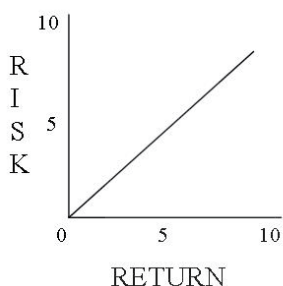
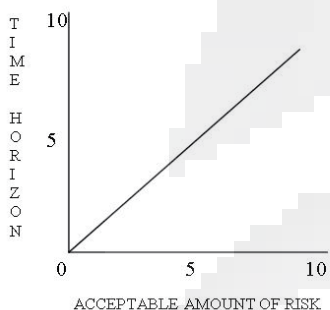




January 2009 - **WEBSITE SAMPLE**



Notice that as you increase the risk, you also increase the potential for greater returns and as you decrease the risk, you decrease the potential for greater returns.



As your time horizon increases, so does the acceptable amount of risk you should be able to assume and visa verse. It doesn't mean that you must take on more risk, only that more risk may be acceptable for you.

Due to the events of the past two years or so, many of us have become quit cynical on the outside and even more fearful on the inside. We may be suppressing those fears with the hope of a quick turnaround in the financial markets; however we know that we are living through events that will take some time to rectify. The bottom line is this: fraud, greed and the complacency of others have brought many of us to a place of major financial setbacks and some to financial devastation. We are reminded of the lack of justice in this world by the announcements of year end bonuses and compensation packages of many of the culprits of this financial devastation. There are CEOs who have received multi million dollar bonuses and severance packages already, but for what? For running companies that we thought were "too big to fail" into the ground. And then to make matters worse, we have some of these elite announce that they will voluntarily receive no extra compensation for a year end bonus, as if they are doing us a favor and attempting to look noble in the midst of all of this corruption.

It's almost a slap in the face, which adds to my belief that they are completely out of touch with how this whole crisis is affecting the rest of us. We have politicians throwing money out the window trying to protect their interests and their positions while "We the people" are left licking our wounds and trying to pick up the pieces and move forward.

That is the state that many of us find ourselves in at this moment. We are left with some very important lessons that we have learned through blood, sweat and tears (some more tears than others.) So rather than concentrating on our wounds, we need to move on and move forward. But how do we do that? Well, for starters we have to realize that everything has changed. Most people with a long term approach to their investment have recently lost a lot of money. The old "buy and hold theory" has brought on many losses. You held on to your theories and did not adjust to the rapidly changing environment. OK, that's in the past. Now what? Now is the time to readjust your risk tolerance. What do I mean by that? Have a look at the images to the left. These are basic risk tolerance graphs. These show that more risk is acceptable for you if you have a longer time horizon. It also shows you that with greater risk comes the potential for greater reward. That is fairly basic, however time horizons alone are not accurate enough to allow us to gauge our proper risk tolerance. There are other factors involved.

If someone asked you in August of 2007, if you could afford to lose 45% of your investments, what would your answer have been? Most likely the answer would have been "no." If the answer is no, then you should have made sure your investments matched your risk tolerance.

So the real question is how much of your money can you really afford to lose? If you have \$125,000 in your investments, can you afford to lose 40% of that? If not, then you had better adjust your asset allocation model that you currently adhere to. What? You don't know your asset allocation model? You better find one and make adjustments to it. Whether you use a broker or if you handle your investments yourself, you need to take another look at it and make the necessary adjustments.

Now I know that there are many different aspects that will contribute to your risk tolerance, so you will need to look at them all in order to correctly gauge yours. You will need to get together with your financial professional, if you use one, or whatever programs you utilize in order to properly allocate your assets to bring you your needed returns. If you don't have all of the money already saved that you will need in retirement then you will need to take on some risk in order to meet your retirement needs. My point is not that you shouldn't take on any risk; my feeling is that you need to make sure you are not taking on more than you can handle.

Maybe you have already taken another look at your risk tolerance or possibly you have had your money "on the sidelines" throughout this whole mess. Then you need to decide when and how much to put back into the Market. My advice is to start slow. Be prudent and do not get caught up in the hype that says shortly we are going to be completely out of this mess and will soar to new market highs. With every market spike, the newspapers and television financial experts are all ready to board you onto the market rally train. Well, I do not know when the rebound will happen, however I do know that I am not ready to "go all in" given the recent events. This is not Las Vegas, this is your financial well being and future. Let's start small. There are some great companies that are basically on sale right now. Find some that interest you and be prudent. Pick an acceptable time frame for yourself and then implement your plan. Buy a little at a time. If the market happens to retreat a little then buy some more (if you really like the company or fund) when the price is lower. This will allow you to take advantage of the current market, without putting all of your money at risk. Worst case with this theory will be that you miss some of the market rally, but in turn you are protecting yourself from total market devastation.

One other risk factor that I will address is sleep. Really? Yes, you have to gauge how comfortable you are with the current state of your investments and your investment philosophy. Do you stay up at night worrying about your investments and if you will have any left when you wake up? My guess is that if this is you then you are taking on too much risk. Your comfort level is too low. Either you need to get more acquainted and familiar with your philosophy or you need to alter it. Take the time to figure it out and do not put it off. Either way, if you procrastinate, you lose.

So what about the person who has never created an asset allocation model based upon their risk tolerance? Well, they need to. If you have not done any planning then you are making yourself more vulnerable to excess losses and a chaotic investment portfolio. Look into the resources available to you whether you plan to use a financial advisor or if you plan to handle your investments yourself. The bottom line is that if you don't have a plan, you will not be able to gauge whether or not you are on the right track to meet your financial goals. So get a plan and you will be on your way. If you would like to look at an asset allocation example and see how external factors may change an allocation, please look at the following site: <http://www.ipers.org/calcs/AssetAllocator.html>. This will only allow you to enter a generic and non-calculated risk tolerance but it will give you an idea of how your asset allocation can be changing with age, risk tolerance, economic conditions and more.

