UNIQUE SOLUTIONS

VIP

IN THIS ISSUE



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A financial education newsletter for the military.

# Angel Flight Flies Wounded Marine Home to Family

**By Richard Conti**

I've probably flown well over 500 hours of Angel Flight missions, but I can't remember one as personally gratifying as the return of a young Marine to his family in Northern California. This story is really about this Marine, but it's also about the pride I feel in having been connected on a personal level with a young man who put his life on the line to advance the causes of freedom and liberty.

My co-pilot, a retired Marine Corps aviator, and I enter Palomar field, and I scan the lobby for a warrior, a recruiting-poster Marine. Maybe I'm expecting to see a guy in BDUs and a Kevlar cover carrying an M-16, who knows. Our Marine is 21 years old, and like most his age he actually looks more like 16 to me. He carries a backpack and a bottle of Mountain Dew. I immediately think of the recent visits my teenage son and I made to universities, and I struggle to picture this Marine as a warrior instead of another carefree kid skateboarding across campus.

He is polite, with a firm handshake and an easy smile. He is well trained in manners by his parents, the Corps, or maybe both. Yes sir, no sir. I actually find myself humbled in this young man's presence, knowing what he has been through. There is little sign of the wounds he suffered, except the slight tilt of his head as he turns his good ear toward the briefing I give him on the upcoming flight. And his right eye wanders just a bit, above a fading scar on his right cheek.

"What was your job with the Marines in Iraq?" I ask as we level off at 10,000 feet. "To kill Iraqi soldiers, sir," he responds. The answer seems surprisingly matter-of-fact given its gravity. But as I think about it I begin to realize the power of such simplicity and clarity. Chris was among the first coalition soldiers in Baghdad as the Marines stormed toward the center of the city. He manned a 50-caliber machine gun on an M-Track, an armored vehicle designed to deliver Marines to the fight. Our Marine saw plenty of combat, and at some point he suffered a fairly serious shrapnel wound to his face, eye, and ear. He has recovered well and will return to duty with the Marine Corps. In fact he's eager to do so. When we tell him he is a hero he shrugs it off with a sincere observation, "The heroes are the ones who either died there or are still in the fight."

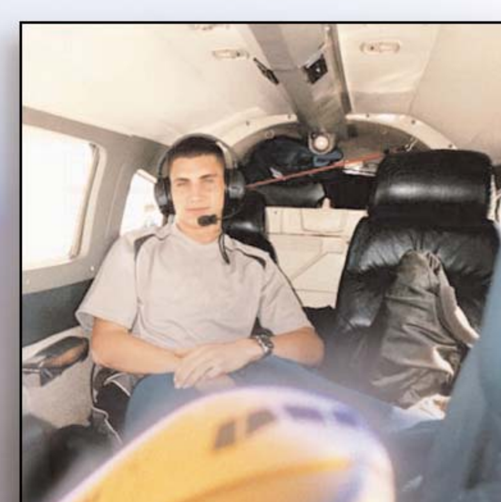
Our Marine watches a movie on the VCR in my airplane as we struggle against the headwind up the central valley toward Willows, our ultimate destination. He chooses *Varsity Blues* from a selection of four movies I've brought along. It's a story about high school football players learning the lessons of leadership, loyalty, adversity, and victory as they battle their way through a tough senior-year season. I'm struck by its metaphorical reflection of the Marine's situation. He just enjoys the movie.

The weather turns stormy as we pass Sacramento and draw within range of our destination. We're cleared for the approach to runway 34 and circle to runway 16. We break out of the clouds at about 2,000 feet and begin our circle west. As we turn, my copilot notices the flashing lights of six or seven police and emergency vehicles moving along the ramp adjacent to the runway. Is there some emergency? Are we on fire!? What the heck is all that?

We exit the runway, taxi toward the terminal, and it all becomes clear as we spot the crowd of about 100 flag waiving well wishers who have showed up to greet and honor this Marine. He exits the plane to a crush of admirers and a flash of cameras befitting a celebrity. There are handshakes, hugs, cheers, and tears as what seems like the whole town welcomes home one of its favorite sons.

