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Did You Know...?

News you can use for your financial well-being

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Protect Your Identity

In the past, we've repeatedly offered tips and ideas on how to protect yourself from identity theft. Why? According to recent studies, you have a better than 1 in 20 chance of being a victim of identity theft. No big deal? Well, the average victim spends 175 hours over a two- to four-year period to clear their record. This is really not something you ever want to deal with.

Recently, our column about instituting a "credit-freeze" on your credit records drew a lot of response. I just sent my information to the three credit agencies to have my records frozen. Why? I don't have 175 hours to waste, and I do think \$30 (the cost to freeze my files) is a small amount to pay to avoid the disaster of identity theft.

For information on how to combat identity theft, visit the State of California website www.privacy.ca.gov (credit freeze info), www.optoutprescreen.com (opting out from receiving offers from credit or insurance companies), and www.ftc.gov (great general info in the "Consumer" section about identity theft and other privacy issues). Feel free to call our office if you need help getting this information, we'd be happy to send you printed versions.

Shoring Up the Pension System?

Below is an excerpt from a column I recently wrote for the newspaper. You can access the full column via our website, www.KevinKennedyLLC.com, under "[Kevin's Columns- Current Edition](#)".

The Pension Protection Act of 2006 was signed into law on August 17, 2006. In keeping with a growing trend discussed in this column over the past few years, the Pension Protection Act indirectly sends a message that you should already know: you, and you alone, are responsible for paying for your retirement. This 1000-page law covered many different topics, but for purposes of brevity and keeping your summer reading relatively light, I'll touch on the major issue, shoring up the shaky pension system.

The Government is toughening the laws regarding defined benefit plans (defined benefit plans promise a fixed retirement income to employees, much like Social Security). While it may sound like a good thing that the Government is strengthening laws requiring companies to put the fully-required amount of money into plans to guarantee benefits to their workers, truth is many of these companies simply don't have the money. So in the vernacular of this fisherman, the companies in question either need to fish or cut bait. The nearly 30,000 existing defined benefit plans are collectively under-funded by a whopping \$450 billion (meaning they must add \$450 billion to their plans to cover the promises they've made to employees). Companies now have seven years to cover this \$450 billion. The government generously tacked on an additional 10 years for US airlines in bankruptcy and three years for the few airlines not in bankruptcy. So, we'll see over the next seven years just how ugly this situation is. My guess is not all 30,000 companies will come up with the dough.

Of longer-term consequence is the fact that very few companies going forward will offer traditional defined benefit pension plans to employees—it's simply too costly. The trend toward defined contribution plans; 401(k)'s, for example, will likely accelerate, placing the responsibility for your retirement security squarely in your lap. Under a defined contribution plan, the only guarantee you as an employee get is the matching contribution (if any) that an employer makes. How much you have at retirement, and thus your ability to retire comfortably, is entirely dependent on how much you save and how well you invest. If you do well, maybe you'll have enough to draw a regular monthly income from your account. If you don't save, or your investments do poorly, no one is there backing you up. Unfortunately, you end up with the "Would you like fries with that?" retirement plan.

Success Stories: Happy Anniversary Kevin Kennedy, LLC!

Amazingly enough, two years have already passed since the formation of Kevin Kennedy, LLC! It's been a great period for us, and we hope for you also. Based on the feedback you've given us, we feel encouraged that we're delivering a service that adds value to your life. We also believe that there is always room to do better, and we will continue to implement new ideas and services to benefit you and your family.

When we formed the company and left the brokerage world, two major goals fueled the decision: to focus a high level of service on a smaller number of families, and to deliver unbiased advice in the most transparent way possible. We're happy to say we've been successful on both fronts.

Our service to you is in large part dictated by how many clients we serve. Today, we serve 60% fewer clients than we served prior to transforming the business (100 families versus over 250 three years ago). However, we manage nearly twice the amount of assets (96% growth over the two-year period). Focusing on the type of clients we serve best, and selectively growing the practice have achieved this. Thus, we are able to preserve the high standards of service we began with while also ensuring the company is strong and has the resources to serve your needs for many years to come.

Delivering unbiased advice has never been more important than it is today. In light of the multitude of scandals that have marred Wall Street's reputation, investors often have reason to be suspicious of the advice they receive regarding investments. We consciously left the brokerage arena after 16+ years specifically to distance ourselves from the corrupt environment that plagues much of the brokerage world, and to unequivocally send the message to all our clients that we work for you, and will always put your interests ahead of ours. It is in fact part of the Investment Adviser Act that we take a fiduciary oath to act in your best interests at all times.

Why are we sharing all of this with you? For two reasons: first, you've made a significant commitment to us, and we want you to know that we'll be here to deliver. Second, much of our success is directly attributable to you-- trust with your family's finances, and the introductions you provide to friends and family that help us to grow and improve. We thank you for your support, and look forward to many more years of helping you achieve your life goals!

Timely Tidbits:

- ⇒ SustainLane (www.SustainLane.com) recently produced a list of the 50 US cities most at risk for a natural disaster. Leading the list were Miami (hurricanes) and New Orleans (take a guess). Next up: Oakland and San Francisco (and San Jose was #6, Sacramento #13). Prominently mentioned: the Hayward Fault. Should we be worried??
- ⇒ How is it that I paid \$3.15/gallon for regular unleaded yesterday *and felt like I was getting a deal??* (It was as high as \$3.30/gal at other stations). No need to wonder why we must continue to save and invest. there's the reason.

Quote of the month: "Those who agree with us may not be right, but we admire their astuteness." Cullen Hightower

Did You Know...? is produced by Kevin Kennedy, LLC, a Registered Investment Advisory firm in Alameda, California. Kevin Kennedy, LLC specializes in providing independent life and wealth management for individuals and families. More information, including a Form ADV-II, is available upon request or by visiting our website, www.KeinKennedyLLC.com.

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