benefit Research Institution*).

Zip — 22% of American adults have done no planning for their retirement (*source: WSJ.com, Harris Interactive*).

Rocky's Educated Buyer's Guide



Like many folks, I do a lot of research before I decide to buy something. With so much information and opinions out there, it can be difficult to decipher between the hype and the truth.

For example, I'm still not convinced that it's okay for a man to wear a pink shirt. My father is. And that's fine for those of you who do, but until I am 100% comfortable with at least just saying the term "masculine pink," you're not going to see me wearing it. So, for instances like this and in making other consumer decisions, I want to pass along a few tips to help you in the initial stages of purchasing a new item.

I know you have all heard about the need for long-term care insurance. You may have heard it from us, or you may have gone through it personally with friends and family. Before you

decide if LTC insurance is right for you, you're going to want to be 100% confident in your new "pink." You're going to want to know the costs associated with care in the area. You're going to want to know what combination of benefits is best for you and your family. And with policies varying from one company to the next, you'll want to know what company offers the best combination of benefits that suits your budget and needs.

To help answer these and other questions before making an educated decision when buying LTC insurance, the National Association of Insurance Commissioners has created *A Shopper's Guide to Long-Term Care Insurance*. This guide gives a simple explanation of what to look for in a policy before you buy. They also provide useful worksheets to help gather information about

the availability and cost of long-term care in your area, as well as worksheets to compare and contrast between companies' long term policies.

I have read the *Shoppers Guide* and acting as a potential buyer, I've used the worksheets to call home health care agencies, skilled nursing facilities, assisted living communities and insurance companies and have found the experience and input very useful. If you would like a copy of *A Shoppers Guide*, please e-mail or call me and I will send one to you.

I am also here to answer any questions you have about LTC. And trust me, if pink isn't right for you, I'll be the first one to tell you.

We're on the Web!
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