

# West Winds



THE PREMIER NEWSLETTER FOR NAVIGATORS CLUB MEMBERS WINTER 2009

## Recession-proof your money

Financial tough times are not coming; they've arrived. Here are a few tips for staying afloat.

### Re-balance your investments

You probably already check your investment mix periodically. But in times like these, simple diversification may not be enough. Spread your investments among stocks in totally unrelated fields that are less likely to move in tandem, such as a tech stock and agricultural stock.

### Use dollar-cost averaging

Ignore the share price. Instead, invest a set dollar amount at regular intervals. You'll buy more shares when prices are low, and fewer when prices rise. Generally, you'll end up better than if you try to time the market.

### Reduce your debt

Especially high-interest credit cards. Pay off the one with the highest rate first. When done, apply the same amount you were paying to the card with the second-highest rate.

### Diversify your job skills

Consider going back to school for an advanced degree or certification to make you more valuable to current or prospective employers. In addition, learn additional job-related skills. The more tasks you can handle at work, the better you'll look if your company has to make layoffs.

### Build a network of contacts

Join professional organizations so you can meet people who either hire or know who's hiring. Maintain those relationships, as well as others from work and alumni associations, even if you're not looking for work; you don't want to be known as someone who only calls when he or she needs a job. Check out web sites such as [linkedin.com](http://linkedin.com), [XING.com](http://XING.com), and [www.fastpitchnetworking.com](http://www.fastpitchnetworking.com).

### Build a dual-purpose emergency fund

You already know you should have from three to six months living expenses saved. But you should also plan to have enough cash in hand on the day you retire to cover two or three years of anticipated expenses. That way, if the stock market falls, you won't have to drain your 401(k).

### Move funds to insured investment vehicles

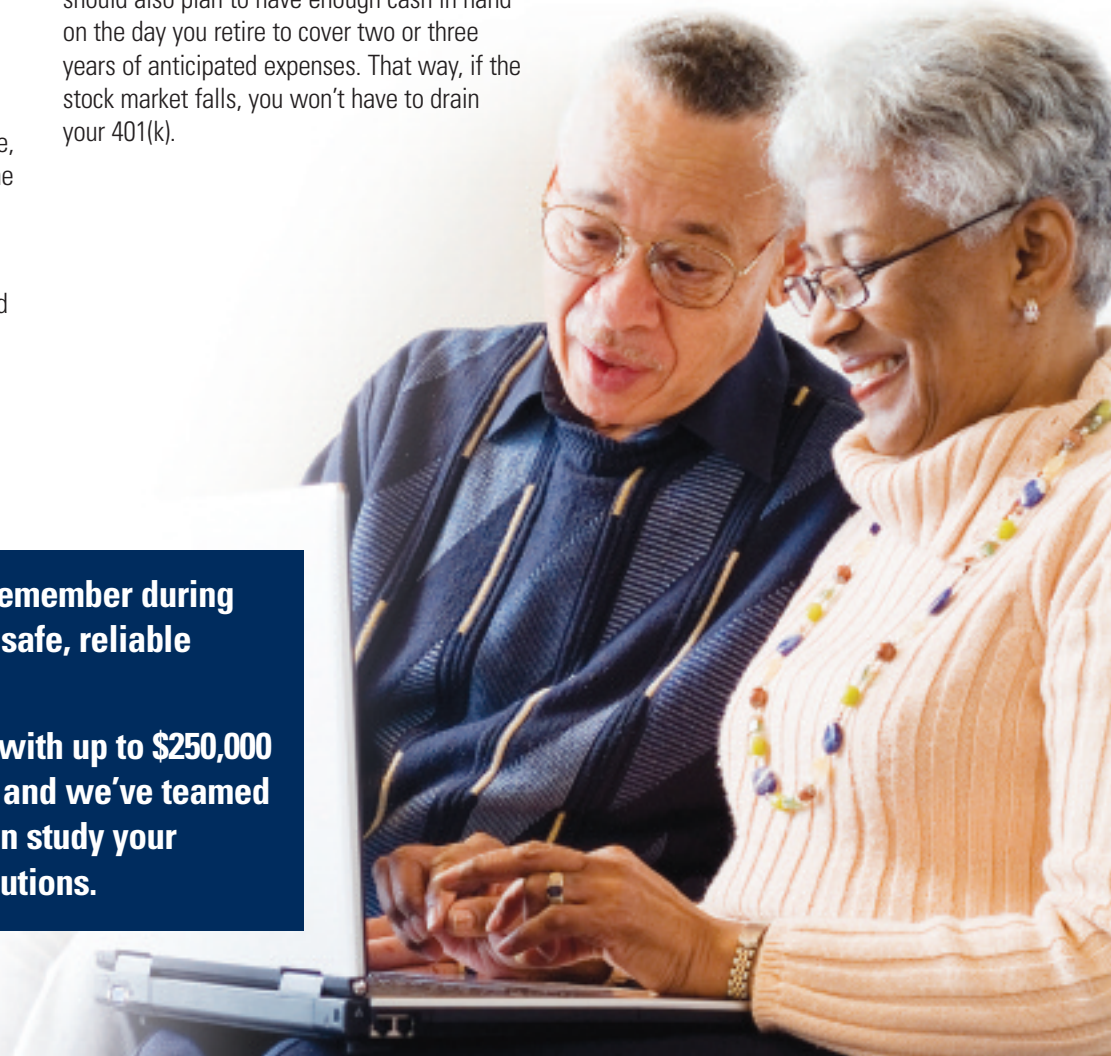
If you change jobs or retire, you can move funds from qualified employer-sponsored retirement plans to a rollover IRA. IRAs are federally insured up to \$250,000 so unlike 401(k)s, they won't go down in value.

