I believe successful investors must remain patient, disciplined, and diversified through all economic cycles, especially during downturns. My firm helps manage the investments and behavioral attributes families need to pursue their goals. I trust this newsletter will help provide perspective and information as your family plans for the future.

Peter E. Ledebuhr, CFP®
Managing Principal
Ledebuhr Wealth Management LLC
290 Springfield Drive
Suite 200
Bloomingdale, IL 60108-2214
Ph: 630-351-0900
Fx: 630-351-0909
pel@LWMGT.com
www.LWMGT.com

LEDEBUHR
WEALTH MANAGEMENT, LLC

THE Financial Standard

SUMMER 2013

Retiring in America

Will You Be Ready?

In spite of the improving economic outlook, American workers remain skeptical about their ability to afford a comfortable retirement.

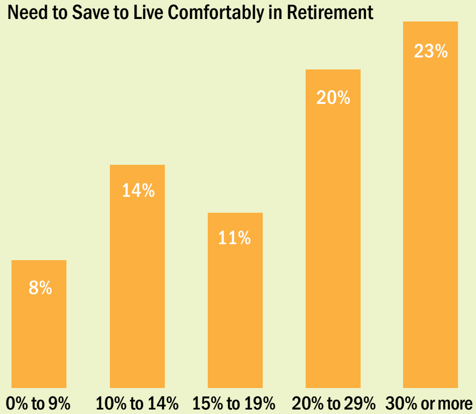
According to the *2013 Retirement Confidence Survey* from the Employee Benefit Research Institute (EBRI), nearly half of American workers lack confidence in their retirement preparedness, with 28% saying they are "not at all confident"—the highest level recorded during the survey's 23-year history.[1]

A Reality Check

One explanation for the persistently low retirement confidence numbers may be that workers are finally realizing just how much they may need to save each year to achieve a financially secure retirement—and how far they have to go to reach those savings goals. When asked how much they thought they would need to save to live comfortably in retirement, a striking number of workers cited large savings targets: 20% said they would need to save between 20% and 29% of their total household income each year and nearly one-quarter (23%) indicated they needed to save 30% or more.

Higher Perceived Savings Goals

Percentage of Household Income That Workers Think They Need to Save to Live Comfortably in Retirement



Source: Employee Benefit Research Institute and Mathew Greenwald & Associates, Inc., *2013 Retirement Confidence Survey.*

Where's the Beef?

As aggressive as those savings targets appear to be, they are not being backed up with sound action. Only half (46%) of workers said that they and/or a spouse have conducted a formal retirement needs calculation, and just 23% have sought investment advice from a professional financial advisor.

In terms of actual savings, the numbers are alarming. More than half (57%) of today's workers report total savings and investments (excluding the value of a home and any defined benefit plans) of less than $25,000. Of that percentage, 28% have saved less than $1,000.

Resolve to Make a Plan

No matter what your retirement goals or perceived obstacles to future financial security, there has never been a more important time to plan ahead. Here are some of the steps you will need to take.

Calculate your income needs. Start by determining the amount you have already set aside and the number of years before you hope to retire. Then consider your retirement lifestyle options—where you plan to live, whether you plan to maintain more than one residence, what you plan to do with your time. All of these factors will affect your retirement income needs.

(Continued on back)

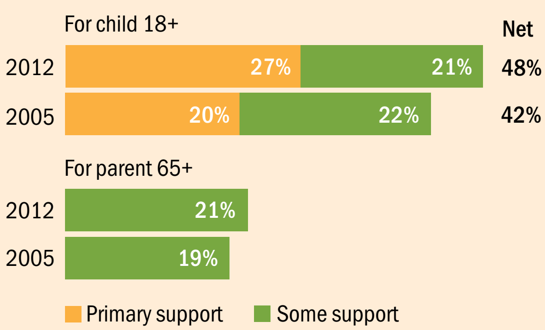
Update on the "Sandwich" Generation

While the Sandwich Generation is a demographic trend that has been documented for some time, the financial implications associated with caring for multiple generations of family members has been escalating in recent years, with the bulk of the financial pressure coming from adult children as opposed to aging parents.

According to a study by the Pew Research Center, "The Sandwich Generation: Rising Financial Burdens for Middle-Aged Americans," 48% of adults aged 40 to 59 have provided some financial support to a grown child in the past year, and more than a quarter (27%) have provided primary financial support. These numbers are up significantly since 2005 (see chart). By contrast, about one-fifth (21%) of middle-aged adults have provided financial support to a parent aged 65 or older in the past year.