To us, and to all the folks who turned out at Willows, our Marine is a man and a hero. He put himself in harm's way and was wounded in battle for the values we hold most dear. But to himself, he's just another kid with a backpack and a bottle of Mountain Dew, willing and eager to do the whole thing all over again. Such humility and courage are the very essence of heroism.

*Richard Conti is Vice President of the Clorox Company in Oakland, California. He also serves as an Aircraft Commander in the US Coast Guard Auxiliary and on the executive committee and board of directors of Angel Flight America.*



# Financial War: Your Investment Choices During Times of Conflict

**By Thomas H. Holcom, Jr.**

Although the war with Iraq has concluded, the war on terrorism has just begun. These wars no doubt have had a drastic effect on both the economy and the markets. And as the economy and market continue to slide downward, Americans everywhere shift uneasily as the value of their personal portfolios continue to decline.

In hindsight, you may be comforted to know that this isn't the first time the market has dropped after an international event such as war. The market has always rebounded--sometimes quickly, sometimes slowly. According to Theresa Mandella of American Express Financial Advisors, during the Cuban Missile Crisis in October 1962, the Dow Jones industrial average dropped nine percent over several days. However, within six months, it rebounded to a 25 percent overall gain in value (*Money Newsletter*, Third Age, Inc. 2003).

More recently, in August 1990 when Iraq invaded Kuwait (an act leading to the Persian Gulf War), the Dow Jones lost almost six percent of its value over a six-month period. And a year after the initial invasion, the Dow Jones closed with nearly a 3.7 percent overall gain in value from the previous year's numbers (*Money Newsletter*, Third Age, Inc. 2003).

Although the past can be some indication about what the future may hold, it could take years for the market to rebound after the recent War with Iraq. In addition, according to Paul B. Farrell of CBS MarketWatch, "You no longer can trust what you hear in the media and press from the government, Wall Street, your fund managers, advisers, or the business world. They may be putting up a great front, but they're in denial and really don't have a clue about investing during a 40-year war on terrorism" (CBS MarketWatch, April 29, 2003).

According to Farrell, corporate decision-makers are deciding that the most prudent course of action is to wait until the current uncertainty about the market changes. In other words, they don't really know what to do. This "wait-and-see" philosophy may be fine for a large corporation with millions of dollars in equity, but you may not be able to sit still while your savings and investments diminish (CBS MarketWatch, April 29, 2003).

In order to protect your savings and investments, *Money Newsletter* suggests the following steps:

Don't make investment choices based on short-term market increases or decreases. You may be missing big opportunities and selling too early.

Remain focused on your initial investment goals. Stay focused during times of market uncertainty and remember why you made investments in the first place: to achieve your long-term goals.

Diversify. You'll risk less if you spread your investments among multiple assets and asset classes: stocks, bonds, and money-market tools.

Look for buying opportunities. Look for stocks that are undervalued or "on sale." Also, because of the low interest rates on mortgages, real estate is booming. If you can afford to invest or buy additional properties, it may be the smartest long-term investment (*Money Newsletter*, Third Age, Inc. 2003).

*Thomas H. Holcom, Jr. has over 35 years of experience in the financial services industry, helping customers learn and understand how to become financially fit. He serves as President of Pioneer Financial Services, a company that exclusively serves military families around the world.*

## Cost Cutting in a Down Economy

**Rely on one phone.** If you have both a mobile phone and a land line, consider doing away with one or the other. You may be able to use a mobile phone for long distance and Internet and therefore can cancel your land line. Or, perhaps you only use your mobile phone for emergencies. Look into acquiring a pre-paid phone that doesn't have a monthly account charge.

**Cancel things you don't need.** Are you paying for cable television, but rarely watch it? Then get rid of it. Also, cancel your subscriptions to newspapers and magazines. Read them at work or borrow from a friend.

**Turn off lights.** Only have appliances and lights on if you are in the room using them. You'll be amazed at how much you save on electricity!

