

# GLEBA & ASSOCIATES

*“Our Goal is to Help You Achieve Yours!”*

We make wealth simple

## From Jill:

### Market Volatility

Our current situation presents a challenge for investors who have not been accustomed to the traditional volatility that is part of stock market investing. Investors are concerned about the events that are contributing to volatility. They include a credit crunch, a troubled housing industry with subprime mortgage defaults and the potential for further difficulties for hedge funds, banks and financial service companies.

There is a difference between volatility and risk. Volatility is characteristic of a security, commodity or market to rise or fall sharply within a short-term period. Risk is the possibility of an investment losing value. The risk level of a mutual fund depends on the types of securities held in the fund's portfolio. For example, a growth fund has more risk (and also historically higher returns) than a bond fund.

**What should an investor do if you are concerned about volatility or you feel you need to evaluate your risk?**

◆ Call us and have a conversation to re-examine your investment goals, time horizon, risk tolerance, and financial circumstances. Have any of your objectives changed since we last met? Have you changed jobs, decided to take an early retirement, married, had a child, or became a grandparent? Has there been a divorce, a child going off to college, or are your parents or family needing help?

- ◆ Don't pull out. History shows that the market has recovered; so have patience. Think of real companies and their profit-producing capacity instead of pieces of paper that people are trading in the marketplace.
- ◆ Maintain a diversified investment portfolio. No matter where you are in your life cycle, it is a good idea to spread your risk by investing in a carefully selected mix of funds that invest in stocks, bonds, and money market instruments. Mix domestic, international and global funds. Do not fall into the trap that investing in one sector will make or break you. This is too dangerous for the average investor.
- ◆ Invest regularly. Dollar cost averaging can take the emotion out of investing. This strategy calls for investing the same amount at consistent intervals, such as once a month or every quarter. With this approach, you do not have to guess which way the market is going. (continued pg. 2)

### IRA CONTRIBUTIONS:

You still have until April 15, 2008 to contribute for 2007. The limits are \$4000 and \$1000 catch up if you are over 50. Call us to be sure you follow all of the requirements and rules. 2008 contributions can be invested now. (Yes, now is a good time to invest!) The limits are \$5000 and \$1000 catch up. Again, call us to be sure you are eligible.

### Market Update

Performance of the S&P 500 with monthly dividends was 5.2% for the period January 1, 2007—December 31, 2007.

### Noteworthy:

Jill met with Governor Granholm for breakfast on January 31 through the Detroit Chamber to discuss the state of the economy.

Jill participated in a workshop for business owners hosted by The Oakland County Department of Business on January 28.

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◆ Invest for income. Income-producing investments can be an investor's best friend during market volatility. After all, a dividend is yours whether the stock price is rising or falling. Investments that have tended to fare well in market volatility include stocks that have a history of paying regular dividends as well as bonds and money market funds. Even though most stock prices will be affected by a volatile market, this doesn't mean that the companies themselves are faring poorly. Historically, many companies have continued to pay dividends at the same rate during volatile markets. So, although your stock or mutual fund prices may go down at times, your dividends may continue at the same time.

#### What Can We Learn From the Past?

- ◆ No one can predict consistently when market declines or surges will happen.
- ◆ Since 1982, with few exceptions, market declines have been brief and, for the long-term investor, relatively painless. A longer look at history shows that long-term investors have come out ahead but that the pain has often been substantial.
- ◆ Trading during a decline is extremely difficult because it requires two near-perfect actions—getting out at the right time and getting back in at the right time.

The views are those of Gleba & Associates and should not be construed as investment advice. All information is believed to be from reliable sources; however, we make no representation as to its completeness or accuracy. Past performance does not guarantee future results.

## HOT CHOCOLATE

The following is a story that my cousin Molly recently shared with me. I would love to give someone credit for writing this, but we do not have this information.

A group of graduates, well established in their careers, were talking at a reunion and decided to go visit their old university professor, now retired. During their visit, the conversation turned to complaints about stress in their work and lives. Offering his guests hot chocolate, the professor went into the kitchen and returned with a large pot of hot chocolate and an assortment of cups - porcelain, glass, crystal, some plain looking, some expensive, some exquisite - telling them to help themselves to the hot chocolate. When they all had a cup of hot chocolate in hand, the professor said: "Notice that all the nice looking expensive cups were taken, leaving behind the plain and cheap ones. While it is normal for you to want only the best for yourselves, that is the source of your problems and stress."

The cup that you're drinking from adds nothing to the quality of the hot chocolate. In most cases it is just more expensive and in some cases even hides what we drink. What all of you really wanted was hot chocolate, not the cup; but you consciously went for the best cups. And then you began eyeing each others cups.

Now consider this: Life is the hot chocolate; your job, money and position in society are the cups. They are just tools to hold and contain life. The cup you have does not define, nor change the quality of the life you have. Sometimes by concentrating only on the cup, we fail to enjoy the hot chocolate God has provided us. God makes the hot chocolate; man chooses the cups.

The happiest people don't have the best of everything.; they just make the best of everything that they have.

**Live simply. Love generously. Care deeply. Speak kindly. And enjoy your hot chocolate!**

Blessings for 2008

Dan was a single guy living at home with his father and working in the family business. When he found out he was going to inherit a fortune when his sickly father died, he decided he needed a wife with which to share his fortune. One evening at an investment seminar he spotted the most beautiful woman he had ever seen. Her natural beauty took his breath away. "I may look like just an ordinary man," he said to her, "but in just a few years, my father will die, and I'll inherit 20 million dollars." Impressed, the woman obtained his business card and three days later, she became his step-mother. Women are so much better at estate planning than men!

You know I am joking; however, call our office if you need an appointment with Lisa Lepine regarding your estate plan.





