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CANBY FINANCIAL RETIREMENT REPORT

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Product News

Ever have trouble thinking about **life insurance**? It is not fun to talk about death. But, we do need to provide security for our families. Think about what your family would need if you were to pass away - monthly income for food and housing, college tuition, etc. Then, make sure you have enough insurance—both group (work) and personal policies. Now may be a good time to contact your Financial Advisor to review your current life policies and make sure your family is covered.

Your Account

Do you remember who you named as the **Beneficiaries** of your retirement account? It's important to make sure your beneficiary information is up-to-date. If you were recently married, had a new baby or updated your estate plan, you may need to change the beneficiary information for your account.

If something happens to you, you want to be sure that your account will benefit the people who are most important to you!

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INVESTMENT COMMENTARY

The Value of Dividends

It seems like the Dow Jones Industrial Average has been hovering around the 10,000 mark for most of the last decade. If you have been putting money into your retirement plan faithfully over the past 10 years, is it possible you have basically broken even?

That's possible and many investors probably believe they have lost money (to be sure, some have). But most companies share their profits with investors by paying dividends, which are not factored into the value of most stock indexes. Most dividends in retirement accounts are reinvested into more shares, which results in an overall return above the index price change.

As a stock shareholder, we are putting our faith in the management of the company. Our stake in the company enables us to receive a portion of the company's profits. Companies retain some profits for expansion or new business opportunities, but most also choose to pay out a percentage of the profits as a dividend. Of course, companies can also decide to cut their dividends— payment of dividends is not guaranteed.

In the current market environment, corporate profits have been growing as the economy emerges from the recent deep recession. Company managements have been hesitant to invest in new opportunities due to the uncertainty of the strength of the recovery and changes in potential government regulations. Instead, companies have chosen to improve their balance sheets by reducing debt, to buy back stock and/or to increase dividends. Once a company raises their dividend they are reluctant to reduce it, as it shows weakness and poor management.

Compared to other investment options, dividends can provide a competitive current yield with potential to rise as corporate profits grow. The current yield for money markets is below 1%. Bond yields are historically low, but on average they are higher than dividends. If inflation emerges and interest rates rise, the principal value could decline. By owning real estate you collect rent payments, which can vary over time similar to dividends. Commodities, like gold and oil, don't pay dividends, so their gains result only from price changes.

We all like to see our investments grow from $10 to $15 as the market averages rise. But we know that doesn't happen all the time and prices can drop just as easily. Dividends on the other hand are regular payments you receive as a shareholder. As you build your retirement portfolio, it's important to understand the value of dividends over the long-term.

ATTACHED IS THE MORNINGSTAR REPORT FOR THE INVESTMENT COMPANIES YOU CAN CHOOSE IN YOUR RETIREMENT PLAN.

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