**Set your thermostat.** Set your thermostat so it's not on full blast while no one is home or while you're sleeping.

**Carpool.** Gas is expensive these days. Take public transportation or carpool with friends.

**Write down what you spend.** Keep track of how much you spend on a daily basis. Do you really need to eat out everyday? Or, could you bring your lunch from home? By keeping track of how much money is disappearing from your wallet, you'll be able to come up with many more ways to cut spending.

*Source: The Oprah Winfrey Show, Oprah.com.*

# Invest, Save, or Spend. What Should You Do With Extra Income?

**By Rick Katz**

Bonuses, raises, a second paycheck. Additional income can come from a variety of sources. In order to maximize your new funds' effectiveness, follow this guide to financial freedom:

**SLOW DOWN.** When you have extra cash in your pockets, your first impulse may be to spend it. But you've gone this long without these extra funds, so what's the hurry? Use self-discipline and set the entire sum aside for at least a week or two while you consider your options.

**PAY OFF DEBT.** With high-interest revolving debt such as credit card debt, you could be paying up to five times the amount you borrowed, or more! A cash increase gives you a great opportunity to evaluate your current debt load and to do something about it. Look for opportunity to reduce your total debt, thereby reducing your interest costs and improving your debt ratio. You will certainly need to borrow money in the future, so put yourself in a good credit situation to do so.

**TIME-VALUE OF MONEY.** In order to maximize your financial decisions about your new income, you need to understand the time-value of money and the importance of saving as soon as you can. Since money invested or saved compounds over time, the earlier you start saving, the better off you'll be. For example, if a service member decides to start saving for retirement when he is 32 years old as opposed to 18 years old, it could cost him over $250,000 at his ultimate retirement age of 60!

SAVE & INVEST. No matter what your present situation is, you will need money in the future. Consult with a financial advisor to find out how much you need to save in order to obtain your long-term goals.

**TSP & Roth IRA.** While in the military, take advantage of your TSP. It's one of the best tools to use in order to save money. After retirement, or if you should separate from the service before then, you can roll your TSP into a Roth IRA so that your money and earnings can continue to accumulate over time. The growth on all these contributions is tax-deferred, and a Roth IRA has a guaranteed rate, meaning that savings don't decrease with down markets.

**INSURANCE.** If you should pass away, what sort of income will you leave for your family? Although your standard SGLI of $250,000 may seem like a large sum of money, after taxes, it only computes to approximately $1,500 a month in beneficiary sums. By using your additional income to purchase more life insurance, you may be able to leave not only your loved ones a monthly livable income, but leave monies to your church, synagogue, community, or favorite charitable organization.

As in all your ventures, make sure you determine the right choices for you and/or your family. Instead of squandering this influx of cash on meaningless purchases that placate your immediate desires, try to get the most out of the money you've earned. If saved or invested wisely, your bonus income can significantly contribute to buying a house, paying for your children's education, or establishing income for retirement. Tackling these future endeavors now, will definitely be more satisfying in the long run.

*Rick Katz is the Chief Insurance Officer and a Pioneer Services Representative. He has over 25 years of experience in the financial services industry, successfully helping clients invest in their financial futures.*

# Budgeting: A Marriage's Dirty Word

**By Pat McCarty**

In good times and in bad, for richer or for poorer. You promised to love your spouse no matter what. Sometimes that "what" turns out to be your spouse's chronic mismanagement of money. On any salary, financial missteps can add up to big problems down the road.

Couples say that the thing they argue about most in marriage is money. According to "Making Marriages Last" published by the American Academy of Matrimonial Lawyers, the number two cause of divorce is financial problems. In addition, only four out of five couples say they use a family budgeting method (Academy of Matrimonial Lawyers, 2003).

"Just mentioning the word 'budget' to my husband and he feels like I'm trying to restrict him from buying what he wants," says a sergeant first class from Ft. Hood.