More Middle-Aged Adults Supporting Grown Children

(Percentage of adults aged 40 to 59 who have provided financially ... in the past year)



Source: Pew Research Center.

What's Behind the Trend?

One reason for the increased financial dependence of young adults on their parents may be the financial "perfect storm" that occurred just as many were entering college. The Great Recession, the difficult job market that followed and ever-higher levels of student debt together have taken a disproportionate toll on this demographic group. Two-thirds of the college graduating class of 2011 held student loans with an average per-student debt burden of $26,600, according to a report from the Institute for College Access & Success. This is the highest level in the report's seven-year history.[1]

The increase in student debt comes at a time when the unemployment rate has been stubbornly high for workers under the age of 25, including college graduates. According to the Economic Policy Institute, unemployment rates of young graduates have only modestly improved since their peak in 2010. From April 2011 to March 2012, the unemployment rate for young college graduates was 9.4%. For high school graduates, the jobs outlook has been far worse at a 31.1% unemployment rate for the same period.[2]

Setting Financial Priorities Is Key

As a current or future member of the Sandwich Generation, your first and most important financial goal should be to get your own finances and retirement plan in order. Consider the following as key planning priorities.

Don't sabotage your future. While it may be tempting to reduce contributions, stop contributing or even borrow from your employer-sponsored retirement plan to help your college graduate pay off a student loan, doing so could sabotage your own financial future and make you less able to offer financial support to family members.

Save as much as possible for retirement. This year you can save up to $17,500, plus a $5,500 "catch up" contribution if you are age 50 or older in a 401(k) or other employer-sponsored retirement plan.[3]

Exercise investment self-defense. Be sure that your mix of investments aligns with your current financial objectives and risk tolerance, and review your asset allocation at least annually and/or after a significant change in your personal circumstances, such as a grown child moving back home.[4]

Be budget conscious and control debt. Create and maintain a detailed budget that includes not only regular payments for a mortgage and other fixed expenses, but also incorporates regular savings for emergencies, short-term financial goals and support, as needed, for your kids or parents.

Teach your kids well. Share your budgeting skills with your kids. Teach them how to spend wisely, set priorities — such as paying off higher-interest credit cards before lower-interest student loans — and find ways to save on a regular basis.

By saving, budgeting and, most important, planning, it is possible to survive the sandwich years without jeopardizing anyone's future.

[1]Source: CNNMoney, "Average student loan debt nears $27,000," October 18, 2012.
[2]Source: Economic Policy Institute, "Class of 2012: Labor Market for Young Graduates Remains Grim," May 3, 2012.
[3]To make catch-up contributions, you are first required to save the annual maximum of $17,500 (in 2013).
[4]Asset allocation does not assure a profit or protect against a loss.

How (Not) to Spend Your Summer Vacation

Planning a getaway with your family this summer? Vacations can be expensive—just how expensive? A survey by American Express found that the average amount per person families expected to spend on a summer vacation in 2012 was $1,180.[1] For a family of four, that estimate approaches the $5,000 mark. But there are countless ways to shave hundreds or even thousands of dollars off that price tag while still creating a memorable family experience.

Here are some suggestions for a more budget-friendly approach to summer fun.

Airfare. If you plan to travel by air, be sure to book your flight well in advance of your travel dates. For the best rates, experts recommend making flight arrangements a minimum of 21 weeks in advance.[2] If that deadline has long passed, don't despair. Some airlines offer discounts for flights booked fourteen, seven or even three days in advance.

Another way to save big on air travel is to be flexible about the dates you can fly. According to *Forbes* magazine, the cheapest days to fly are generally Tuesday, Wednesday and Saturday, and many travel websites, including Hotwire.com, Travelocity.com, Orbitz.com and Cheapflightsfinder.com offer "flexible date" searches, making it simpler to zero in on lower fares.[2]

Cash in rewards points. If you have a credit card that earns rewards points for purchases, you may be able to use them toward expenses related to your vacation, including airfare, lodging, restaurants or tickets to a popular attraction or event at your destination site. Or, if time allows, consider opening a credit card that offers one-time bonus points for air travel or other vacation-related costs.

Use social media. "Like" the Facebook pages of vacation vendors or local attractions in the area you will be visiting to stay abreast of special deals or discounts that may be available during your stay. In addition, sites like LivingSocial and Groupon allow you to select the cities for which you would like to see upcoming deals.

