



Napa Wealth Management's The Sensible Investor

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The Secret Truth about Retirement Planning

By Jim Riley, CFP, EA



Financial and retirement planning is back in vogue. Few will argue that a retirement plan is highly desirable however far fewer have actually completed such a plan. Why not?

I have found that resistance to the planning process all too often stems from the perception that writing a plan, with or without a professional's help, is: 1) far too time consuming; 2) involves hours of digging up statements, tax returns, and old insurance policies; and 3) will require hours of being interrogated by a financial planner. In other words, sort of a personal finance version of the Spanish Inquisition.

The truth is that an experienced financial planner doesn't need anything other than **you** to get you headed in the right direction. I am frequently contacted by individuals interested in setting up a retirement plan. "What do we need to bring?" "You really don't need to bring anything" is usually my response. Why? I have been discussing planning with clients since 1987. I have prepared innumerable financial plans and thousands of tax returns. Believe me, I know numbers. I can get a general idea of retirement income and expenses very easily. More exact numbers are desirable, of course, but can be added later. Getting started is the key.

If we don't start with a world of numbers and 50 page questionnaires then where do we begin? *By showing our clients how to be better investors right away and how to minimize the unexpected in their financial future.* And we never forget that the most important aspect of any successful retirement plan is your peace of mind.

- Jim

Rail Traffic and the U.S. Recovery

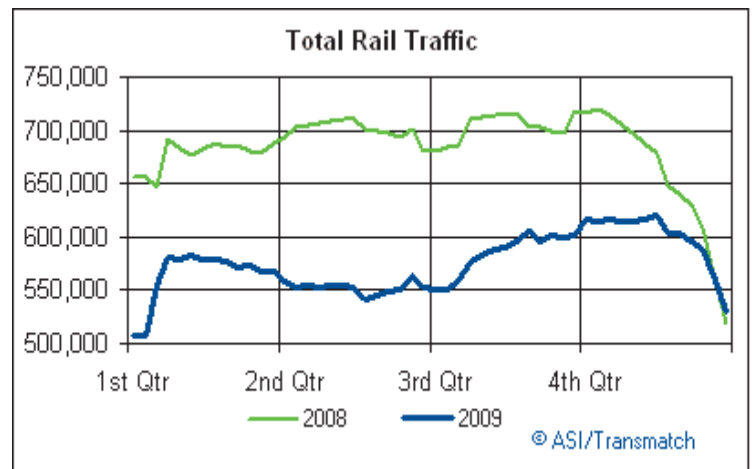
By Tim Ayles, Chief Investment Officer



One of my favorite leading indicators is train car loads. Trains carry the majority of America's goods to their destinations as the cost per unit is much less than via trucking. By keeping an eye on the volume of goods and services being shipped through the system, an investor can know how well

businesses are actually doing, usually before the truth hits the financial reports of said companies.

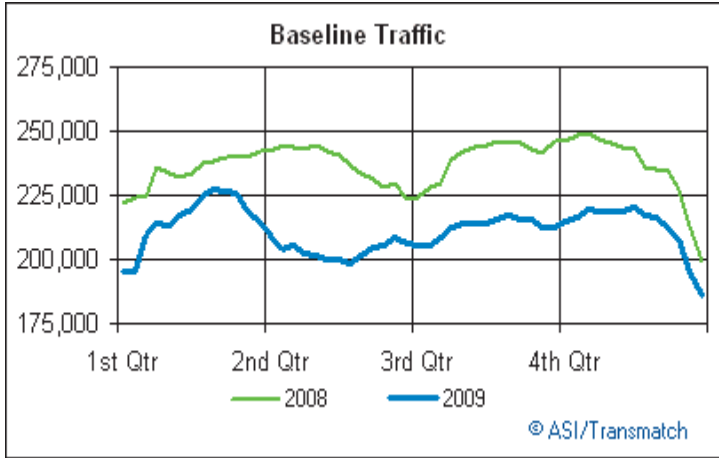
That being said, let's take a look at how this recovery is doing:



Hmm. That doesn't look good. After the 3rd quarter inventory rebuild gave a nice boost to production, rail loads have rolled over aggressively, to the point where they are almost as low as they were at the nadir of the economic stoppage in late 2008.