Why has budgeting gotten such a bad rap? According to psychologist, Dr. Bradley Allen, "Budgeting implies that you have to set limits, compromise. In our society of wanting something and wanting it now, a budget limits our ability to achieve our desires." (*Money Newsletter*, 2003). What couples don't realize is that by budgeting, they can focus on buying "bigger picture" items. It's a plan for spending, not a way of painstakingly tracking each penny earned.

The first step to starting a budget is to find out how you would like to split your earnings. In Caroline Bird's book, *The Two-Paycheck Marriage*, she outlines three models that describe most marriages and the advantages and disadvantages of each (Pocket Books, 1982).

**Equal-Share Couples.** These couples put an equal amount of their respective salaries into joint checking or savings accounts to pay for joint living expenses. The money each spouse has left over is spent at his or her discretion.

**Advantage:** Each spouse contributes to daily expenses and each has money to call his or her own.

**Disadvantage:** If one spouse earns much more than the other, the other spouse may feel resentment for having to provide equal funds.

**Proportional-Share Couples.** Each spouse contributes a percentage of his or her salary for joint living expenses. The remainder is for each to do what he or she pleases.

**Advantage:** Both contribute and both retain their own funds.

**Disadvantage:** Difference in amount paid could cause resentment.

**Pooler Couples.** These individuals combine all their income for joint and personal expenses. Money is then held in either joint or separate accounts.

**Advantage:** The work is valued equally, regardless of the salary earned.

**Disadvantage:** Sometimes the spouse with the lesser income may not feel he or she has as much say in how the joint income is spent. Spouses may feel like they need to discuss all purchases with one another, regardless the size.

Now that you have decided how to divide up the joint and personal money, think about how you would like to go about making sure you stick to a specific budget system.

In "Money Flow Systems for One- and Two-Earner Families" by Wanda S. Mowry, five different kinds of budgeting systems are outlined(University of Nebraska, 1982). The trick is to find one that works with you and your spouse. This could take a few months to discover, so don't get discouraged if the first one you try doesn't work.

**Cash Box System.** Cash is kept in a jar, money box, or envelopes. Amounts are designated for various bills and are paid in cash. What is left at the end of the month is put into savings.

**Combination System.** Each earner contributes to an "our" fund but maintains his or her own money for personal spending. The "our" fund is used for joint living expenses.

**Paycheck System.** One spouse handles all the income and pays all the bills. The other receives money that can be used for personal spending.

**Pool System.** The incomes are pooled and bills are paid in an informal partnership.

**Separate System.** Each spouse has his or her own money and is responsible for certain bills.

If you are the primary bill payer, make sure your spouse understands what needs to be paid monthly. Consider rotating who pays the bills on an every month or six-month basis. It's important that both spouses understand what needs to be paid and when in case of an emergency. You may also want to include older children into your bill-paying cycle. By educating them on what products and services cost, they will have a better understanding of how to budget their own money later on.

*Pat McCarty is Executive Vice President of Military Affairs for Pioneer Financial Services, Inc. He is a West Point graduate and is the creator of Pioneer Services Representatives' Financial Fitness Education program.*

# Your Second Largest Purchase: COLLEGE

**By Don Heriford**

You may not have realized it, but the second largest purchase of your life is probably your child's education. And while you labor over rates, insurance, and lenders for your home mortgage, don't you think it's time to spend that much time on considering saving for your child's education? After all, it's one of the major responsibilities you have as a parent.

Personal growth and expanded horizons are reasons enough to send a child to college, but there are more practical considerations, too. According to *College Financial Guide*, college graduates tend to have more jobs to choose from, and they generally make more money than people who have a high school education. That makes going to college a very important part of your child's future.

A child born in 1999 will probably start college in the year 2017, when a private college education could cost an average of $54,000 a year (*College Financial Guide*, 2003.) That's a lot. But, if you start saving now, having a chunk, if not all, of this money saved is possible. Just like in investing for your future, the earlier you start, the better off you'll be in the future.

The idea is to save as much for your child's future tax-free. The following are some of the tax breaks available to you:

**Educational IRAs:** Taxpayers may withdraw funds from an IRA, without penalty for education expenses. Families may also open an IRA in a child's name and submit up to $500 yearly tax-free.

