



EMPOWERMENT RESOURCES INTERNATIONAL CORP.

PROVIDING SOLUTIONS GUARANTEED TO INSURE YOUR FINANCIAL FUTURE!
REPLACING RISK, FEES, & LOSSES, WITH GUARANTEES AND INCOME FOR LIFE!

ONE SOUTH DEARBORN, SUITE 2100 • CHICAGO, IL 60603
ERIC@EMPOWERMENTRS.COM • WWW.EMPOWERMENTRS.COM
OFF: 312.212.4466 • BUS: 312.735.7579 • FAX: 312.212.4467



A+ Accredited



Eric K. Williams



THE ADVISOR

1ST QUARTER 2012

Skyscraper Boom in Asia Could be the “Block” that Topples *Our* Tower

At some point in your life, you may have witnessed your children or grandchildren conducting this little experiment. They take a pile of building blocks and start stacking, one on top of the other. At about eight blocks high, the tower wobbles a little, so they pause. As soon as it settles again, however, they add more blocks. At 11 blocks high, it’s really wobbling. At 14, it’s leaning like the Tower of Pisa, and at 15 blocks — boom! The tower collapses and mom has a mess to clean up.

It would be nice to feel certain that the next time your child builds a block tower, he’ll know enough to stop it one block shy of the tipping point. And while it’s entirely possible the lesson of the collapsing tower has sunk in, it is, by no means, a certainty.

Consider what’s happening right now in China and India. According a recent report* authored by Barclays Capital, economists are becoming increasingly worried about a “skyscraper boom” taking place in those two countries. Why? Because 140 years of history clearly shows an “unhealthy correlation between the

construction of the world’s tallest buildings and impending financial crises.”

Historically, according to the report, skyscraper construction has

been characterized by “bursts of sporadic but intense activity that coincide with easy credit, rising land prices, and excessive optimism.”

Continued on page 2

Start Longevity Planning Today

Just because we are living longer doesn’t mean we’re going to remain healthy throughout our longer lives. In the past, seniors who lived long lives tended to be healthier in their senior years, which meant they had lower medical bills. But while some credit goes to more active, health-conscious, smoke-free lifestyles, it’s safe to say that today’s seniors owe more to prescription drugs and medical advances for lengthening their lifespan.

And as we all know, health care costs money — lots of it. In fact, Fidelity Investments found in its 2011 *Retiree Health Care Costs Estimate* study that a 65-year-old couple retiring this year with Medicare coverage will still need \$230,000 to pay for medical expenses throughout retirement, excluding nursing-home care.

Speaking of which, with a longer life comes the greater likelihood of needing assisted living or

long-term care. According to the Genworth 2011 Cost of Care Survey, assisted living averages \$39,000 a year, and nursing homes average more than \$70,000 a year — per person. For a couple, this kind of care could cost far more than their annual household income during their highest earning years.

Plan Now for a Long Life

Some of the things you can do to plan for a long life come down to repositioning your assets — as well as your approach toward life.

For example, lifestyle factors can contribute significantly to both how long you live and the quality of life you lead. Areas where most of us could easily pay more attention include lower caloric intake, higher vegetable and fruit consumption, a higher fiber diet, lower body fat, and regular exercise.

Furthermore, research has revealed that as you age, learning new

Continued on page 3

Skyscraper Boom

Continued from page 1

Usually, though, by the time these massive *symbols* of optimism are finished, the seemingly robust economies that prompted them have slipped into recession.

There are numerous examples, including the stories surrounding the construction of some of our most famous skyscrapers right here in the U.S. The Empire State Building and the Chrysler Building in New York, for instance, were both planned and started during the Roaring '20s, but completed between 1929 and 1931 — the first years of the Great Depression and a 25-year, zero-growth, secular bear market.

Ground was broken on the Twin Towers in 1966 at the peak of a steady-growth, 12-year secular *bull* market; but work wasn't finished until 1972, just a few years after a major market plunge, and in the midst of a brand-new, 16-year secular bear market. The timing around the Sears Tower in Chicago was similar.

So while there are some grim historical lessons to be heeded where skyscrapers are concerned, are the financiers behind the monoliths going up in Asia right now heeding them? Obviously not. They're like that kid who just knows he can build his tower 15 blocks high *this time*, even though he's seen it collapse once before — maybe twice, maybe three times!

As an advisor, I talk a lot about the importance of heeding historical lessons, and of recognizing that history tends to repeat itself more often than not. For example: those previous zero-growth, secular bear markets I mentioned, which coincided with the completion of our own tallest buildings, were very clear predictors of the one we're in right now. While some people heeded the

Know When to Exit

Everyone purchases investments with the expectation that the price will go up, earning profits on that investment. Unfortunately, that doesn't always happen, making it necessary to develop an exit strategy.

It can be difficult to decide when to sell regardless of whether your investment is increasing or decreasing, but more damage can be done to your portfolio's returns when the investment is decreasing. Investors hate selling investments at a loss, which makes it emotionally difficult to do.