Take a look at baseline traffic:

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Looks to me like it is making new lows.

Cyclical and Intermodal traffic are a bit better looking, but both are in the beginnings of a new down trend.

Traffic at the largest rail carrier - Burlington Northern (BNI) - is now plunging the depths of new lows in traffic. Wonder if Buffet is a tad early on his call.

Railfax (railfax.transmatch.com) analyzes crushed stone and lumber and wood products as part of its recession watch. This is what they say:

Crushed stone and lumber are the two leading indicators of new construction (commercial and residential). Tracking these two economically sensitive commodities gives an up to the minute view of future construction. Recession or full-blown depression? These commodities could be key leading indicators. As with all Railshare data, these charts track shipments through the week ending on the preceding Saturday.

How are those looking?

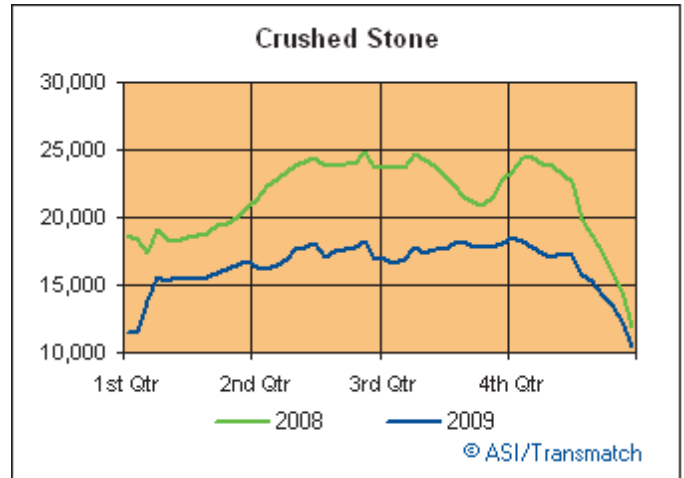


Our President to meet Presidents

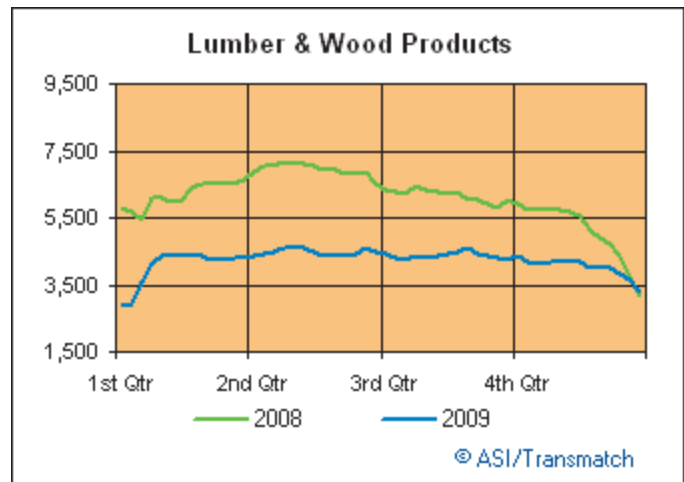


George will be in Orlando, FL on February 2nd through 5th to attend TD Ameritrade's National Conference where he will hear **President Bill Clinton** and **President George W. Bush**. He will also hear from economists, money managers, financial and retirement planning specialists and football legend and Super Bowl MVP, Terry Bradshaw.

Crushed stone is making new lows.



Lumber and wood products are trying to, as well.



So much for the bottom call in housing?

The economic activity is now dredging the depths of where it was when the depression started last year, and it seems to be gaining speed.

Maybe it's time to lock in profits in the market?

Tim

Comprehensive Tax Services

Jim Riley is still accepting new tax preparation clients, so do call if you want to set an appointment with him.