**Federal Tax Credits:** A tax credit benefits you more than a deduction and is subtracted directly from your federal income tax on a dollar-for-dollar basis. These credits are for those paying out-of-pocket qualified tuition payments up to a certain amount.

**Community Service Loan Forgiveness:** Some non-profit, tax-exempt charities will forgive student loans if the student takes a community-service job after graduation that addresses unmet community needs.

In addition, there are many different strategies you could use in order to save for your child's future. Consult a financial planner in order to choose the right options for you.

Strategies for Funding Tuition:

| | |
|---|---|
| Stocks and Mutual Funds | Saving Plan Trusts |
| U.S. Savings Bonds | Hope Scholarship Credit |
| Life Insurance | Lifetime Learning Credit |
| Prepaid Tuition | CDs and Bank Accounts |

*Don Heriford is President of Pioneer Military Lending of Nevada and has been in the lending and finance industry since 1959.*

**The following chart shows the approximate cost of college relative to the child's age. The sooner a family starts saving, the less that family will have to save each year.**

**Chart Assumptions:**

| | |
|---|---|
| Average annual cost of a public university in 2003: | $9800 |
| Amount the family has already put aside for education: | $0 |
| Child's age when entering college: | 18 years |
| Costs increase each year: | 6% |
| Investment return each year after taxes: | 7% |

| Child's age in 2003 | Family needs to save annually until child is 18 yrs. old | Entire cost of a public university education |
|---|---|---|
| 0 (infant) | $2,618 | $125,719 |
| 5 | $3,148 | $93,945 |
| 10 | $4,156 | $70,201 |
| 15 | $6,853 | $52,458 |

Sources: *The Princeton Review* and KansasCityChannel.com

*This chart is provided for illustrative purposes only and is not intended to be representative of actual results. Investment results can vary considerably depending on the type of securities involved, general market conditions, and other factors.*

## Pioneer Services Representatives Fund Two $6,000 College Scholarships

Pioneer Services Representatives are excited to fund two Sullivan Jazz Scholars for active-duty and career-retired military service members' dependents, spouses, and siblings. These $6,000 one-year renewable scholarships at the University of Missouri-Kansas City Conservatory of Music are for students wanting to earn a Bachelor of Music in Performance with a Jazz and Studio Music Emphasis.

In addition to its location in the heartland of jazz, the University of Missouri-Kansas City Conservatory of Music has one of the more comprehensive music programs in the Midwest. Every student receives personal attention in class and in private lessons via an artist-faculty committed to cultivating excellence in students. As careers in music remain competitive, the Conservatory is dedicated to providing students the tools to excel in their careers.

*For more information about these scholarships and more, contact Catherine Jackson at 800-314-8581, ext. 2244 or scholarships@askpioneer.com.*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# Representatives Sponsor Team Marines

Pioneer Services Representatives are proud to announce an alliance with the United States Marine Corps, Team Rensi Motorsports, and driver, Bobby Hamilton, Jr.

As a sponsor, Pioneer Services Representatives treated 12 guests to a race in Charlotte, N.C., on Saturday, May 24. Guests included USO sponsors and service members with their families.

The group visited the pits and garages to see the Marine car prepped for competition. Guests also witnessed a 14 second turn-around time in the pit and met driver Bobby Hamilton, Jr. and his dad, Bobby Hamilton, Sr., a driver for the Winston Cup.

During the race, guests were given headsets to listen to Hamilton while he was driving. Hamilton finished 13th with 129 points and five bonus points.

Representatives also invited service members and their families to attend the 1-800-PIT-STOP.COM 300 race on April 26th. Hamilton placed 18th in the race and finished with 109 points.

Pioneer Services Representatives are excited to expand their relationship with the Marines and with military audiences all over the world. Representatives look forward to sponsoring more races in the future.


Bobby Hamilton, Jr. stands with the Team Marines NASCAR. Representatives will sponsor more races in the upcoming months.