The bottom line is this: You need to take another look at your investment stance (your plan to see if your goals, risk tolerance and time frames are still applicable to your current situation.) You will need to be proactive in this in order to maintain or gain control of your investments and your financial future.

Practical Application

We touched briefly on the topic of finding some stocks or mutual funds that you like and buying a little at a time. Firstly, make sure you do your due diligence and research the investment thoroughly. Whatever processes you use, make sure you are thorough. If you use a financial professional, it is your right to know and understand their process in choosing investments for your money and financial future. They should be able to relay the fundamentals of their process to you with no problem.

So let's say that you have done your research and have a list of 20 investment vehicles (stocks, bonds, mutual funds...) that you wish to purchase. Most people will have a good idea of the price they want to buy at. However most of the damage comes when investors do not know and stick to their exit points. Make a list containing the 20 investment vehicles. Then after you do your research, you should know what you expect the investments to return, both the high end and the low end. Also, you should have an idea of any events that could cause the vehicle to sustain a loss. Make a column for the high end and low end for positive returns and then the high end and low end for possible negative returns. You should also add the current price and the 12 month highs and lows for that vehicle. See the example below.

Investment Vehicle	Current Price	12 month High	12 Month Low	High End Price Gain	Low End Price Gain	High End Price Loss	Low End Price Loss
Stock A	\$20.00	\$30.00	\$15.00	\$50.00	\$35.00	\$15.00	\$25.00
Stock B	\$65.00	\$100.00	\$50.00	\$105.00	\$75.00	\$30.00	\$50.00
Mutual Fund A	\$30.00	\$50.00	\$30.00	\$60.00	\$40.00	\$20.00	\$25.00
Mutual Fund B	\$15.00	\$30.00	\$15.00	\$35.00	\$30.00	\$5.00	\$10.00

After you have these numbers filled in, you need to come up with your target purchase price and also your target exit point. Once you have this, you need to make sure that you stick to this plan while making changes as necessary. Some events or news may change your view of a particular investment vehicle. If this happens, you need to alter your spreadsheet accordingly. There may be a few extra columns that you want to add and keep track of for an investment vehicle such as the dividend, a particular rating, or any other fact about the investment vehicles that interest you.

Even if you use a broker, you should have some idea about what you are purchasing and investing in. If you desire to simply leave this to your financial professional, which is up to you, one could leave the whole process up to their discretion. However if I were you, I would still desire to know that they have a process, and I would like to be kept informed about how things are progressing. Looking at monthly statements is also a great way to track the progress of the process.

I need to make a note here about those holding to long term investment theories. Most long term investors will purchase investment vehicles and then hold onto them for a long period of time. If this is you, then stick to your plan. Don't make the mistake of getting scared with every market downturn. You should be buying more as the market retreats so that you are adding to your position when the market is down, thereby bringing down your average cost. You should still know your exit point. Let's say that you are not comfortable losing more than 30% in any one investment. Once that investment goes below that point, you should execute the sell order. The reason that you set your buy and sell parameters in the first place is to stay within your risk tolerance and comfort with the amount of risk you are taking. You need to make sure that you adhere to those parameters, unless your risk tolerance or other circumstances have changed. So if you are a buy and hold type of investor, you still need to make a spreadsheet of buy and sell parameters but make sure you stick to the plan.

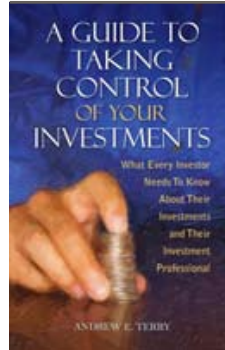
Taking Control



A Guide To Taking Control of Your Investments -

Well it's almost here; My book should be on sale late summer in many retail stores nationwide, however I have pre ordered a few thousand copies for my own that will be on sale through my website, www.aeterry.com. In short, the book is the essence of my understanding of the financial service industry as well as my heart in trying to even the playing field by protecting investors. It all started while achieving my MBA in Banking & Finance. I saw so many companies (Tyco, Enron, Worldcom) that left so many investors and employees drowning financially in the wake of their less than honest actions. As I became more involved in the industry I noticed how susceptible the average investor was to unscrupulous and deceptive practices that continue to pop up. You don't need to look too far to see how so many people are taken advantage of and led into very dangerous territory by professionals in the financial service industry.

But there are also many honest and upright financial professionals that look out for their clients and always try to do the right thing. My book will enable the investor to arm themselves with understanding of investment basics. It will also help you to learn more about how the industry works and how to protect yourself and steer away from unscrupulous business practices while steering you towards the right type of advisor. Happy Reading.



Question? What is the most important part of financial planning?

Answer! The most important part of financial planning is to make sure that the plan is tailored towards you! This is your plan and your future. You need to make sure that the plan meets your needs and goals. It must be specifically geared towards your needs and should not be a generic plan. You must be certain that the plan you have in place is meeting your needs and is bringing your goals closer to fruition. When you provide the information for your financial planning software, or for your investment professional, make sure that you are precise. Get exact and make sure that you input as much personal information as possible. Remember that the more you input, the better suited your output will be to meet your needs and goals.

So what if you don't have a plan yet? You better get one. If you don't know where you want to go, then almost any road will seem suitable for you. But if you have a plan, then only the road that leads to your chosen goals will give you peace of mind.

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