Apply membership discounts. Don't forget to use the built-in discounts associated with your membership in AAA, AARP or other groups. Do you belong to a professional organization that offers travel or entertainment perks? Many employers also maintain employee rewards programs that offer discounts on travel, hotels and entertainment in your local area and beyond.

Be creative. Transportation and accommodations are typically the most costly elements of any trip, so think of creative ways to cut back on at least one of these expenses. Try camping out at your destination point instead of staying in a hotel. Consider a "staycation"—taking a series of day trips to local places of interest and returning home each night. Drive or take a train instead of flying.

If the cost of gas is troubling to you (the U.S. Energy Information Administration estimates that the price of regular gas will average $3.53 a gallon this summer), get an app for your smartphone (there are many, some are free) that locates the lowest prices on gas in any given area.

Summer vacations should be all about fun—not finances. With a little planning and creativity, you just may be able to afford a winter vacation, too!

[1]Source: ABCNews.com, "How Much Summer Vacation $1,180 (the US Average) Can Buy," June 7, 2012.
[2]Source: *Forbes*, "6 Tips for Saving on Summer Travel Airfare," March 26, 2013.

Finding Your Risk Comfort Zone

In the world of investing, risk is nearly unavoidable. Some investments are riskier than others, but also may have the potential for higher returns. Likewise, some investors are willing to take on more risk than others to achieve their financial goals. How comfortable are you with risk? The following quiz may help you determine your risk comfort zone.

1. Which best describes your feelings?

a. I would never take a chance on losing what I've saved, even if it meant potentially earning less.

b. I would take a chance with some of my savings, providing it meant potentially higher returns.

c. I need to aggressively grow my savings to be able to retire, so I would accept higher risk for potentially higher returns.

2. If the stock market declined 10% or more, you would:

a. Cash out immediately to avoid further losses.

b. Reduce your allocation to stock investments.[1]

c. Remain calm because you are invested for the long term.

d. View the decline as a buying opportunity and purchase more shares.

3. How many years until you retire?

a. Less than 5

b. 5 to 9

c. 10 to 19

d. 20 or more

4. Which best describes your investment objectives?

a. Preserve savings and earn a moderate return.

b. Generate potentially higher returns with a little risk.

c. Grow my savings, assuming moderate risk.

d. Aggressively grow my savings despite the risk.

5. Your emergency savings would cover what time period?

a. None

b. A few weeks

c. A few months

d. Six months or more

Now consider your responses. If you answered mostly "a" and "b," you may be a conservative investor, but are not completely averse to risk. If you answered mostly "b" and "c," you may be a moderate investor who is willing to take on some risk to reach your goals. If you selected mostly "c" and "d," you are probably comfortable with risk as a means of reaching your goals.

[1]Investing in stocks involves risks, including loss of principal.

Retiring in America

(Continued from page 1)

Determine sources of retirement income. More than 75% of workers polled in the current EBRI study expected Social Security to be a significant source of retirement income, followed closely by employer-sponsored retirement savings plans (72%), IRAs (68%) and other personal savings and investments (64%). In addition, 75% expect to continue working in some capacity and 32% anticipate receiving some income from a traditional company pension plan.

The reality is that the major sources of retirement income are shifting. Today Social Security accounts for about 37% of the income of retirees and pays an average annual benefit of just over $15,000.[2] Traditional pensions are becoming less common as companies move toward 401(k)s and other types of qualified retirement plans. That leaves Americans with a growing dependence on their own savings and investments.

Invest for retirement. When investing for retirement, it is crucial to maintain a mix of assets that reflects your investment time frame (the number of years you have until retirement) and your tolerance for risk. (The quiz on this page should help.) Many studies point to asset allocation, or the way you divide your overall investment holdings among stocks, bonds and cash as the most important determinant of investment success.[3] Keep in mind that you will want to monitor your asset allocation and adjust it, as needed, to reflect changes in your personal circumstances or in market performance.

The sooner you start thinking about your retirement and estimating how much you will need to not just survive, but to thrive—the more confident you will be in your ability to live the retirement of your dreams.

[1]Source: Employee Benefit Research Institute and Mathew Greenwald & Associates, Inc., *2013 Retirement Confidence Survey.*
[2]Source: Social Security Administration, *Fast Facts & Figures About Social Security, 2012.*
[3]Asset allocation does not assure a profit or protect against a loss. Investing in stocks involves risks, including loss of principal. Bonds are subject to market and interest rate risk if sold prior to maturity. Bond values will decline as interest rates rise and are subject to availability and change in price.