

[« Back](#)

 [Print](#)

You are receiving this email from FSFP either because you have inquired about our Fee-Only financial planning or investment management services, or because you are a client/friend of the firm. To ensure that you continue to receive emails from us, add pwinter@fiveseasonsfp.com to your address book today. If you haven't done so already, click to [confirm](#) your interest in receiving emails from us. To no longer receive our emails, click to [unsubscribe](#).



Seasonal Musings

September 2006

Musings In This Issue

[My 15 Minutes of Fame](#)

[A Tale of Two Cities?](#)

[Back to the Back-to-School Issue](#)

[Join our list](#)

Join our mailing list!

[Join](#)

Hi Paul,

Welcome to another issue of "Seasonal Musings", the online newsletter from Five Seasons Financial Planning (FSFP). This month we'll discuss the state of traditional pension plans (and my television debut), the local vs. national real estate markets, and some good news on the education funding front. As usual, if there are financial planning or investment topics you'd like us to cover in future issues, please drop us a line.

[My 15 Minutes of Fame](#)

[What to Expect From Your Pension Plan](#)

Well, I made my television debut this week and, as my wife would attest, it wasn't to appear on the reality show, "So You Think You Can Dance". And to save my 'friends' the effort of calling or writing ... no, smart guy, it wasn't to star on "The Biggest Loser". It was in fact to discuss in an interview with FoxTV's Sandy Riesgraf what pension plan participants should expect in light of a judge's decision to OK the termination of Delta's pension plan. A number of you are participants in other pension plans, so let's review the current state of affairs for those unfortunates who missed me in prime time.



Pension or "defined benefit" plans are in a state of decline in more ways than one. More than a thousand pension plans were terminated last year alone. The vast majority of them were fully funded, but were frozen by healthy companies, like IBM, Verizon and Hewlett Packard, looking to save money. Typically in this case, existing benefits owed beneficiaries remain intact, and plan participants and future hires are switched to 401(k) plans, often with a company match.

The damage is done to retirement dreams when struggling companies default on underfunded pension plans. This has happened all too often in recent years, affecting hundreds of thousands of workers and retirees. In this case, the administration of the plan is turned over to a government agency, the Pension Benefit Guaranty Corp. (PBGC). The problem is that the PBGC caps its benefits at around \$46,000 a year, which might be significantly less than a pilot, say, would be expecting when she retires 2 years from now. Retirees already receiving pay-outs may also find their benefits slashed depending on their age of retirement, how underfunded the plan was, etc.

So what can you, as a pension plan beneficiary, do to manage this risk?

1. Keep track of your company's debt ratings - if the bond market is worried about your employer's ability to pay obligations, you should be too.
2. Ask your human resources department about the funding status of your plan - you are entitled by law to know.
3. If you feel like your employer is an accident waiting to happen, it may make sense to either retire early, take a lump sum, or even to switch jobs.

We can help you to analyze the health of your pension plan and sift through your pay- out options.

A Tale of Two Cities?

Our Real Estate Market in Stark Contrast to Others

Residential real estate markets tend to dance to the beats of their own drummers. If we ever needed evidence of that, it's available in spades in Utah right now. While the housing market along the Wasatch front seems to be picking up steam after some mediocre years, the bubble is bursting in many other parts of the country.

I must be living in my own private Idaho because I was shocked last month when a Wall St. executive living in New Jersey told me he didn't think real estate in Park City was much of a relative bargain any more. Reality set in during recent visits to PC and especially when I came across this table of local home price appreciation in the

Salt Lake Tribune at <http://extras.sltrib.com/HomePrices/>.

It was especially striking to see a 2400 sq. ft. renovated miner's home on Main St. in Park City (not slopeside, little land and less parking) listed at \$1.4 million in light of how awful the housing market is in much of the rest of the country. By many measures the national market is the worst it's been since the early '90s. And home-building stocks are down by about a third just in the last 5 months.

What's worse is the dramatic slowdown in the country's real estate market is starting to propagate into other areas of the economy and stock market. Retail stocks, truckers, mortgage bankers and subprime lenders have all come under pressure in sympathy. For the most part, however, the financial sector has held in remarkably well, especially considering the inverted yield curve. With financial stocks being the biggest component of the S&P 500, this sector's ability to avoid the rolling corrections that have plagued this year's markets will be crucial in the months to come.

[Back to the Back-to-School Issue](#)

As a happy postscript to last month's back-to-school issue of "Seasonal Musings", the tax-exempt status of qualified withdrawals from 529 plans was made permanent a few weeks ago. Previously, the tax-advantaged nature of 529 plans was due to expire in 2010. And on that note, I'm off to drop my future 529 plan beneficiary at pre-school.

Five Seasons Financial Planning is a Fee-Only financial planning and investment advisory firm registered with the state of Utah. Five Seasons offers financial planning services on an hourly basis, as well as discretionary investment management.

One of the benefits of working with a Fee-Only investment advisory firm is full disclosure. To receive a copy of our Form ADV, which details a variety of information about Five Seasons, or our Privacy Policy, please use the contact information below.

Best wishes,

Paul N. Winter, MBA
Principal, Five Seasons Financial Planning

Email: pwinter@fiveseasonsfp.com

Phone: 801-272-0902

Fax: 801-439-0000

Web: <http://www.fiveseasonsfinancialplanning.com/>

[Forward this Newsletter](#)

 **SafeUnsubscribe™**

This email was sent to pwinter@fiveseasonsfp.com, by pwinter@fiveseasonsfp.com
[Update Profile/Email Address](#) | Instant removal with [SafeUnsubscribe™](#) | [Privacy Policy](#).



Five Seasons Financial Planning | 2120 E. 3900 South, Suite 200 | Holladay | UT | 84124