When purchasing an investment, write down your reasons for purchasing the investment and when you will sell. That could include both upside and downside sell criteria. As an investment is declining, it is common to come

up with excuses to delay selling — it's a temporary setback, wait until next week, wait until earnings are reported, etc. Then, the further the investment declines, the more likely you will want to wait for the investment to turn around before selling. That is how large losses are incurred.

Instead, set a firm sell guideline, which will ensure that you don't incur substantial losses. For instance, you might sell an investment when it declines by 5% of your purchase price. While it will probably still be painful to sell the investment at a loss, this will ensure that you don't incur major losses in your portfolio. You have effectively put a cap on your losses.

Please call if you'd like to discuss exit strategies for your investments. ■■■

warning signs that signaled the onset of our current secular bear cycle and adjusted their portfolios accordingly, many others didn't and suffered the consequences when the cycle began with the first of two (so far) major market plunges in 2000.

The "excessive optimism" that compels people to ignore history and believe "this time will be different," is partly human nature — as with that child and his block tower. We all have an inherent desire to believe good times will never give way to bad, even though they often do. (That's partly what makes investing, in and of itself, so challenging!) But undue optimism is also part of the complex framework of economics in general and the reason so many financial experts defiantly "preach" optimism even in the face of wobbles and warning signs, and in spite of the lessons of history. And while pushing optimism hard enough *can* lead to positive results where the stock market is concerned, they never last forever. Unless there is some true,

tangible basis for the optimism, reality eventually wins out, and that's one of the reasons secular bear markets, like this one, are so volatile.

And you can be sure that volatility won't be helped by ominous reports like the one about the skyscraper boom in China and India. This story isn't just interesting as a metaphor; it may well have very real ramifications for our own economy.

In my November newsletter, I talked about the Eurozone debt crisis as a possible "tipping point" for the next major U.S. stock market plunge. Well, with the European economy still a mess and our own national debt situation so dire, adding talk of possible recessions in two of Asia's largest economies to the mix, only makes this whole global economic block tower that much more wobbly.

Source:

*"China, India Skyscraper Boom May Herald Downturn," *Associated Press*, January 11, 2012.

Start Longevity Planning

Continued from page 1

skills can help protect the brain against age-related memory decline and dementia. This is particularly important during retirement when you no longer have the day-to-day cognitive challenges that kept your mind active. Effective brain-stimulating activities include doing crossword puzzles, playing video games, learning a new skill such as cooking or ballroom dancing, or learning a foreign language.

Studies have also found that people who feel the most socially connected are four times less likely to develop serious illnesses. A Brigham Young University study reports that social connections — friends, family, neighbors, or colleagues — improve our odds of survival by 50%. In fact, the study asserts that low social interaction is the equivalent to smoking 15 cigarettes a day or being an alcoholic (Source: *Social Relationships and Mortality Risk*, July 2010).

Finances

This is a good time to think about your priorities and align your assets to support your personal goals (not just your financial aspirations). In fact, you may need to reposition your assets to accommodate a longer life with fewer assets than you previously thought.

When we talk about reevaluating and establishing financial goals, it shouldn't just be about seeking a 10% average annual return on your investments over the next five years. You should consider what you actually want to do with your money. What is the purpose of it — to live out your life comfortably and secure, or to live in luxury, entertain, and travel extensively? The latter lifestyle may no longer be your priority, so before you determine what changes to make in your finances, it's important to establish what you want from your life.

Even in retirement, your portfolio may need to be positioned for both growth and security. Growth to meet the challenges of a long life



FINANCIAL INSANITY!

LEARN HOW OUR PHILOSOPHY & SERVICES
WILL KEEP WALL STREET'S CANCER FROM
SPREADING TO YOUR PORTFOLIO!

**WALL STREET HAS BRAINWASHED AMERICANS
TO BELIEVE RISKY INVESTMENTS WERE THE
ONLY WAY TO SECURE RETIREMENT
(THEY WERE, AND STILL ARE, WRONG!)**

**ATTEND OUR COMPLIMENTARY
EDUCATIONAL LUNCH OR DINNER**

TUESDAYS: 6:00 – 7:30 PM

BEVERLY WOODS RESTAURANT

11532 S. Western Avenue, Chicago, IL 60643

February 21 • March 20

April 17

WEDNESDAYS: 12 NOON – 1:00 PM

EMPOWERMENT RESOURCES INTERNATIONAL
(OUR OFFICE)

One South Dearborn, Suite 2100, Chicago, IL 60603

February 22 • March 21

April 18

SATURDAYS: 12 NOON – 1:30 PM

LEONA'S DIVINE DELIVERED DINING

848 W. Madison, Oak Park, IL 60302

February 25 • March 24

April 21

Please RSVP To (312) 212-4466 or

eric@empowermentrs.com

www.empowermentrs.com

and the impact of long-term inflation and health care, but also sources of secure income to ensure that your daily essential living expenses will be met.