### Create an income stream for retirement

Ask your financial planner if an inflation-indexed annuity is right for you. Adjust your future annuity income to cover your basic needs and additional insurance as necessary.

**The most important thing to remember during a recession is that PLCU is a safe, reliable financial friend.**

**Your accounts are protected with up to \$250,000 of federal deposit insurance, and we've teamed with trusted partners who can study your situation and recommend solutions.**



# Thinking about long-term care insurance?



A long life is great, but it also increases the odds of outliving your money. That's why many people are considering long-term care insurance. It can help ensure you have something left to pass to your heirs. On the other hand, it's costly and you may not need it.

We can't make recommendations; buying long-term care insurance is a personal decision. But here are a few things to consider:

## What are the odds you'll need it?

About 45% of people who reach age 65 will have to pay for some kind of long-term health care. However, only about 9% of them will actually need lengthy nursing-home stays.<sup>1</sup> If there's a history of debilitating illness in your family, the odds you'll need such care increase.

## How much does daily care cost?

Today's average cost for a long-term care facility is \$213 a day.<sup>2</sup> But inflation will send that cost soaring. By 2030, it is estimated that the average daily cost of a health care facility will be \$408 a day — or \$148,960 a year.<sup>1</sup>

Remember that Medicare generally does not pay for this type of care.

## The cost of coverage

If you're fairly young, expect to pay at least \$1,000 a month for a policy that provides a basic \$150 daily benefit. Naturally, the older you are when you start, the higher your premiums. AARP estimates that a 65-year old in good health will pay between \$2,000 and \$3,000 for coverage.

AARP recommends thinking twice about buying a policy if the premium costs will lower your current standard of living or force you to give up things you need right now. The National Program on Women and Aging says a good rule of thumb is that premiums should be less than 20% of your disposable income after all essential bills are paid.

## Watch out for

Be prepared for increases in your premiums as well. In some cases, the premiums rise so high that as a policyholder gets older, they can no longer afford to pay them, and they are forced to cancel their policies just before they need them.

Your policy should include an inflation factor that will increase your policy's benefit. However, it will also increase your premiums.

*The decision to buy long-term care insurance is highly personal. Consult with a professional financial advisor before you decide, and always comparison shop for coverage and premiums.*

<sup>1</sup>Milliman Inc.  
<sup>2</sup>Metropolitan Life Insurance Company survey.

## Five financial tips for the New Year

### 1 Review your insurance

See if your coverage is adequate, and if you're paying for coverage you don't need.

### 2 Bundle communication services

Check with cable, phone and satellite companies to see if you can reduce your phone, TV and internet costs by getting them as a package.

### 3 Manage your estate

Be sure you have a will and a living trust to ensure a smooth transition for your estate. Ensure that the beneficiaries on all accounts are accurate and up to date.

### 4 Avoid unnecessary warranties

With electronics stores liquidating inventory, now's a good time to upgrade your HD TV, appliances and computer. Don't let a salesperson talk you into a warranty you don't need. The manufacturer's warranty may be enough.

### 5 Anticipate and list 2009 needs

A used car for a new driver, a replacement refrigerator, and so on. Determine what's reachable, and create a savings plan for each.



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