Insurance

During this continuing era of slow economic recovery, remember that one of the key components to managing wealth is managing risk. In addition to the traditional sources of retirement and estate planning, consider today's popular insurance options, such as annuities, long-term care, and life insurance policies.

A Lifelong Plan

Life is long, and it's getting longer with each generation. They say that life gets in the way of even the best-laid plans, and it's true. Every plan — even a financial plan — requires tweaking and adjusting periodically to account for current events. However, your personal goals may well remain the same for the rest of your life. So if you establish the purpose of your money — what it is that you want out of life — then you can reposition your assets to help you reach those goals. ■■■

Business Data

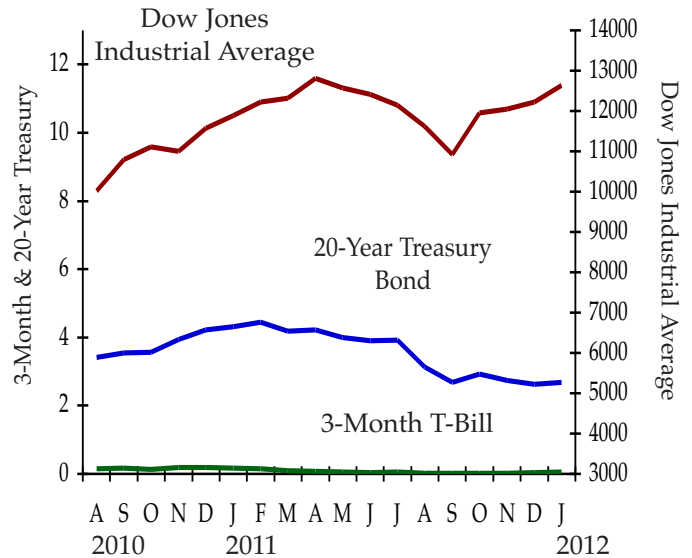


Indicator	Month-end				
	Nov-11	Dec-11	Jan-12	Dec-10	Jan-11
Prime rate	3.25	3.25	3.25	3.25	3.25
3-month T-bill yield	0.02	0.03	0.05	0.18	0.16
10-year T-note yield	2.02	1.95	1.96	3.37	3.42
20-year T-bond yield	2.73	2.63	2.68	4.23	4.32
Dow Jones Corp.	3.79	3.74	3.42	3.89	3.83
GDP (adj. annual rate)#	+1.30	+1.80	+2.80	+3.10	+3.10

Indicator	Month-end			% Change	
	Nov-11	Dec-11	Jan-12	YTD	12 Mon.
Dow Jones Industrials	12045.68	12217.56	12632.91	3.4%	6.2%
Standard & Poor's 500	1246.96	1257.60	1312.41	4.4%	2.0%
Nasdaq Composite	2620.34	2605.15	2813.84	8.0%	4.2%
Gold	1746.00	1570.00	1744.00	11.1%	31.4%
Unemployment rate@	9.00	8.70	8.50	-2.3%	-9.6%
Consumer price index@	226.40	226.20	225.70	-0.2%	3.0%
Index of leading ind.@	117.40	117.40	94.30	-19.7%	-16.0%

— 2nd, 3rd, 4th quarter @ — Oct, Nov, Dec Sources: *Barron's*, *Wall Street Journal*
Past performance is not a guarantee of future results.

18-Month Summary of Dow Jones Industrial Average, 3-Month T-Bill & 20-Year Treasury Bond Yield August 2010 to January 2012



Market Timing vs. Buy and Hold

Market timing involves making financial market buy and sell decisions based on your prediction of the future performance of the market. A buy-and-hold investment strategy, in contrast, involves buying in to the market on a regular basis and holding your investments over time.

The fact is that the market is an incredibly complex system. Investment returns depend on a wide range of factors — from who the company's chief executive officer is to inflation in China. Economists suggest that stock prices exhibit what they call random walk behavior, meaning that future performance cannot be predicted based on past performance.

Market timers retort that they have built complex models that analyze all factors affecting a stock's price. Sometimes, these models do accurately predict the movement of a stock price. But too often, unforeseen factors can send a stock's price quickly up or down.

Also, market timing is a more time-intensive strategy. You need

to monitor your investment closely to stay on top of all the factors that can affect it.

For the average investor, a buy-and-hold strategy is much more practical. While buy-and-hold investors will suffer in market downturns, by staying invested in the market, your investments will recover when the market recovers. While there is no guarantee that will happen, historically, the general direction of the market has been upward.

The benefits of a buy-and-hold strategy over a market timing strategy include:

- It doesn't require constant monitoring of the market or the news.
- It's less complex. You'll typically make far fewer trades with a buy-and-hold strategy.
- There are fewer tax consequences. Since you have fewer trades, you'll have fewer taxable transactions. FR2011-1012-0008



ONE SOUTH DEARBORN
SUITE 2100
CHICAGO, IL 60603